

THE COMING CIVIL WAR IN MEXICO

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THE 2006 ELECTIONS WILL SET THE TONE

President Vicente Fox is stepping down after the upcoming elections in Mexico. His supporters in National Action Party (PAN) may be on their way out after their surprise overthrow of the long powerful Institutional Revolutionary Party (PRI) in the 2000 elections. (The PRI had held a political grip on the country for over 70 years.) The Fox team made many promises for reform, but they have been only sporadically successful. The battle now will be between the growing strength of the Party of Democratic Revolution (PRD) and the dwindling hopes of the PAN. The PRI also remains in the race, and they may be a spoiler as the other two parties battle. The PRI clearly wants its power base back.

The headlong collision is going to occur this July 2nd. It could be the beginning of what I see as a roller coaster of events leading to a civil war in Mexico before the end of 2008. The PAN candidate, Felipe Calderon, is aligned with private sector interests—big business and international banking. The PRD candidate, Andres Manuel Lopez Obrador, is seen as a strong leader with experience as a successful past Mayor of Mexico City. Some see the PRD as a more leftist leaning party, but others see them as more moderate with a social issues focus. The PRI is looking at proposals for revisions that reflect structures more like Europe's Third Way. All three parties have clearly delineated differences so they will each draw a very specific part of Mexico's electorate.

If the election results become contentious, and embattled, there could be a major disruption of the Mexican government. The pressures underlying the growing polarization of the Mexican people and their government are described briefly in the following pages. Any one of these problems is singly horrific, but combined they become a powder keg for social disruption. If the elections are dignified, honorable, and uncontested there may be time and means to right the wrongs of the past. An honest and fair election could lead to stability and social prosperity for all Mexicans. **THIS IS WHY THIS ELECTION IS INCREDIBLY IMPORTANT.**

Let me note a few facts here. The U.S. Civil War lasted from 1861-1865. It is estimated that approximately 2% of the U.S. population was lost in that 4-year period of insanity. The last Mexican Revolution (a civil war) extended from 1910-1920 and resulted in the loss of over 10% of Mexico's population. No one in his or her right mind wants that kind of savagery to reoccur. If another civil war is in the future to our south, we must expect tremendous social, political, and financial repercussions to the United States.

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MAP OF MEXICO



EROSION OF STABILITY IN VARIOUS MEXICO REGIONS AND SECTORS

Mexico has gone through a series of freefall declines in the quality of life in the last twenty years, even though they have substantial resources, including oil and a ready labor force. No matter what is said about infusion of bank loans and a thriving economy, the realities for the average citizen do not reflect the headlines. There are sound reasons for the average Mexican to want to escape to El Norte. Many other Latin Americans have taken the same pipeline to a new life for financial, religious and political reasons. Some have also come to propel their interests in crime. Those with illegal intents are becoming builders of new illegal pathways into the U.S., including those involved with moving drugs, weapons, political influence and terrorism, and slaves (both children and adults).

- **MACHILADORAS (THE NORTH)**

The Machiladora system was once touted as a real boon to the rural Mexican workers. It allowed them access for the first time to better paying, stable factory jobs that could increase their financial status. There are indeed wonderful examples where that did occur. However, some of these operations became nothing more than internationally sanctioned sweatshops where the more attractive female workers were forced into sexual slavery. If they refused their tormentors they were often brutally attacked. Some disappeared and were later found dead—some being stuffed in barrels like refuse in garbage dumps. These abuses were often overlooked so that the larger system would not be harmed. In recent years some of the Machiladoras have failed

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due to pressures from growing imports from China and India. Lay offs have occurred, leading to a growing unemployment rate of workers along the U.S. Border States. If the CIA is correct, the touted Mexican unemployment rate of 3.2% is more accurately 25% underemployment.

The despicable past offenses within some of the Machiladoras have caused a growing resentment to the NAFTA-based international interests who operate these facilities. If civil unrest does erupt, these factories are very vulnerable targets. Even the progressive operations would likely to be destroyed by angry workers. Again, abuses may be squelched, but the deep-seated resentments of a people will not remain bottled up for generations.

- THE VIOLENT BORDER CITIES (THE NORTH)

No matter the border city that is evaluated (Tijuana, Mexicali, Nogales, Juarez, Nuevo Laredo, etc.) there are escalating problems that indicate local authorities and the federal government have lost control of law and order. Recent horrific events in Nuevo Laredo are a strong example of how powerful the drug cartels and other violent gang interests are along the borders with the United States. This instability threatens to wash over into the bordering U.S. States, causing further friction and difficulty between law enforcement authorities on both sides of the border.

- LOSSES TO HURRICANES AND CYCLONES (COASTLINES)

The increasingly violent Atlantic Hurricane and Pacific Cyclone seasons have created a dynamic and powerful threat to the safety of the coastline residents in Mexico, as well as the overall national economy. If the predictions for the next twenty years of storm seasons are correct, Mexico could be facing serious devastation and loss of some of its coastal cities' infrastructure.

- THE DOWNFALL OF MEXICO CITY (THE MIDDLE)

Mexico City is the 10th largest city in the world, with over 8.5 million people. Mexico City is the heart of the federal government and its operations. At the same time its infrastructure is in shambles and cannot keep up with the needs of the citizens. Daily water and power supplies are frequently interrupted, and the quality of both is declining. The traffic and air pollution problems are renowned as some of the worst in the world. Even its own waste is choking the City, as systems for sewage and garbage collection are in ruins. Beyond the overcrowding and crime, the City faces substantial threat from volcanic eruption and massive earthquakes. It could, in a worst-case scenario, be widely devastated from natural disasters. In short, the very heart of Mexico could fall to a natural catastrophe.

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- SUB COMMANDANTE AND CHIAPAS INDIANS (SOUTH)

The State of Chiapas rests in the mountains in the furthest southern tip of Mexico against the border of Guatemala and Belize. It is one of the poorest states in Mexico, and in all of Latin America. Within the mountain strongholds resides the charismatic socialist leader Subcomandante Marcos. The Mexican Government views him as a political terrorist. However, he has used an ancient wrong to raise support. The issue of the rights of the indigenous Indian people in Mexico is still a breeding ground for foreign socialist interests. The repressions and evils against the native people are well documented and have a long history. They continue today under PRI attacks on supporters of Indian rites. The Zapatista National Liberation Army (EZLN) proposes to right the wrongs of some 500 years, but there is in fact a strong influence of support from other socialist and communist countries, such as Cuba and now Venezuela. This continued strife against the federal authorities and state authorities provides potential for further disintegration of authority and civil unrest in the south.

NATIONAL IMPACTS

- DECLINE OF THE MIDDLE CLASS

In Mexico, 2% of the population owns 98% of the wealth. *Over 40% are living below the poverty line.* The middle class has been squeezed out in the last thirty years. International interests and American franchise points of sales are replacing local merchants and craftsman. Every socialist who wants to disturb a failed system looks for a missing middle class because it makes it easier to pit the masses against a small group of elite. A middle class with reasonable entry by lower classes will help stem socialism, however, Mexico is losing that bastion for moderate change.

- THE BRUTALIZATION OF WOMEN AND CHILDREN

The continued decline in the rights of poor women in Mexico is becoming common in human rights reports. The number of women who disappear in border towns is rampant. Some bodies are found, but often the rumors of slave trade and forced prostitution fill the vacuum of information about the “disappeared.” Families want to strike out and demand justice, but it is not being delivered. Again, the general public is at the boiling point. Even American tourists have fallen prey to these abuses. Families in the United States get little or no support from the U.S. State Department or Mexican authorities to find their relatives.

The same is true for the parents of a huge number of missing children in Mexico. It is a known hunting ground for pedophiles and their accomplices. More effort is being made to stop this human bondage of innocents. There are still far too many in authority in Mexico who are bought off or who look the other way.

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- SOCIALIST INROADS DUE TO GOVERNMENT ERRORS

Typically, the breakdown of civil structure can occur due to the many factors described here. The inroads of socialist groups (both internal and foreign) to successfully disrupt government are possibly the most volatile issues in Mexico. There is a fury under the quiet veneer of culture. It is the socialist pressure to overthrow the corruption and brutality in the Mexican government. For example, former elements of the federal military are thought to be actively involved with organized criminal elements that prey on the civilian populace. Unfortunately, U.S. drug interdiction programs trained some of these former federal military forces, who are frequently referred to as the Zetas.

Currently there are many groups considered part of the socialist movement to disrupt elections and government operations. Some of these include:

- The Clandestine Revolutionary Army of the Poor
- The People's Revolutionary Army
- The People's Revolutionary Armed Forces
- The Villist Revolutionary Army of the People
- The Revolutionary Army of the Insurgent Peoples

The Vicente Fox government also continues to stall the public report of the brutal repression of the Mexican leftist organizations in 1964-1982. That quashing of human rights is referred to as the "dirty war." Untold numbers of civilians were jailed, tortured, or disappeared...and the United States remained mute. This is an additional point of instability that can foment violence against the current regime in Mexico, further strengthening the call for a violent socialist revolution.

The Human Rights Commission has been watching the continued brutality in Mexico and noted that illegal arrests, by their investigations, were up some 13% in 2005 over those in 2004. The Commission warned that the arrests were tied to, "torture and forced disappearances." The longer the denials of the violations of human rights continues, the more explosive the results will be from the public. There will be little interest in reconciliation.

- PANDEMIC INFLUENZA

The medical and health systems of rural Mexico are similar to the Third World. Urban areas have excellent systems of care, but they are highly susceptible to failure during a serious pandemic event. If urban dwellers fled disease-ridden cities to more rural areas, where there are fragile medical systems, the outbreaks could become catastrophic. A pandemic could weaken the national government to the point it could not be maintained. Continuity of government and civil order would fail.

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- OTHER FACTORS WEAKENING MEXICO
 - Organized Crime and Drug Cartels

Illegal immigration has long been associated with drug trafficking. Human “mules” have carried drugs across the border for decades. Officials on both sides of the border allowed this practice to go unchecked. Such powerful crime figures as Ramon Eduardo Arellano-Felix helped maintain this practice through bribery, extortion and murder.

It is estimated by drug enforcement officials that 75% of all cocaine and 40% of all heroin brought into the U.S. comes across the border from Mexico. The Mexican drug cartel warlords are now more influential than their Colombian counterparts. The San Francisco Chronicle stated in 1996 that Mexican drug lords spent \$500 million dollars in bribe money in just one year to corrupt Mexican authorities. This allows selected NAFTA-supported truckers to drive virtually unimpeded into the U.S. with huge caches of hard drugs.

Drug lords have supported such socialist activities through the Zapatista National Liberation Army and the Popular Revolutionary Army (EPR). The cartels have also equipped their armies of mercenaries (Zetas) with modern weaponry including combat state-of-the-art assault rifles, rocket-propelled grenades, surface-to-air missiles like the Man Pads, and other vehicle mounted weapons. The sources of the arms are likely socialist/communist countries interested in destabilizing Mexico and the U.S.

- Border Incursions By U.S. and Mexican Federal Forces

There are many reports of rogue Mexican military running raids across the U.S. border. Whether they were units of the Zetas or not is still unclear. This recently became a serious issue in West Texas, where local law enforcement asked for federal intervention and got little support. Incursions have occurred for decades across the border, by both countries. However, these new offenses are more daring, including the exchange of gunfire. These new confrontations may indicate a more serious intent in the near future.

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IMMEDIATE IMPACTS ON THE U.S.

MASS LEGAL IMMIGRATION

Almost 90,000 Mexican immigrants came legally to the United States during the Mexican Revolution between 1910-1920. That was a significant part of their population (about .5%). There were 15 million people in Mexico in 1910. There are almost 106 million today, with almost 8% being in Mexico City. The U.S. would have to allow almost 650,000 new legal immigrants from Mexico to equal the same ratio, if a civil war of the same magnitude occurred. This would put a strain on current immigration allowances, which in 2004 allowed 946,142 immigrants to the United States from all countries.

MASS ILLEGAL MIGRATION

In the event of a new civil war in Mexico, my estimate is that there could be some 10,000 illegal immigration attempts per day along the border, once the fighting became serious throughout Mexico. In a period of a month, the U.S. border cities would be overwhelmed, as large numbers of the immigrants would attempt to head further inland to cities like Los Angeles, Phoenix, Albuquerque, Dallas, Houston, and even further north into the Midwest and Southeast Coastal states. Urban unrest and rioting could ensue.

LOSS OF PEMEX RESOURCES

One of the true tragedies of Mexico is the corruption in management of its most valuable export...oil. Mexico is the world's 5th largest crude oil producer. Petroleos Mexicanos, also known as Pemex, has become a bed of fiscal felonies that left virtually unchecked and unpunished. Vicente Fox promised to clean up these offenses, but those efforts have proven weak and ineffective. What should have been a true flow of wealth into the Mexican economy and its people has become a social fiasco. These failures in equity, when sharing a national asset's value with the public, have led to the demand to nationalize Pemex.

The United States has a lot at stake to ensure that Pemex remains independent and not nationalized, as it is not allied with OPEC. Pemex helps provide a balance against outright energy blackmail from the Middle East. In addition, there are threats from Venezuela's new socialist regime to disrupt their supplies of crude oil and refined petroleum to the U.S. Any future combined loss of access to Pemex and Venezuela's products could be devastating to the U.S. economy.

This week saw record prices for oil. This was caused partially by the threat to supplies in the Middle East should a showdown escalate in Iran. U.S. government officials do not see the larger threat right at the doorstep. The tables on the next two pages are from the U.S. Department of Energy. These depict the serious influence on the American economy that are available to Mexico, if it allied with Venezuela in a socialist-based lock out of oil trade to the United States.

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Crude Oil Imports (Top 15 Countries) (Thousand Barrels per Day)

Country Feb-06 Jan-06 YTD 2006 Feb-05 Jan - Feb 2005

Country	Feb-06	Jan-06	YTD 2006	Feb-05	Jan - Feb 2005
MEXICO	1,774	1,701	1,735	1,488	1,452
CANADA	1,700	1,768	1,736	1,513	1,540
SAUDI ARABIA	1,418	1,335	1,375	1,525	1,565
NIGERIA	1,342	1,133	1,232	1,114	1,058
VENEZUELA	1,175	1,228	1,202	1,357	1,353
ANGOLA	464	420	441	369	398
IRAQ	444	532	491	523	499
ECUADOR	222	373	302	356	331
BRAZIL	164	61	110	52	42
ALGERIA	163	235	201	219	181
KUWAIT	152	73	110	177	187
COLOMBIA	108	169	140	99	111
UNITED KINGDOM	82	36	58	190	175
CHAD	77	74	76	106	88
EQUATORIAL GUINEA	73	86	80	58	42

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Total Imports of Petroleum (Top 15 Countries) (Thousand Barrels per Day)

Country	Feb-06	Jan-06	YTD 2006	Feb-05	Jan - Feb 2005
CANADA	2,249	2,311	2,281	2,073	2,126
MEXICO	1,878	1,796	1,835	1,585	1,541
VENEZUELA	1,472	1,539	1,507	1,690	1,628
SAUDI ARABIA	1,451	1,369	1,408	1,574	1,611
NIGERIA	1,377	1,186	1,277	1,205	1,133
ANGOLA	478	433	454	394	416
ALGERIA	446	713	586	504	432
IRAQ	444	532	491	523	499
VIRGIN ISLANDS	318	277	297	329	315
RUSSIA	304	218	259	458	384
ECUADOR	234	380	311	356	335
UNITED KINGDOM	205	187	196	337	309
BRAZIL	200	106	151	153	137
NORWAY	199	205	202	114	190
KUWAIT	158	74	114	183	194

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THE STRATEGIES UNDER VARIOUS SCENARIOS

THE BEST OUTCOMES—the “A” Scenario

The best outcome is that the United States will work closely for the stability of Mexico, including monitoring by U.S. teams of the July 2nd elections. The legally elected government must be supported and joined in dialogue, no matter who is elected. Any distancing or separation from the Mexican people’s choice would be a drastic mistake.

If all goes well, Mexico will find a way to address the many challenges it faces, without resorting to dissolution of civil authority and dignity. Pemex profits might actually be used to infuse new hope and support for the average Mexican family, instead of just the very rich. Social imbalances would be righted and past wrongs addressed and made whole.

Under this scenario, the strategy would be to bolster trade with Mexico as it overcame the drug cartels, violent crimes, corruption and bullying of native peoples. This ensures a strong oil and petroleum flow to the U.S. as the Middle East became unstable.

THE MIDDLE GROUND—the “B” Scenario

In the “B” scenario, the elections do not go well and create unease and dissension perhaps for months. There is an escalation of rhetoric from outside socialist interlopers accusing the United States of somehow rigging the election. Fighting begins in some of the rural states and along the U.S. Border States. There are sporadic reports of the exchange of gunfire between U.S. law enforcement and Mexican troops along the border in Texas and Arizona. Minute Men watchdog groups are involved in a major confrontation that results in deaths of several illegal immigrants and Minute Men.

By early 2007 the conditions are so poor within Mexico, and the winners of the election are so disruptive, that the Mexican Army forges a coup and takes over Mexico City. The borders of Mexico are sealed and no one is allowed to travel into or out of the country for 30 days. In this process, the drug cartels form an alliance with the Military and a new junta lead is formed under a major military figure.

By the beginning of 2008, the behavior of the junta is so repressive that a general uprising occurs throughout Mexico. Gunrunners are selling arms in outrageous volumes. Everyone is armed. The lid finally comes off and there is full, outright civil war. Some of the army will turn and join the citizens. Some of the army will be overwhelmed in the more rural areas. The final battles will be fought in Veracruz, Monterrey and Mexico City.

During the disruptions in Mexico, the United States will find itself suffering from offenses along the border, the instability of Pemex oil, the dissolution of NAFTA, and the general anger of the American public just at the time of a change of the U.S. President

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and Congress. There will likely be some serious military incursions onto U.S. soil, and even into some small towns along the border. The junta knows that the U.S. federal government will not challenge this incursion with immediate military response, as this might interrupt the flow of precious Pemex oil and petroleum. The American public will be stunned when no national action is taken. If these are Texas towns that are attacked, the federal inaction could begin the process of Texas returning as a Republic, separate from the U.S. (as is its right under its statehood formation documents). Texas would then activate its National Guard for a strike into Mexico.

This may all sound outrageous now, but so did the idea of Arnold Schwarzenegger becoming governor of California, or the idea that there were no WMD stored in Iraq, or that American cities (e.g., Chicago) would demand all stores to place video cameras tied to the central police system in their place of business or risk losing their licenses, or that mumps vaccines wouldn't really work as touted and leave the U.S. in a mumps epidemic.

THE WORST CASE—the “C” Scenario

If the July 2nd election results turn the Mexican people rushing head long into a long and vicious civil war, there may be little time for diplomacy. This is especially true if the U.S. does interfere in any way in the election outcome. The disruptions would be even more dangerous if external socialist governments supported a civil war. They might seek to turn Mexico into a bridge for socialism at the very borders of the U.S. These events would lead to a series of events requiring austere strategies.

WARNING: What you are about to read will sound like a horror novel, and reflect the most draconian steps imaginable. The Japanese residents of California, who had worked hard for three and even four generations, would never have believed warnings about internment camps and the loss of all their family property without compensation. No one would have read a fiction book about our national government burning children to death in a sealed compound--until Waco. The average citizen would have scoffed at the notion that our own FBI would hound and try to destroy a lone, decent citizen...that is until Richard Jewel was made the lead suspect for the Atlanta Olympics' bombing without sufficient evidence, thus publicly ruining a solid citizen's reputation forever.

In a fast moving State of War in Mexico, the U.S. government would have to declare neutrality and seal its borders immediately. Within days, the President and Congress would take actions that would be condemned by every country in the world...and of course the U.N. The map on the next page shows the 100-mile buffer zone that would be taken by force by the U.S. military. This would become the new no-man's zone.

Military exchanges would occur between the U.S. and Mexico along the new boundary. After a number of air losses and ground losses, the Mexican government would withdraw and accept the boundary. Every Mexican citizen that remained there would have to carry dual identification at all times. The entire area would be sealed so that traffic of any kind would be highly restricted and monitored. Martial law would be in place with open “shoot-to-kill” orders. At the “old” border, anyone attempting to cross illegally would be

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shot. The border would be surveilled by the same flying drones now used over Afghanistan and Iraq. They would also be armed with Hellfire missiles. In addition, particularly well-known pathways would be mined and re-mined weekly.

In the United States the order would be given to round up all undocumented aliens with Mexican heritage for immediate deportation to the “no-man’s zone.” Those who resisted would be arrested and held in internment camps at abandoned military bases until they could be processed (under the Rex 84 Program and supporting Executive Orders such as 11051 and 11002, etc). A permanent marking would be placed on the hands of those so interned (or a RFID chip). If they were found back in the United States they would face felony imprisonment. An underground railroad would develop to move illegal Mexican aliens to Canada.

The U.S. would then demand that if Pemex products were interrupted for even a day, the U.S. would take the oil fields and nationalize them for the U.S. Again, this would raise the threat of intense hostilities, leading to new alliance in the Western Hemisphere. Canada would become a neutral party and no longer support NAFTA or trade with the U.S., including cutting water, electrical and petroleum exports. The Latin American countries might unite as a block and form a powerful alliance with a strong socialist, anti-American focus, led by the triad of Mexico, Cuba, and Venezuela. Later, Brazil would join to make the fourth major power. The United States federal government would now face the existence of threats that included unfriendly border neighbors to the north and south, a declining world position, and internal strife with its own citizens, especially those with Mexican heritage or Latin America links.

I could continue with this scenario, but it just gets dourer and threatens the very existence of the United States. Needless to say, the strategies for the Best Outcome are truly worth every effort to implement to avoid the B and of course the C scenarios.



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END OF REPORT