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Systemic Embeddedness and Criminal Governance: The Social Construction of Illicit Order in Tepalcatepec, Mexico

RESEARCH

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ABSTRACT

This article examines how organized crime in western Mexico becomes socially embedded and capable of structuring everyday life. Drawing on Niklas Luhmann's theory of social systems, it analyzes the historical formation of criminal governance in Tepalcatepec, Michoacán, with particular attention to the rise of La Familia Michoacana and The Knights Templars (2006–2013). Based on long-term ethnographic fieldwork, oral history, and archival research, it traces the evolution of illicit economies and their moral anchoring across five historical phases. Rather than being imposed through coercion alone, criminal rule emerged gradually from trust-based exchange, moral narratives of protection, and structural coupling with local institutions, before these mechanisms hardened into an operational closure in which violence, surveillance, and ideological control permeated public and intimate life, eroding trust, and neutralizing alternative governance actors. The article contributes to scholarship on criminal governance by showing how illicit economies generate legitimacy and belonging before transitioning into predatory, authoritarian orders, and by treating organized crime as an autonomous communicative system that reshapes local authority, legality, and everyday life.

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I. INTRODUCTION

Over the past decades, research on criminal governance and territorial control in Latin America has demonstrated that organized crime cannot be understood solely as an economic enterprise or the result of state weakness. Rather, these studies reveal how criminal organizations establish enduring social relations, develop legitimating narratives, and participate in the production of local order (Arias, 2019; Durán-Martínez, 2018; Lessing, 2021; Villa et al., 2021). In this sense, organized crime is better understood as a social formation intertwined with everyday life than as an illicit market actor alone. Building on this perspective, the present study examines how such embeddedness takes shape through the historical evolution of organized crime in Tepalcatepec, Michoacán, and how criminal groups like La Familia Michoacana and The Knights Templars developed forms of social and moral coupling with local communities. Understanding this embeddedness requires moving beyond institutional or economic explanations to address the social dynamics that enable illegality and violence to function as part of daily life.

This article examines these dynamics through a sociological and historical analysis of The Knights Templars in the Tierra Caliente region of Michoacán. While the historical reconstruction spans six decades (from the 1960s onward), its purpose is not to provide a full chronicle of organized crime in Tierra Caliente, but to situate the contemporary configuration of criminal rules within a longer trajectory of social and economic transformations. The periodization serves to illuminate how illicit markets, local hierarchies, and community ties gradually converged to make possible the emergence of La Familia Michoacana and The Knights Templars. The analytical focus, however, lies on the 2006–2013 period—when these organizations consolidated a distinctive moral and territorial order that redefined everyday life and the relationship between violence, legitimacy, and community in western Mexico.

Existing research has illuminated several dimensions of this process: the institutional weakness of the Mexican state (Aguirre and Herrera, 2013), the cultural and religious narratives of criminal groups (Lomnitz, 2019), and the negotiated interactions between cartels and government actors (Dulin, 2019). Studies on Michoacán and other regions of Latin America have shown how criminal groups act as violent brokers (Le Cour Grandmaison, 2021), capture local rents in agribusiness and mining (Herrera, 2022), and maintaining legitimacy through hybrid forms of governance (Pimenta et al., 2021; Villa et al., 2021). Yet, few works have analyzed in depth how criminal organizations build durable moral and communicative bonds with rural populations, or how these ties give rise to social orders capable of coexisting with, supplementing, or displacing state institutions. Addressing this gap, the present article focuses on the communicative and moral coupling between organized crime and community life in Tepalcatepec, Michoacán.

The case of Michoacán is not an exception but a particularly vivid instance of a broader Latin American pattern, in which non-state armed actors in contexts such as Brazil, Colombia, and El Salvador have similarly constructed hybrid forms of coercive and legitimating authority (Pearce, 2020; Pimenta et al., 2021).

This article departs from a common assumption in the criminal governance literature: that criminal authority accumulates legitimacy as it becomes more institutionalized, territorially encompassing, and formally regulated. The trajectory of La Familia Michoacana and Los Caballeros Templarios in Tierra Caliente suggests the opposite relationship. Rather than tracking legitimacy in a normative-Weberian sense, this article follows a systems-theoretical reformulation: what declines over this trajectory is not a moral judgment about the criminal order's rightfulness, but the structural coupling between the criminal system and its local communicative environment—the extent to which the organization's operations remained responsive to, and dependent on, stabilized expectations shared with the communities it governed.

The article proceeds as follows: Section II presents the theoretical framework, conceptualizing organized crime as a self-referential system that communicates through violence, money, power, and moral discourse (Guerra, 2023); Section III details the ethnographic, oral, and documentary methodology; Sections IV through VII trace the evolution of organized crime in Tepalcatepec, from early trafficking networks to The Knights Templars' social order; and Section VIII discusses implications for understanding criminal organizations, local governance, and social life in contemporary Mexico.

II. THEORETICAL FRAMEWORK: A SYSTEMIC SOCIOLOGICAL APPROACH TO ORGANIZED CRIME

To understand how criminal organizations in Tierra Caliente have become embedded in the social life of local communities, this study draws on Niklas Luhmann's theory of social systems, a perspective that conceives society as a constellation of self-referential subsystems that reproduce through communication. Within this framework, organized crime is observed as a social system that generates its own operations, meanings, and codes, rather than as a mere set of actors and networks. Violence, power, and money are not treated merely as instruments of domination but as forms of communication that stabilize expectations, coordinate behavior, and structure relations between crime, politics, and everyday life (Luhmann, 1995; Luhmann, 2012; Luhmann, 2013).

Recent theoretical developments have expanded this systemic perspective toward the study of illegality and violence in Latin America. Following Guerra (2023), criminality can be understood not as the negation of social order, but as a communicative order that emerges in conditions of exclusion and institutional fragility. Organized crime constitutes a socially anchored subsystem whose communications—threats, negotiations, moral codes, and economic exchanges—reproduce expectations and identities, performing functional equivalents of other societal subsystems by providing protection, predictability, or redistribution where state mechanisms fail (Arias, 2019; Durán-Martínez, 2018; Lessing, 2021; Villa et al., 2021).

This systemic approach differs from Talcott Parsons' functionalism, which emphasized integration and normative consensus. Instead, Luhmann highlights functional differentiation—the ways distinct systems (politics, economy, law, religion, or crime) preserve autonomy while remaining interdependent. Organized crime thus functions as a differentiated subsystem whose central code revolves around distinctions such as legal/illegal and trust/fear. It connects with other social domains through structural coupling: recurrent points of contact—such as negotiated protection arrangements, shared personnel with police forces, or the financing of public works—through which the criminal and political-economic systems repeatedly influence each other's operations without merging into a single system. In Tierra Caliente, this coupling took concrete form in practices elaborated in the empirical sections below, from municipal bribery arrangements in the 1980s to the direct co-optation of police appointments under The Knights Templars.

This apparatus also clarifies a terminological distinction used throughout this article: the relationship between criminal order and criminal governance. Criminal order is the broader term, denoting any socially anchored configuration in which criminal activity becomes embedded in community life through structural coupling, regardless of its intensity—the trust-based economy of the 1960s and 1970s constitutes a criminal order, albeit a minimally coercive one. Criminal governance denotes a more specific and demanding condition: the point at which a criminal order's growing operational closure allows the organization to assume state-like regulatory functions in their own right—dispute mediation, taxation, security provision, or the administration of justice—rather than merely coexisting with, or occasionally influencing, formal institutions. On this reading, not every phase examined here amounts to criminal governance in the strict sense: the earliest period is better described as a criminal order without governance, while La Familia Michoacana and The Knights Templars constitute criminal governance properly speaking, precisely because their increasing operational closure allowed them to perform these functions with growing independence from community validation.

This reading also contrasts with network analysis of organized crime (Morselli, 2009), which privileges interpersonal relations and brokerage structures. While such analyses reveal important organizational patterns, they often overlook the symbolic and communicative dimensions through which criminal groups construct legitimacy and order. From a systemic standpoint, violence and illegality are viewed as communicative mechanisms that establish boundaries, signal hierarchies, and sustain an internal order that coexists—and often competes—with formal state institutions.

Applying this perspective to The Knights Templars, this article explores how the group developed communicative structures that permeated community life, transforming fear, trust, and moral narratives into systemic elements of domination and everyday regulation. In doing so, the analysis treats criminal rule as a socially anchored system of communication that

redefined the boundaries between legality, morality, and survival in Tierra Caliente. This is not a superstructural account in which communication merely reflects underlying material relations; rather, communicative and economic operations are treated as mutually constitutive, each shaping what counts as viable action within the other.

Having established this theoretical lens, the next section details the methodological design through which the systemic dynamics of organized crime were empirically observed.

III. METHODOLOGY

Together, these methods enable a triangulation of data sources (Denzin and Lincoln, 2000) and a multi-level observation of how organized crime became embedded in community life in Tepalcatepec, Michoacán. Following the sociological tradition inaugurated by Granovetter (1985), embeddedness here designates the general phenomenon under study: the insertion of criminal economic and political action into concrete social relations, rather than its operation as an abstract, disembedded market logic. Structural coupling, developed below within the article's systems-theoretical framework, operationalizes this general phenomenon empirically, allowing the analysis to trace how, and to what degree, criminal organizations remained responsive to the local communicative environment across each historical phase. The empirical material was produced through long-term fieldwork conducted intermittently between 2015 and 2019, complemented by archival sources, press documents, and local records.

The ethnographic component involved participant observation and informal interactions with residents, community leaders, and members of self-defense groups. Field diaries were systematically recorded to capture the rhythms of daily life and the communicative practices through which power and fear were expressed. The oral history approach focused on reconstructing collective memories of violence and local interpretations of criminal domination. This was particularly important to understand how inhabitants have made sense of the shifting presence of criminal organizations across decades. Finally, analysis of documentary sources included local news reports and institutional records, most notably the National Human Rights Commission's Informe especial No. 37/2015 sobre los grupos de autodefensa en el estado de Michoacán y las violaciones a los derechos humanos relacionadas con el conflicto (CNDH, 2015), which provided institutional context on the human rights dimensions of the self-defense movement and its relationship to the preceding criminal order.

A total of twenty-eight interviews were conducted: twenty-five individual interviews, three collective interviews, and several informal interviews, including residents, livestock producers, members of self-defense groups, and public servants connected to the region's security apparatus. Participants were selected using purposive and snowball sampling to ensure diversity of perspectives while prioritizing safety and confidentiality.

The data were analyzed through a reconstructive approach (Nassehi and Saake, 2002), guided by inductive coding to identify recurrent categories such as trust, domination, legitimacy, fear, and structural coupling. These categories were later interpreted considering Luhmann's systemic concepts, allowing for the reconstruction of communicative patterns and functional relationships between criminal organizations and the community.

ETHICAL CONSIDERATIONS AND LIMITATIONS

Given the sensitivity of the topic and the context of ongoing violence, ethical safeguards were implemented at every stage of the research. All participants provided verbally informed consent; pseudonyms were used throughout the analysis, and potentially identifying information was removed. The study followed the ethical standards of the author's research institutions and the border guidelines for fieldwork in violent contexts (Krause, 2021).

Access to field sites was negotiated through trust-based relationships, and data collection was periodically interrupted for safety reasons. Consequently, the evidence reflects an interpretive reconstruction rather than full ethnographic saturation. A further limitation concerns the retrospective character of fieldwork conducted in 2015–2019: informants' accounts of earlier periods, particularly The Knights Templars' active rule (2011–2013), risk being colored by hindsight. Where possible, this risk is mitigated by triangulating retrospective testimony against contemporaneous field research, most notably Ernst's (2015) year-long study conducted amid

The Knights Templars' active operation, which independently corroborates the centrality of organizational legitimacy to the group's local governance strategy. While these limitations restrict the possibility of generalization, they reinforce the depth and contextual validity of the findings.

Due to the security risks faced by both researchers and participants, the complete transcripts cannot be made public. However, anonymized excerpts and field notes may be made available upon reasonable requests for verification or comparative purposes.

The following sections apply this methodological design to trace the historical evolution of organized crime in Tepalcatepec, treating each phase not as a point in a linear chronology but as a functional moment in the evolution of criminal governance in Tierra Caliente, and revealing how local criminal organizations gradually established communicative structures linking illegality, violence, and community life (see Table 1).

PERIOD	SECTION TITLE	KEY SYSTEMIC FUNCTION HIGHLIGHTED
1960–1980	The emergence of a trust-based illegal economy	Economic inclusion and moral legitimacy
1980–2003	Cocaine and the formation of hierarchical criminal governance	Functional differentiation and the rise of political control
2003–2006	Violence and the collapse of communicative trust	Systemic rupture and loss of structural coupling
2006–2010	La Familia Michoacana: moral narratives and refunctionalization of crime	Moral reintegration of the criminal order
2011–2013	The Knights Templars: total domination and communicative closure	Systemic closure and colonization of everyday life

Table 1 Periodization and systemic functions across historical phases.

Source: Author's own elaboration.

IV. THE EMERGENCE OF A TRUST-BASED ILLEGAL ECONOMY (1960–1980)

Although this section focuses on the period from 1960 onward, drug trafficking in Tierra Caliente had informal antecedents reaching back to at least the 1950s (Le Cour Grandmaison, 2021; Maldonado Aranda, 2022). This earlier prehistory helps explain the brutal state crackdown of the early 1960s not as the suppression of an emergent activity, but as a reaction to an illicit economy that had already taken root. The intensified, more systematic phase that followed cannot be understood simply as the spread of an illicit market (Castellanos, 2013), but as the genesis of a communicative system that linked economic exchange with moral belonging—a pattern documented in comparable kinship-based trafficking networks in Sinaloa during roughly the same period (Fernández Velázquez, 2022).

The expansion of the US demand for cannabis and opium opened opportunities for local farmers and traders in Michoacán, including Tepalcatepec, to engage in small scale production and transport (Maldonado Aranda, 2010; Maldonado Aranda 2012). Initially, this activity was not perceived as a rupture with community norms but as a legitimate response to structural scarcity and the absence of state-led development (Zepeda Gil, 2017). As several informants recalled, 'it was just another job,' one that allowed families to meet needs that agriculture and ranching could no longer sustain.

In this formative stage, trafficking networks were fragmented, personal, and grounded in kinship and friendship ties. The economy of 'el negocio' operated on trust, reciprocity, and shared reputation. Transactions were stabilized not through violence or coercion, but through trust-based communication that ensured reliability and predictability in exchanges. The fulfillment of verbal agreements and the circulation of money created mutual expectations that gradually acquired normative value. In Luhmannian terms, trust and money functioned as the primary codes through which this emergent system reproduced itself, providing certainty amid illegality and social exclusion.

These practices produced not only economic, but also moral legitimacy. Early traffickers were locals whose prosperity visibly benefited the community: they sponsored fiestas, lent money, repaired roads, and provided employment. Such gestures were not mere charity,

but communicative acts that reaffirmed belonging and reciprocity. The circulation of wealth became a mechanism of symbolic inclusion, transforming illicit profit into collective welfare. This functional coupling between economy and morality allowed trafficking to be perceived as a socially acceptable livelihood rather than as deviance.

Over time, this order of exchange generated what might be called a local moral economy of crime. Drug dealing was not yet an organized system of domination, but a communicative field sustained by expectations of fairness, mutual respect, and discretion. Violence remained absent, not because of state control, but because shared trust made coercion unnecessary. Oral testimony from the period corroborates this configuration: a rancher and founding member of Tepalcatepec's self-defense council recalled that early traffickers were neither violent nor feared, and that the community lived free of threats or kidnappings; participation in trafficking carried no moral stigma —'era indiferente' ['it made no difference'], he recalled— and successful traffickers reinvested locally, purchasing land at inflated prices and contributing to collective welfare (SV, rancher and founding member of Tepalcatepec's Self-Defense Council, interview, July 15, 2018). Within this configuration, the early Narcos occupied a liminal but respected position, simultaneously outside the law and inside the community's moral horizon.

By the late 1970s, drug trafficking had become structurally embedded in Tepalcatepec's everyday life. The profits from cannabis cultivation and transport circulated through the town's social networks, financing new houses, businesses, and celebrations. What began as an individual opportunity evolved into a self-reproducing social system, in which economic transactions, moral obligations, and symbolic prestige reinforced one another. This system did not yet depend on violence; its stability lay in trust and in the belief that participation in 'the trade' contributes to collective prosperity. In this sense, the early phase of drug trafficking in Tierra Caliente represents the autopoietic moment of organized crime—the point at which illegal exchange acquired social meaning and began to reproduce itself as a legitimate form of life.

V. COCAINE AND THE FORMATION OF HIERARCHICAL CRIMINAL GOVERNANCE (1980–2003)

By the mid-1980s, transformations in the global drug economy altered the structure of criminal life in Tierra Caliente. The consolidation of the cocaine market in the United States, together with the closure of Caribbean trafficking routes, positioned Michoacán as a new logistical corridor (Smith, 2022). This shift had profound effects: it introduced a product of a far greater value, attracted external actors—mainly Colombian and Guerrero-based smugglers—and redefined local hierarchies of prestige and opportunity. Crucially, this was not merely a shift in profit margins or a moral drift away from community ties; it reflected a change in the material requirements of the trade itself. Marijuana cultivation depended on the labor, tacit consent, and cooperation of an entire rural population, making broad structural coupling with local communities practically indispensable. Cocaine trafficking, by contrast, depended primarily on control over transportation corridors and a small number of intermediaries with access to border-crossing points—a logistical requirement that could be met without the sustained goodwill of an entire village. As cocaine displaced marijuana as the region's dominant illicit commodity, the structural need for broad-based community cooperation diminished correspondingly, and what had once been a community-based network of reciprocal exchanges gradually evolved into a stratified and hierarchical system of criminal organization, no longer structurally dependent on the same breadth of local coupling.

The first wave of external traffickers brought not only new forms of accumulation, but also a different communicative logic, consistent with cocaine's altered structural demands. Economic exchanges ceased to rely solely on interpersonal trust and began to incorporate coercion, secrecy, and competition as mechanisms of regulation. Violence appeared sporadically—not yet as a systemic medium, but as a toll to enforce emerging hierarchies, secure debts, and discipline participants. These dynamics marked the beginning of the differentiation of the criminal system, where illicit activities acquired an internal division of labor, clear leadership structures, and specialized roles. The emergence of Los Valencia during this period symbolized the institutional turn: the moment when organized crime ceased to be a network of trust and became a formalized structure of power—a process closely paralleling what Mendoza Rockwell

(2012) documents as 'cartelización' in a comparable Sonoran border municipality, where the shift from community-embedded, locally accountable trafficking toward professionalized structures loyal to regional command, rather than local social control, was accompanied by rising violence as local injerencia eroded.

At the same time, Los Valencia introduced new forms of structural coupling with the political and economic systems. Relationships with state institutions moved beyond bribery and sporadic protection toward sustained, year-round arrangements with local police: unlike cocaine trafficking, which required intermittent payoffs tied to periodic shipments, marijuana cultivation demanded continuous protection across the entire growing cycle, pushing Los Valencia toward more permanent and institutionalized coupling with state actors, extending to regular negotiations with municipal authorities and the establishment of channels of reciprocal influence. This shift also inverted the underlying power relation between traffickers and officials: earlier, lower-value bribery left the balance of power with the official, who retained the capacity to withdraw tolerance; as cocaine trafficking increasingly required access to higher-ranking officials capable of overriding local authorities, and traffickers accumulated the coercive capacity that came with commanding armed personnel of their own, the same act of payment came to signal the opposite relation, with officials now depending on the organization's continued tolerance rather than the reverse. Criminal organizations began to manage local security, mediate disputes, and finance public works, blurring the distinction between illegal governance and formal administration. Through these forms of structural coupling with the political and economic systems, the criminal order stabilized its operations by embedding itself in the communicative circuits of politics and economy—both providing resources and acquiring legitimacy.

These transformations also reshaped social imaginaries. Drug trafficking ceased to be a marginal livelihood and became a culturally valued project of mobility and masculinity. The figure of the narco evolved into a moral archetype of success, admired for his power, wealth, and capacity for patronage. As one resident recalled, young people began to 'want to be smugglers,' equating criminal participation with recognition and autonomy. Fear and coercion were not entirely absent from the earlier period: state repression and external pressures, including US-driven anti-narcotics enforcement, had already introduced elements of violence into the regional drug trade as early as the 1950s and 1960s (Maldonado, in Smith and Pansters, 2022). What changed with the consolidation of the cocaine trade was less the presence of coercion than its scale, source, and stakes. Marijuana-related offenses in the 1960s and 1970s carried comparatively limited penalties; cocaine trafficking exposed participants to far harsher state sanctions and, in the case of lost shipments, to lethal retribution from Colombian suppliers—a sharp escalation in the risks attached to participation. It is in this sense, as an intensification and reorientation of coercion rather than its sudden emergence, that the communicative code of trust/money gradually gave ground to one structured around fear/power. Trust no longer ensured cooperation; coercion and discipline became necessary to maintain order within an expanding, competitive market.

This reconfiguration of meanings also deepened the connection between crime and community. Los Valencia retained a local identity—many of their members were still from the region—but the logic of route-control and hierarchical accumulation described above would have made a shift toward selective inclusion likely: rewarding cooperation with employment and protection while disciplining or excluding those who resisted. Direct testimonial evidence for this specific period is limited; the pattern is inferred here from the structural logic of the cocaine economy rather than documented case by case, in contrast to the later Familia Michoacana/Knights Templars period, for which oral testimony is available (see below). Where this dynamic can be observed with more empirical grounding, in the subsequent phases of Tierra Caliente's criminal governance, violence becomes explicitly communicative, signaling both hierarchy and belonging; those who cooperated received protection and resources, while those who resisted faced punishment. In this way, the criminal organization went beyond exploiting its social environment, it reorganized it, transforming economic and political dependence into mechanisms of control.

By the late 1990s, this system had reached a point of functional differentiation: illicit production, transport, and protection were coordinated under a unified hierarchy that operated in close entanglement with, rather than strictly parallel to, formal institutions—a blurring reinforced by the fact that many of these traffickers simultaneously held positions within state police

forces. It is worth noting that this was not a single, linear economy: marijuana and opium cultivation, which continued to depend on the cooperation of the local peasantry, coexisted with cocaine trafficking, which depended on control over transportation corridors and higher-ranking officials. Trust/money and fear/power logics thus operated in tandem for much of this period, interlinked in uneven and sometimes contradictory ways, rather than one cleanly displacing the other. External military pressure also contributed to this transformation: from 1974 onward, the Mexican Army deployed state-wide anti-narcotics operations in Michoacán under the Plan Canador, followed by Operación Cóndor II in 1976–1977 (Guerra Manzo, 2022; Mendoza Cortés, 2016). This federal intervention introduced an additional axis of external coercion operating alongside, and at times independently of, the internal shifts driven by the cocaine economy, making the two forces difficult to fully disentangle.

VI. VIOLENCE AND THE COLLAPSE OF COMMUNICATIVE TRUST (2003–2006)

By the early 2000s, Tierra Caliente's criminal landscape had entered a phase of turbulence. Los Valencia's alliance with the Sinaloa Cartel—brokered through Ignacio 'Nacho' Coronel as part of the broader alliance known as La Federación—had positioned the region under Sinaloa-aligned control. Around 2002, Carlos Rosales Mendoza, a former Valencia operator, broke with the family over personal and territorial disputes and allied instead with Gulf Cartel leader Osiel Cárdenas Guillén, who dispatched an armed wing to support him: Los Zetas, a paramilitary group originally formed by defected special-forces soldiers. With this backing, Rosales founded La Empresa, an organization explicitly designed to expel Los Valencia from the region. Los Zetas' consolidation in Tierra Caliente through this alliance, formalized by 2003, marked the beginning of a violent reconfiguration of power that would unravel the trust-based foundation of Tepalcatepec's criminal system.

A methodological caution is warranted here: oral testimony describing this period consistently frames Los Zetas as violent outsiders who disrupted a previously peaceful order—a narrative pattern common wherever local populations attribute the collapse of social trust to newcomers, regardless of the actual causal mechanisms at work. The analysis that follows does not rest on this moral characterization. Rather, the shift toward coercion is grounded in the structural argument already established: cocaine's higher value, debt exposure to Colombian suppliers, and the logistical requirement of controlling specific transportation corridors independently reduced the necessity of trust-based, community-wide cooperation, regardless of which actors ultimately capitalized on that shift. Los Zetas' arrival accelerated and intensified a transformation whose structural preconditions were already in place.

Operating alongside La Empresa, Los Zetas sought to seize the regional drug market through paramilitary training and extreme, often indiscriminate coercion. Unlike previous groups, they were outsiders, lacking local ties or community legitimacy. Their strategy was based on terror: kidnappings, extortion, and public executions became communicative acts meant to produce obedience. Violence ceased to be an exceptional resource and became instead the primary medium of social coordination. In systemic terms, this represented a shift in the dominant communication code—from trust/money to fear/power. Through spectacular brutality, Los Zetas imposed meaning: to survive was to comply.

The impact on community life was immediate. Economic exchanges that had previously circulated through networks of reciprocity collapsed under the pressure of generalized fear. Local traffickers and families who had once coexisted with 'el negocio' now faced dispossession and extortion. Everyday interactions—previously regulated by kinship, moral obligation, and trust—became saturated by suspicion. The communicative space that had once linked crime and community fragmented, producing a state of social disarticulation. As one resident recalled, framing the shift in the same outsider-blaming terms noted above: 'Los Zetas managed to enter Uruapan and Apatzingán; they kidnapped, robbed, and took everything—they started the violence' (AH, member of Tepalcatepec's Self-Defense Council, interview, May 19, 2016). The transformation was qualitative as much as quantitative: violence no longer accompanied communication—it became communication itself.

Yet, paradoxically, the terror imposed by Los Zetas also generated a counterreaction. Faced with external domination, local actors—dealers, ranchers, and armed peasants—organized

collectively to defend their territory. This defensive coalition, locally referred to by informants as 'Los Mata-Zetas'—a generic epithet ('Zeta-Killers') independently applied in various parts of Mexico and unrelated to the better-documented Jalisco/Veracruz organization of the same name that emerged around 2011—was the first explicitly armed self-defense group in Tepalcatepec (MPR, member of Tepalcatepec's rural police force, interview, November 22, 2014). While they presented themselves as a communal response to criminal predation, their leadership and financing came largely from local traffickers seeking to restore control. The group's narrative of 'protection' and 'regional identity' combined instrumental and symbolic dimensions: it promised security while reaffirming a collective us against the outsiders.

The emergence of Los Mata-Zetas illustrates how violence can also serve as a mechanism of systemic re-equilibration. By appropriating the language of security and community, local actors sought to reconstruct the broken coupling between crime and society. Their success, however, was temporary. Despite their initial victories, the asymmetry of power and resources favored Los Zetas, whose military superiority ultimately reasserted dominance. The short-lived stability achieved through local solidarity gave way once more to fragmentation and fear.

In systemic terms, this period represents a crisis of communicative reproduction: fear could enforce obedience but could not generate legitimacy or stable expectations. Los Zetas' intrusion thus marks the moment when the criminal system in Tierra Caliente lost its capacity for self-regulation, entering a phase of destructive autopoiesis—violence communicating only with itself.

VII. LA FAMILIA MICHOACANA: MORAL NARRATIVES AND REFUNCTIONALIZATION OF CRIME (2006–2010)

The emergence of La Familia Michoacana represented a moment of moral and organizational reconfiguration in Tierra Caliente's criminal system. Arising from the vacuum left by Los Zetas' predatory domination, La Familia positioned itself as both a redemptive force and a disciplined moral community. Its founding discourse echoed the narrative previously mobilized by Los Mata-Zetas: the defense of local identity and the recovery of regional autonomy from external aggressors. In their first public communiqué (November 22, 2006), La Familia Michoacana portrayed itself not as a criminal organization, but as a protector of the people—a group born to 'liberate' the region from violence, corruption, and disorder, exemplifying what Johnson (2026) terms a 'Guardian of people' mode of criminal self-representation, distinct from the 'Scourge of enemies' register that had characterized Los Zetas.

This trajectory was not accidental to the region. Unlike areas where organized crime arrived more abruptly or without deep local roots, Tierra Caliente possessed a half-century-old repertoire of moral vocabulary and reciprocal expectations—documented above in the earlier trust-based economy of the 1960s and 1970s—that La Familia could reactivate rather than construct from nothing. This inherited repertoire helps explain both the speed of La Familia's moral reconstruction after the Zetas' predatory interregnum and, in the same movement, the fragility of that reconstruction: a moral order revived from cultural memory rather than built organically over successive generations proved more susceptible to rapid erosion, compressing into a few years a cycle of legitimation and decay that, elsewhere, might unfold across decades.

This founding narrative of salvation and liberation structured the group's actions along three functional dimensions. First, security: La Familia eliminated Los Zetas and suppressed extortion, kidnapping, and other predatory violence, reactivating the criminal system's capacity to provide stability and predictability under weak legality.

Second, the group worked to reconstitute a moral order through a discourse of collective redemption, discipline, and the 'good life.' Its leaders promoted a quasi-religious ethos that fused biblical symbolism with local values of solidarity, respect, and communal welfare. Violence was reframed as an act of purification—a communicative resource justified in the name of moral regeneration.

Third, La Familia imposed a new regulation of the drug trade, reestablishing control over trafficking routes and dealers to contain the chaos of prior conflict, reintroducing order and coordination within the criminal field.

Through these intertwined functions, La Familia Michoacana achieved a temporary re-functionalization of the criminal system, transforming coercion into legitimacy and reopening channels of coupling between the criminal, political, and religious systems under the guise of moral authority.

The organization's internal structure reflected this complexity. By 2008, La Familia had developed distinct subsystems—paramilitary, political, and spiritual—allowing it to manage violence, ideology, and social mobilization simultaneously. This functional differentiation endowed it with organizational flexibility and symbolic power. However, in Tepalcatepec, its presence remained relatively contained. Interviews reveal that residents perceived La Familia as a transitional formation, remembered mainly as a prelude to The Knights Templars. Its limited predatory behavior—'they let people work,' as one informant put it—helped maintain a fragile balance between control and consent. The group's extraction of resources was selective and measured, allowing the community to sustain itself economically while accepting criminal governance as a pragmatic solution to insecurity.

Ultimately, La Familia Michoacana represented a moment of moral stabilization within a cycle of escalating violence, transforming violence into a language of order and explicit moral code. This code was not merely rhetorical: the group's leadership distributed religious literature to community representatives and publicly committed, at an assembled gathering, to internally sanctioning any member found guilty of rape or of taking another man's wife (SV, rancher and founding member of Tepalcatepec's Self-Defense Council, interview, July 15, 2018). Whether or not such commitments were consistently honored, their public articulation marks a deliberate performance of moral accountability distinguishing La Familia's self-presentation from the purely predatory terror of Los Zetas.

Yet, this equilibrium was temporary, and its fragility followed from two related dynamics. First, a moral order reactivated from decades-old cultural memory—rather than built organically through sustained practice—lacked the structural depth to resist internal pressure once circumstances changed. Second, and more specifically, the very organizational differentiation that gave La Familia its early flexibility also distanced its leadership from the direct, personal accountability that had anchored its moral claims: as paramilitary, political, and spiritual subsystems grew more autonomous and hierarchical, control increasingly depended on internal organizational structure rather than on the face-to-face relationships through which moral commitments to specific communities had originally been made and monitored. As the organization expanded, its discourse of righteousness and discipline gradually gave way to domination and excess. The very mechanisms that had legitimized its rule—religious symbolism, moral codes, and charismatic leadership—became instruments of control precisely because the community's capacity to verify and enforce them directly had diminished.

This religious symbolism took concrete material form: devotional imagery and prayers circulated locally under the figure of 'San Chayo' (a folk-canonization of leader Nazario Moreno González), complete with a dedicated worship space in a neighboring community and, recovered from a local commander's residence, devotional statuary, a sword, and chainmail armor—material props for the 'Knights Templar' identity the organization claimed for itself (AH, member of Tepalcatepec's Self-Defense Council, interview, May 19, 2016). By 2011, this internal drift toward coercion and exploitation culminated in the group's transformation into The Knights Templars, a regime where moral communication closed in on itself and violence once again became the system's dominant medium.

VIII. THE KNIGHTS TEMPLARS: TOTAL DOMINATION AND COMMUNICATIVE CLOSURE (2011–2013)

Herrera (2023) offers the clearest empirical anchor for this shift in the Michoacán case, describing 'formal and informal agreements and obligations between entrenched powerholders and local populations' that structured the relationship between criminal rule and rural communities. Read through Luhmann rather than through a social-contract framework, what Herrera documents is less a moral pact, than a structure of stabilized reciprocal expectations: protection exchanged for tolerance, conflict regulation for cooperation. Crucially, the empirical marker of this coupling was not consent in any

deliberative sense, but predictability—communities could anticipate the terms, limits, and costs of criminal rule under La Familia, even without endorsing it. What changed under the Caballeros Templarios was not the presence of violence, which La Familia also exercised, but its character: extraction lost its recognizable limits, and violence became arbitrary rather than regulated. This shift in predictability, rather than a shift in moral evaluation, is what this article treats as the erosion of structural coupling.

The Knights Templars built a complex and encompassing social order organized around three interrelated dimensions. The first was a system of power and domination, rooted in a political-ideological mechanism of control that structured collective decision-making through the systematic use of violence. This mechanism is illustrated by mass assemblies in which hundreds of community members—merchants, ranchers, local notables—were summoned to hear political messaging, instructed to organize demonstrations against federal forces, and reminded explicitly of who held ultimate authority over local governance, policing, and elections (SV, rancher and founding member of Tepalcatepec's Self-Defense Council, interview, July 15, 2018). The second dimension was an extractive economic system, based on the plundering of local resources—initially from drug dealers and later from merchants and livestock owners. And the third was a hierarchical armed apparatus of surveillance, punishment, and terror that maintained social discipline through omnipresent coercion.

This apparatus relied explicitly on communication technology to circulate terror beyond the immediate scene of violence, broadcasting what Johnson and Gillooly (2023) call a 'grammar of threat' that projects an imagined order onto its audience: recordings of executions, mutilations, and sexual assaults were distributed among BlackBerry users via personal identification numbers, then shown informally to others—including non-members—at gatherings, ensuring that even those who never witnessed an act of violence directly absorbed its intended effect (AH, member of Tepalcatepec's Self-Defense Council, interview, May 19, 2016). Together, these three dimensions did not operate independently but reinforced one another: political control provided the legitimating pretext for economic extraction, while the armed apparatus supplied the coercive backing that made both enforceable, and the circulation of recorded violence extended that backing's reach far beyond what direct coercion alone could achieve.

Through this structure, The Knights Templars achieved an unprecedented level of social embedding, extending their control into nearly every sphere of daily life—security forces, municipal institutions, markets, and even intimate relations. Oral testimony documents this reach concretely: local men were warned that taking another man's wife could invite lethal retribution, and women coerced into relationships with organization members had little recourse to justice, since the organization itself controlled the police and prosecutorial apparatus meant to receive such complaints; formal denunciations of sexual violence routinely went nowhere (SV, rancher and founding member of Tepalcatepec's Self-Defense Council, interview, July 15, 2018), a pattern later corroborated at the state level by the National Human Rights Commission's special report on Michoacán's self-defense groups, which documented broader impunity and institutional collusion in the conflict's human rights violations (CNDH, 2015). What began with La Familia Michoacana as a process of economic and political capture evolved, under The Knights Templars, into a broader legal, media, and moral colonization of social life: the region's local newspaper was reportedly controlled by the organization's leadership, publishing only favorable content and refusing to report its abuses (AH, member of Tepalcatepec's Self-Defense Council, interview, May 19, 2016), while local 'laws' and personal relationships alike fell under the group's dominance. What is sociologically remarkable is not the scope of this social order but the speed with which it consolidated—a compression already noted in the discussion of La Familia's inherited moral repertoire above. In just a few years, The Knights Templars dismantled traditional networks of trust, family, friendship, and neighborhood that had long served as the foundation for collective resistance, trapping the community in a structure of dependence and fear that redefined moral boundaries and social cooperation.

The rapid entrenchment of Templar rule reflected the interaction of several structural and internal organizational factors. Chronic economic stagnation and precarity limited opportunities for upward mobility in the absence of investment and formal employment; as one informant recalled, 'There's not much work… the recession was severe; there weren't job opportunities, and I started selling tacos as something more stable.' This vulnerability created fertile ground for the group's promises of protection and income. Compounding this, decades of normalized

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illicit economies—families had long supplemented their livelihoods through cultivation and transport—had already eroded moral barriers against criminal engagement, integrating illegality into everyday life well before the Templars' arrival. The group also drew on narratives of salvation and belonging inherited from La Familia's moral rhetoric, presenting itself as protector of community order and offering marginalized youth a sense of purpose and identity; one woman who later joined the self-defense movement recalled that 'people felt elevated through belonging… they liked it; they didn't want to leave.' Persistent social inequality and internal conflict further facilitated the group's reach, as longstanding envy and local rivalries encouraged denunciations: residents often informed on neighbors out of resentment, since, as one informant put it, 'people looked badly upon you buying your plot of land… so they reported you to The Knights Templars.' Finally, institutional capture removed the last plausible check on the group's power. The co-optation of police and local government, achieved through bribery and intimidation, allowed near-total impunity—a process that in fact began under La Familia Michoacana rather than the Templars themselves: as one informant recalled, local police command was already effectively appointed by La Familia's leadership as early as 2004, a dynamic the Templars inherited and intensified rather than initiated (MPR, member of Tepalcatepec's rural police force, interview, November 22, 2014), and one that replicates patterns of institutional colonization documented elsewhere in Tierra Caliente (Pansters, 2018; Serrano, 2012).

INTERNAL DYNAMICS

Two interrelated processes further reinforced their dominance. First, the exhaustion of traditional trafficking circuits, which oral testimony describes as self-inflicted rather than externally caused: unlike Los Zetas, whose violence in Tepalcatepec remained tied specifically to narcotics trafficking, The Knights Templars progressively absorbed the entire local drug trade into their own operation, leaving independent traffickers without income or market access, until the organization itself had exhausted the trafficking economy it depended on. Having eliminated its own revenue base, the group turned to licit local economies as a substitute, imposing systematic surcharges on mango, lime, and other regional crops, as well as water and basic foodstuffs (AH, member of Tepalcatepec's Self-Defense Council, interview, May 19, 2016). As independent smugglers were displaced, the organization lost key revenue and began targeting wealthier local groups—livestock owners, merchants, professionals—through extortion, kidnapping, and confiscation: a later-stage overreach contrasting with the indiscriminate, terror-based predation Los Zetas had practiced from the outset, reflecting their lack of local roots.

This dynamic is also intersected with preexisting agrarian class stratification, a dimension largely absent from the preceding analysis. Oral testimony from the region's earliest trafficking period already registers a sharp divide between landowners with access to irrigation, who prospered under conventional agriculture, and those dependent on unreliable rain-fed farming or lacking land altogether, for whom trafficking offered one of few paths to economic mobility (SV, rancher and founding member of Tepalcatepec's Self-Defense Council, interview, July 15, 2018). Early traffickers' accumulated wealth was in part reinvested into this same stratified land market, as they began purchasing plots and parcels at inflated prices—a pattern that suggests the illicit economy did not simply bypass the region's traditional class hierarchy but actively reshaped it. Malkin's (2001) analysis of the same subregion offers a complementary account of this reshaping: narco earnings, circulating alongside migrant remittances from the United States, established new consumption-based markers of status—trucks, houses, brand-name goods—that increasingly displaced older, agrarian criteria of local prestige and authority, redefining what counted as social success independently of land tenure or lineage.

Second, organizational fragmentation and local autonomy: as outpost leaders gained independence from higher command, they retained greater profits and exercised discretion in local repression, accelerating predation and internal competition for resources. This dynamic is illustrated by the internal rupture between La Familia's leadership and a rival commander known as 'El Changón': according to oral testimony, the conflict escalated when Chayo mobilized federal forces against his former ally, resulting in dozens of deaths in Las Lomas, Jalisco, before El Changón's eventual capture consolidated Chayo's position as sole leader (SV, rancher and founding member of Tepalcatepec's Self-Defense Council, interview, July

15, 2018). Far from an isolated succession dispute, the episode exemplifies how competition between semi-autonomous commanders for territory, resources, and federal leverage could generate violence on a scale rivaling that directed at external rivals.

Finally, the brutality of The Knights Templars' actions produced a total communicative closure of social life. Violence ceased to be a means of enforcing power; it became the language through which power was expressed and reproduced. Fear replaced trust as the basis of social coordination. Residents found themselves immobilized, unable to appeal to state authorities or to one another for protection—caught, as one self-defense member put it, 'in a circle they couldn't escape' (MPR, member of Tepalcatepec's rural police force, interview, November 22, 2014).

IX. CONCLUDING DISCUSSION

The case of Tierra Caliente, and particularly the town of Tepalcatepec, demonstrates that organized crime in Mexico cannot be understood solely through the lenses of state failure, market competition, or institutional weakness. Rather, it must be approached as a social process of coupling in which criminal organizations become structurally linked to the everyday life of local communities. Over more than half a century, this coupling evolved from small-scale, trust-based smuggling networks into complex forms of domination that combined coercion, moral discourse, and economic interdependence. By the time of The Knights Templars' ascendancy (2011–2013), criminal rule had transformed into a system capable of regulating not only markets and politics, but also personal and intimate relations.

From a systemic sociological perspective, this transformation can be interpreted as a shift from structural coupling to operational closure. Earlier trafficking networks operated within community structures, remaining dependent on kinship-based reciprocity and locally stabilized expectations for their own reproduction. In contrast, The Knights Templars developed an increasingly autonomous communicative system that redefined local norms, generated its own internal legality, and imposed meaning primarily through violence rather than through resonance with community expectations. Violence thus functioned as a communicative code—a mechanism to produce obedience, transmit fear, and reproduce the organization's internal order independently of external validation. Far from representing a breakdown of social organization, this shift constituted a new mode of order that substituted the State in key domains of regulation, justice, and welfare, even as it drew increasingly on coercion rather than consent.

Read sequentially, each phase does not simply follow the last but selectively inherits, extends, or reacts against it. The institutional turn under Los Valencia (1980–2003) did not rupture the earlier moral economy so much as layer coercion onto normalized illicit exchange already established a generation before, extending bribery-based coupling with political and economic systems even as internal governance shifted toward hierarchy. Los Zetas' arrival (2003–2006), by contrast, was a genuine external rupture, imposing violence without inheriting any local coupling—yet, as argued above, it accelerated a structural shift already underway rather than initiating one from nothing. La Familia Michoacana's moral reconstruction (2006–2010) responded directly to this rupture but did so by reactivating dormant vocabulary from the region's earliest period (1960–1980) rather than inventing legitimacy anew. The Knights Templars, finally, inherited both La Familia's organizational differentiation and its partial capture of local policing, pushing both toward the operational closure described above. Criminal governance, in this reading, is neither present uniformly across all five phases nor confined to the last two; rather, each phase is defined by a distinct configuration of coupling and closure, cumulatively built from what came before.

Yet, the systemic perspective adopted here reveals something further: these arrangements do not simply persist because they achieve legitimacy. They persist, and eventually change character, because the criminal system's growing operational closure—its increasing capacity to extract, discipline, and regulate through internally generated rules—can outpace and ultimately displace its earlier dependence on structural coupling with the communities it once needed for cooperation and tacit recognition. Herrera (2023) shows that this erosion was not distributed evenly across Tierra Caliente's population: it was rural elites—large agricultural and

livestock producers with the organizational capacity to mobilize armed resistance—who first found the criminal order no longer functional to their interests, giving rise to the autodefensa movement not as a generalized popular rejection but as a mobilization by actors positioned to act on that judgment. This article extends that reading: what Herrera frames as the 'breaking' of a social contract is better understood, from a systems-theoretical standpoint, as the point at which operational closure had already outpaced the structural coupling that predictable cooperation had once sustained.

Methodologically, this study illustrates two specific contributions of ethnographic and interpretive approaches to the analysis of organized crime. First, triangulating retrospective oral testimony against Ernst's (2015) contemporaneous fieldwork on The Knights Templars mitigated the risk that hindsight might color informants' accounts of the region's earlier, less legible periods. Second, oral testimony surfaced mechanisms that documentary or quantitative sources alone would not have revealed: the inversion of power between traffickers and officials as cocaine displaced marijuana, for instance, emerged only through informants' own accounts of how bribery's meaning changed over time, not from any institutional record. Combining these interpretive resources with Luhmann's theory of communication opens new analytical possibilities for understanding the production of order under conditions of illegality.

Despite the collapse of The Knights Templars after 2013, their legacy persists in the organizational and moral structures that continue to shape local life in Tierra Caliente. The autodefensa movement that displaced them, examined directly through the oral testimony presented above, was itself premised on restoring precisely the moral economy that operational closure had displaced: Álvarez-Rodríguez (2021) similarly finds that Michoacán's armed civilian collectives emerged less to end violence *per se* than to re-establish a moral economy of illicit activity, replacing arbitrary extraction with negotiated, locally accountable arrangements. The apparent stability that followed the Templars' fall has thus not emerged from state reconstruction but from a renegotiation of structural coupling among criminal, civilian, and political actors, suggesting that violence reduction does not necessarily imply the restoration of legality. Addressing the persistence of crime and insecurity in Mexico therefore requires more imaginative policies—ones that move beyond militarization and criminalization to engage the social dimensions of illegality: trust, legitimacy, and communication.

In sum, this study reframes organized crime not as an aberration of modernity but as a socially produced system of meaning and interaction.

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