THE BROOKINGS INSTITUTION

Latin America Initiative

DRUGS AND DEMOCRACY: TOWARD A PARADIGM SHIFT

Washington, D.C.

Monday, April 6, 2009

PARTICIPANTS:

Session One:

MAURICIO CÁRDENAS
Senior Fellow and Director, Latin America Initiative
The Brookings Institution

FERNANDO CARDOSO
Co-president, Latin American Commission on Drugs and Democracy
Former President of Brazil

CÉSAR GAVIRIA
Co-president, Latin American Commission on Drugs and Democracy
Former President of Colombia

Session Two:

MOISÉS NAÍM
Editor-in-chief, *Foreign Policy* magazine

KEVIN CASAS-ZAMORA
Senior Fellow
The Brookings Institution

JOSÉ MIGUEL INSULZA
Secretary General
Organization of American States

JOHN WALTERS
Executive Vice President
Hudson Institute

* * * * *

P R O C E E D I N G S

MR. CARDENAS: It's a great honor to be hosting the Washington launch of the recently presented report of the Latin American Commission on Drugs and Democracy. As you probably know and you read in the media, this commission was co-chaired by three former presidents of Latin America, former President Fernando Enrique Cardoso from Brazil, Cesar Gaviria from Colombia, and Ernesto Zedillo from Mexico. The commission included a very prominent number of Latin Americans from different areas of expertise, journalism, public officials, former public officials, analysts, including some writers like Sergio Ramirez from Nicaragua. And the recommendations of this commission are essentially the topic of today's session.

We're going to hear first from two of the three co-chairs, Presidents Cardoso and Gaviria, their views on the main issues, the main proposals. You may remember that the subtitle of this commission is "Toward a Paradigm Shift," and essentially what the commission is proposing is a change in the way we think about this issue.

There has been a lot of debate -- not just now, it's an issue with a long history, but I would just mention to start that in the past few weeks we've seen many reports being published with similar ideas. I have to start with one that we produced here at Brookings which is the report of the Partnership for the Americas Commission. This is a commission that Brookings convened last year including 10 very prominent Latin Americans. There is some overlap between the two commissions. President Zedillo was the co-chair of the Brookings commission. But there was also a group of very prominent U.S. citizens on the Brookings commission. The recommendations are quite similar. We can get into the details, but essentially with this commission, the Brookings commission said that there has to be a shift in terms of the policies that are used to deal with the drug problem and more emphasis should be placed on demand, consumption and less emphasis on eradication. There is a recent very comprehensive article, I would call it a report, published in the *The Economist* magazine which for a long time has advocated for

decriminalization of drugs, especially cannabis. Very recently this past Saturday, the *Financial Times* on its editorial page also called for a change in policy. I would say that the debate is now at a high point. Also one has to mention President Obama's response to the calls for decriminalization and he has basically said no in a very simple and direct way.

You came here to hear the two former presidents. Let me say rather than going into their long bios that these are two very remarkable Latin Americans and I would highlight their common themes in their bios. They both were ministers of finance which is a very important aspect of their professional lives because each one of them at different times in the history of their countries played a very important role in terms of the stabilization of their economies and to make sure that economic growth was renewed.

They have both been major institutional reformers. President Cardoso when he started essentially his career in the Senate in Brazil was a very important leader for constitutional reform for democratization, and the same is true for President Gaviria who while he was President of Colombia in 1991 was a major leader in enacting a constitution that has changed the political landscape of Colombia. I think many of the successes of Colombia have to do with that constitution which

basically opened up the doors for more representation, more participation and essentially a more democratic society. I would say that both were very successful presidents. Two reformists who changed the status quo and certainly are fundamental for what we've seen both in Colombia and Brazil in terms of economic progress and also social advancement.

So without further ado, let me turn the floor to President Cardoso. He will speak for about 10 minutes, maybe shorter, then President Gaviria, and then we will open it up for a Q and A where I hope to engage you with very short questions or comments and also I'll ask you to introduce yourselves first before you make your comments. So President Cardoso, again it's a true pleasure to have you here at Brookings.

PRESIDENT CARDOSO: Thank you. Good morning. Thank you very much. First of all I'd like to thank Brookings for convening this meeting. I think this is an excellent opportunity to present the findings of the Latin American Commission on Drugs and Democracy. And I would say that the main thing has been already said, so probably I will repeat and I will try to be short and to be very brief in order to have maximum time for our debate.

Let me just recapitulate the reasons for the creation of the commission and its mandate and main recommendations. The decisions

taken by President Gaviria, President Zedillo and myself to come to -- with the issue of drugs and democracy in Latin America -- was dictated by several competing reasons. First, because two of the most critical problems facing democracy in our region, violence and corruption, are closely associated with drugs. I think there is no one in Latin America with some sense of responsibility without having the sense that we need to stop violence and corruption because both are undermining if not democracy as -- the routine of people, the day-by-day life of the population. You cannot assume the idea of a democracy without security for citizens.

Second, because current policies based on the war on drugs strategies have clearly failed. I will wait for President Gaviria. He is much more well informed about the failure and he will explain to us what probably we already know about it. Third, because drug-related crime and violence in countries like Colombia and Mexico or in favellas of Rio have reached a level that no longer be tolerated. We are no longer talking about collateral damage or unintended consequences of the war on drugs, but of a major political and social threat to democracy.

Fourth and last, because in most countries discussion about the drug problem has so far been blocked by a taboo that associates any critique of the prohibition -- toward crime. I think that was maybe one of

the main reasons why we decided to join and to give maybe our names to that commission because there is a taboo. So in order to break the taboo, it's necessary that some people take the decision to confront the main crime.

Anti-narcotic policies are firmly rooted in prejudice and fear that bear little relation to reality. Opening up a broad discussion and debate about these limits and undesirable effects of current policies is the precondition for progress in the search for humane and efficient strategies. With this goal in mind, we defined our priority constituency as public opinion in Latin American countries so our report was oriented toward the Latin American audience, not a global one, but it has some consequences for the global level.

Hence the decision to have opinion makers and media leaders as members of the commission. We were also given by international considerations. We wanted to present our report prior to the March 2009 meeting in Vienna of the U.N. Commission on Narcotic Drugs. So the commission is composed not just by former presidents, but also by editors, owners of newspapers, influential novelists like Paulo Coello or Mario Vargayosa, just to try to reach a more extended part of the public opinion. And we decided to prepare our report before the Vienna meeting because it's also clear that it's impossible to try to curb the expansion of

drug consumption and trafficking without having a global approach to the issue. In the last month in Vienna the United Nations sponsored a meeting on that and I think it was important, that meeting, because some degrees, some new seeds are already there so that maybe other people, not just us, but several groups across the world and even governments are understanding that it's timing coming to introduce some changes.

From the very beginning we felt the urgency of opening new channels of dialogue with the U.S. given the key role played by this country in the framing of regional and global anti-drug policies. Our mandate was thus to review and rethinking the war on drugs strategy and explore workable alternatives. In the course of 1 year and after listening to many voices, we gathered overwhelming evidence about the failure of the war on drugs. Prohibitionist policies based on eradication, interdiction and criminalization of consumption simply are not working. Latin America remains the world largest exporter of cocaine and cannabis. It is also fast becoming a major supplier of opium and heroin. Today we are further than ever from the goal of eradicating drugs.

The drastic revision of current policies is also imperative in view of the disastrous impact on people's lives and the very fabric of society. I have already mentioned -- of the violence and corruption associated with the drug trade. We are indeed confronted with the double

phenomenon, decriminalization of world policies and the politicization of crime. In agreement with the Brookings Report on the U.S. and Latin America Relations, we are convinced that the long-term solution to the narco-traffic trade is to reduce the demand for drugs in the main consumer countries. That is the paradigm shift that you have heard before.

To move into this direction we feel it is indispensable to differentiate among illicit substances according to the harm they inflict on people's -- in our report we propose a paradigm shift in drug policy based on three guiding principles, mitigate the harm caused by drugs, reduce drug consumption through education, and focus repressive action on the fight against organized crime. We also propose -- decriminalization the possession of cannabis for personal use. We are aware that this proposal is controversial, but we feel it is high time to deal with the question in the light of the best medical science. Let me add that in several countries in Latin America we have already some laws allowing a small portion of drug consumption. This is true for Mexico. In the case of Mexico, they include cocaine and not just cannabis. This is also true for Colombia. In the case is Brazil, it is true but vague. So the decision is in the hands of the police. This is a very close path toward extortion because it is not clear to what extent it is possible or not. Anyhow, that is not a novelty. You have to

reinforce the trend and to be more assertive and say it is no more prohibited to use some kinds of drugs.

Our approach does not imply tolerance toward drugs. We acknowledge that cannabis has an adverse impact on health. But empirical evidence shows the hazards caused by these drugs are similar to those caused by alcohol or tobacco. Reducing drug consumption is a cultural and educational challenge. For this to happen, the question must be openly debated in households, schools, church and the media. The successful campaigns against tobacco consumption or in another context to prevent the spread of HIV/AIDS demonstrates the effectiveness of messages based on clear language and arguments consistent with people's experiences. This recalls my own experience in Brazil in trying to reduce the expansion of AIDS. We decided to be very clear and use TV to show how to use condoms. Imagine you're in a Catholic society and the government is sponsoring advertising showing but very crudely how to proceed. At the beginning the World Health Organization predicted enormous expansion of AIDS in Brazil, enormous. The result was it was controlled and how we have no more expansion, we're reducing, even the proportion of those infected by HIV. Why? Not just because of propaganda, but also because we asked the NGOs composed by HIV infected people to help the government and also to -- public policies and

offered treatment free for everyone. So it's possible to deal with very difficult questions as HIV, why not with cannabis or other forms of drugs? Why not be more clear in telling the society this and using the issuance of mass media communications to provoke not just the debate but to provoke a reaction against the utilization of these kinds of drugs?

If we manage to reduce consumption through preventive actions and treat consumption as a matter of public health, we may break the grip of organized crime -- reduce the opportunities for violence and corruption. In many Latin American countries, a growing number of political -- and cultural leaders have been calling for a recasting of drug policies. Now is the time to engage U.S. policy and opinion makers in the debate. There are growing signs that changes in U.S. drug policy are imminent. Some have been announced here and it is clear that the new Obama government could have a different approach to this very question. The U.S. delegation to Vienna endorsed needle exchange programs to reduce the transmission of HIV/AIDS and called for improving access to -- medicines including opiates for medical and scientific purposes. This was a rather important change in U.S. attitudes. President Obama stressed the need to reduce the demand for drugs and control the flow of cash and drugs in countries like Mexico. In her visit to Mexico, Hillary Clinton spoke about the U.S. co-responsibility in the matter and the need for a new

hemispheric partnership. We stand thus at an historical crossroads. There is much to be learned from experiences of European countries with -- reduction. Many cities in the Americas have also been trying safer, more efficient approaches.

Let us review this idea, see what works and define a common agenda of policy changes to deal with the critical issue that affects us all. That is the summing of just to open up the debate. So thank you very much. I suppose that President Gaviria will follow and will prove to us that really --

PRESIDENT GAVIRIA: Thank you, President Cardoso. I am just going to emphasize certain points first the theory, the hypothesis on the report is drugs are harmful. We don't like the word legalization because it means like drugs are not bad or that drugs are no harmful or that you can stop fighting narco-traffickers, and that is not the idea. The idea is the decriminalization of drugs, particularly cannabis, but decriminalization. What that means is taking consumers out of the hands of judges and policemen and give it to doctors and fathers and NGOs and schools and deal with the problem of consumption in a totally different way. We need to keep fighting narco-trafficking in the way we are doing or even with more emphasis using all the resources for that and not putting consumers in jail.

While we are talking about Latin America, we cannot copy the prohibitionist policies of the U.S. first of all because it's too expensive. The U.S. has already more than half a million people in jail just for consumption and narco-trafficking. I'm not even talking about assaults and many crimes related to narco-trafficking. More than half a million people. That is more than all the population in jails in Europe, only for narco-trafficking in the U.S. And when you see the results of that, if there had been reduction of consumption or reduction of violence, you will find nothing. So it's a policy that just makes the business too big and is not really reducing consumption. It has a cost that is incredibly high. The U.S. is spending $40 billion a year in fighting narco-trafficking with results that are quite poor, not to talk about failure, but are quite poor as results.

What the commission is asking the U.S. is at least have a debate because here it's impossible to debate this issue. There is -- talking about narco-trafficking is being soft on crime so no matter if people recognize that there is failure about the whole war on drugs, it's impossible to talk about this. There is no debate in the U.S., and I think that is a big, big problem. We are not going to lecture the U.S., but the policy the U.S. has in place is not producing the results to use the soft language.

Plan Colombia is the effort to interrupt the flow of drugs from the Andean community to the U.S. Plan Colombia was an extraordinary

effort. It has spent $6 billion from the U.S., probably $40 or $50 billion from Colombia. Believe that. I took this information from the Biden Report -- in the second phase Colombia is going to put $44 billion, so it's not only an American effort, an extraordinary effort very well executed. Everybody saw that. The first 3 years was successful, at the sixth year it started to show it was a failure, and now it's a total failure. The Biden Report stops in 2006. That was still -- the Biden Report is a report that Vice President Biden asked as Chair of the Foreign Relations Committee and they stopped. The Bush administration stopped giving information in 2006. The information of 2007 just shows that it was -- the production of drugs and the flow of drugs. The area for example in Colombia increased 27 percent, the areas of cocoa leaf, 27 percent in 2007. And it was very good for the security of Colombia, very, very good. It really helped us in training and it was very important in training, in intelligence. We have very good intelligence now. We have improved significantly our judicial system. We are much better prepared. We have much better police. Those are things that Mexico lacks some of them or most of them they lack. But we have improved our capacity to deal with -- violence has been reduced significantly, kidnappings have been reduced significantly, but in flow of drugs, nothing to show, nothing to show for many reasons I will not say at this moment, probably later on.

But what is going to happen in Mexico? We all see what is happening in Mexico. I think the U.S. support is very important. I think the new language of the administration is very important. It will take them years before they have good intelligence -- in place. They will improve their judicial system. We all hope they will improve their police. We all hope they will do much better. Will that reduce the flow of drugs? No, it will not. It will be useful for the security of Mexico, but it will not be useful for the flow of drugs.

If you see that we have Plan Colombia plus the effort of President Calderon and the flow of drugs is free, can you imagine -- what we can expect in the future? The policy of trying to stop the flow of drugs to the U.S. is a failure. The new -- of drugs say something -- the problem of narco-trafficking is reducing the consumption of drugs in the U.S. and he didn't talk about Colombia or Plan Colombia or anything like that because that policy has failed. So the only thing we can do is to reduce the consumption of drugs in the U.S.

How did the U.S. get to the prohibitionist policy? With these arguments -- they started to do policy. It's not only ideology. It's not only fundamentalism. It's something practical. It didn't show at the end practical, but it was practical. They started to make polls and that those polls showed that addicts commit crimes to find money to buy drugs and

that people that commit crimes are -- so they say we have to put in jail all these people because they are a threat to society. What the Europeans started to do? And this is very generalized in Europe. Even in countries that are very tough on drugs, they are dealing with consumers in a different way. I am talking about Spain. I am talking about Great Britain. I am talking about Sweden. Countries that are tough on drugs that do have strong policies in place but are not dealing with consumers the way the U.S. does. They say if an addict commits crimes and do these things, what we need is to take the addicts and put them on the medical community, get a doctor, give them drugs, create centers to give them drugs. That is less harmful for society -- organizations and they are doing that with a lot of success, with a lot of success. They are being very effective on that. And they deal with the problem in a different way. That's what we Latin Americans want to do now.

But I want to be clear on this. Only decriminalizing drugs is not a policy. It doesn't work because if you don't help the addict, they will become criminals. So only decriminalizing is not a policy. A policy is decriminalizing -- now can the U.S. do that? Do you know how much money the U.S. has spent to put in the first year a person in jail for consuming drugs? $450,000. That is 10 times what cost to treat an addict. Ten times. So you can start moving money from law enforcement

and that and use it for addicts. To give money, how to do that? Not through government officials. You need to use churches and NGOs and fathers and mothers and schools to try to create a different thing to take out consumers -- I think of course the U.S. has to put its own experiences I place and develop programs and do things. The prevention programs of the U.S. are a disaster -- there are two or three countries in Europe that do better. Why are so bad the U.S. programs? Because they don't evaluate them. They don't test them. They just put in place policemen and people saying officials don't consume drugs, you will go in jail, things that are totally ineffective. So that is the other thing the U.S. needs to change.

It's not true that a very tough policy improves or reduces the consumption of drugs. There are two countries in Europe that are very similar but different policies, Sweden with a very tough policy and Holland with the most liberal policy in Europe. The levels of consumption in both countries are very similar. So it's not that having a very tough policy just really changes things. That had not been proven.

Probably I think I will end up here and later answer questions.

MR. CARDENAS: Thank you, President. So let's now move into the Q and A segment, and I would very much like to encourage you to

make your questions and hopefully in a brief and concise way. Yes, sir? And then you and then you.

MR. ODY: Anthony Ody with Georgetown University. The argument is made that it is the illegality that creates the huge profits, the economic rents, and this is why gangs fight over it. So I'd just like to ask either one of the presidents to clarify at which stages of the chain from the farmer to the consumer they would decriminalize, but equally at which stages of the chain the excess profits might still be left. Thank you.

PRESIDENT GAVIRIA: The big business is introducing the drugs to the U.S. and selling on U.S. streets. The reason why the cartels moved from Colombia to Mexico and they are so powerful now is because the big business is putting the drugs in U.S. streets. The business is not so good at the -- level. It's something that is good business but no one gets rich out of planting cocoa leaves. And what happened in Mexico is they didn't fight narco-trafficking until President Calderon and really with the effort he is doing. And he suddenly discovered there was a military threat. The report validates using the military to -- when you have a military threat, we had -- Escobar in Colombia -- Mexico has it with its cartels. So President Calderon in Mexico has no alternative. They became too powerful. They have to fight them the way they are doing it. They have to learn a lot of things before being really effective. And I think

it will take them years because it took Colombia years to really have -- but what we should know is the flow of drugs is unstoppable. The Mexicans have to do what they are doing because there is no way out. Those people became too powerful so they have to fight them. No way they can -- that is a very significant problem that has not been talked in the U.S. yet, and is that the cartels took the illegal immigration as the business. The displaced all the coyotes and now the cartels are the ones that put people in U.S. streets. So they have the capacity to enter drugs in an incredible way. They also have this problem of selling of arms in the border. There are 15,000 places to sell arms, almost unlimited, and that is one of the problems of the violence.

Now what happens? If you have half a million people in jail, you have a big business. I frankly think you don't need to have in the U.S. more than -- people in jail because of drugs. If you start to take consumers out of jail and give them -- do what the Europeans call harm reduction and give them to doctors and NGOs and give resources and not put them in jail but under medical treatment, the problem will start to be slower as a business, it will start to shrink as a business, and that's one of the things. The U.S. has always worked with an idea that I think is wrong. If we put the place of drugs very high, we will be successful and we still top, and it never happened. It went up for a few months and then went

down. It's of course lower -- the war on drugs started. It's like a third in value. And what you need is to reduce the size of the business. It became too big. Having so many people in jail made the business too risky, to big, and it's not clear because when drug are difficult to find or is risky to find, people stop using drugs. It's not true. It's not true. I mean, the Europe has a much more liberal policy and it doesn't have more drug addiction than in the U.S. You need to reduce the size of the business. You need to put in jail only narco-traffickers, not to put consumers in jail. That is a policy I think that is not working and is more harmful than bring benefits when you put a young guy -- because he consumed cannabis, sorry, I mean it's a lot more harmful than society than just helping him to get out of addiction.

MR. CARDENAS: Let's collect a few questions. I have a lot of hands. Please, sir, in the back.

SPEAKER: Yes. I'd like to compliment you for your courage to bring this subject to the public debate, but I'd like to ask you if you don't consider this to be some sort of incomplete step since you're defending the legalization on the consumer side while keeping on defending the criminalization of the production and selling of drugs.

MR. CARDENAS: Let me collect two or three. So the lady in the back right here. Yes. And then I'm going to move in this direction.

MS. FUCHS: My question is for Mister President Gaviria. Did you smoke a bowl with George Soros before you came here today?

SPEAKER: Identify yourself.

MS. FUCHS: Michelle Fuchs.

PRESIDENT GAVIRIA: What happened with George Soros? What happened with George Soros?

MS. FUCHS: Did you smoke with Mr. Soros before you came here today?

PRESIDENT GAVIRIA: I don't know Mr. Soros.

MS. FUCHS: Or did you only do it before the other events he's been funding? Did you smoke with Mr. Soros?

PRESIDENT GAVIRIA: I don't know Mr. Soros.

MR. CARDENAS: Let's continue, Paulo, and then I'll get to you, but we have a question here, then the gentleman here on the right. Right here, please. Thank you.

MR. SOTERO: Paulo Sotero from the Wilson Center. I'd like to address both presidents. Given the number of issues President Obama is dealing with right now, it seems unrealistic that right now he would be able to tackle this sort of problem. I don't think it's possible here. Now, should Latin American governments articulate and go ahead with the United States, President Lula when he was here recently said that he

would announce there was some movement in that direction, to articulate something in South America where the centers of production of illicit drugs are. He didn't give details, but I would not be surprised if what you produce here would be used as part of that effort. But my question is, should South American countries ahead, take leadership regardless of what the United States is willing to do right now? Is it possible, practical?

MR. CARDENAS: Thank you. The last in this segment, and we'll do another round.

MR. DURA: Alejandro Dora. I'm the Secretary for Security Affairs at the OAS, multidimensional security. I welcome your initiative and I think it's great that former presidents of the three largest countries in terms of population in Latin America should take this initiative. First, it is very good to have this approach in terms of public health because of course if you look at the information from the World Health Organization, the drugs which kill on a large scale are precisely the legal ones, alcohol and tobacco, producing in the case of alcohol domestic violence and so on. And we could say that illegal drugs kill more for being illegal than for being drugs, although that's a problem to be discussed.

The second question, the second aspect is that it allows us to treat the question of drugs on the broader scope of public security. Latin America and the Caribbean are the most violent regions in the world.

The homicide rates in our region, I'm excluding Canada and the United States, Canada has the lowest 1.7 homicides per year per each 100,000 inhabitants, but we have countries in Central America and the Caribbean where the rate is 50 to 60 deaths and so on. So on average it's three times more than the world average for violence, and only a part of that, although a large part, we can ascribe to drugs. So this idea of discussing this on a wider scope I think is fantastic. My question, Paulo Sotero has already presented it, it's the question once you have this idea and you show in your report that the cost of drugs in developed countries has a lot more to do with putting them into the markets than with production, this also shows that the idea of alternative development is a good one because for the farmer in the producing areas, legal products would give them more money. They get very little for the production of cocoa leaves or marijuana and so on because a large part of the cost for the final consumer is the cost of going through the borders, trying to buy the police and so on. And the question of public security is also important in the sense that you cannot have development or democratic consolidation if your police have not the confidence of the population, I'm finishing, yes, and is not well trained and is not paid for instance. So my question in the end is what Paulo Sotero presented here, what shall we do now? As

President Obama has so many other very important things to deal with, shall the Latin American leaders --

MR. CARDENAS: Thank you very much. You wanted to ask something? Go ahead because you've been waiting. Here's a microphone.

SPEAKER: My question is for President Gaviria. President, what is the expectation of the commission in two specific cases, in Colombia and Mexico because we saw all the cartels, the Sinaloa cartel, went out in the accelerator operation here at the U.S., but what is the expectations of this commission regarding to the case of Colombia, are you guys waiting for more money to Colombia to combat drugs? And also for Mexico. The United States doesn't have money right now to even improve the quality of life here. Do you guys expect more money to be sent to Mexico? Even President Felipe Calderon says that the money is not enough and that the United States is not doing enough to help Mexico. So in two cases in specific, Colombia and Mexico, what is the expectation of your commission? That's it.

PRESIDENT CARDOSO: Let's split the question. I will answer part of the question -- answer the second part of the question. First of all, our approach is rather modest by just opening up the debate on drugs. We are not solving every problem because it's very difficult. It's

impossible. What we are saying that is up to now there is a failure. So we have to maybe shift the approach and to concentrate our efforts in reducing demand. Secondly, we are not proposing legalization because legalization implies that drugs are not bad for health. They are bad for health. We are proposing the decriminalization for consumers. That's the key question. Third regarding what to do. The Latin American governments have to wait for American -- yes or no. First you have to recognize the enormous importance of U.S. as the market for drug consumption. This is crucial. Secondly, the U.S. has enormous weight in global decisions. The U.S. government can block some developments. So we have to look at the American government. But that's not the same as to say so we have to wait and we have nothing to do. No, I think several things can be done and in fact are being done in Latin America. If you look at what happened now in Vienna at the last meeting, the Brazilian government had a much more open approach than ever. I must tell you that one Brazilian minister wrote an article in one important newspaper in Brazil sustaining our views and this is a minister in Lula's government. So the government is also preparing a specific set of policies. I think each one of the Latin American governments has to do something in spite of the American position.

What to do? You have -- one thing. Crime is not just because of drugs and corruption is not just because of drugs. So to reinforce the instruments in the hands of governments to cope with violence, to cope with corruption is something very important. And the experience is a vast experience. In Colombia, in Bogota, in Medellin, they have been capable to reduce criminality. In the case of the city of Sao Paulo, the rates of homicides are coming down very dramatically. Now I must say to you that -- I'm not sure the data corresponds to each one's experience, but the rate of homicides in the center of the city of Sao Paulo and in the extended area around the center of Sao Paulo is comparable to the homicide rate in Paris, so it will reduce -- and why? Because of the specific set of policies. The police have to be more organized and under more unified control, better equipped, and they have to have the capacity to put people in jail. So are not saying that it's not necessary to put people in jail. What we are saying -- consumers in jail -- have to put traffickers in jail. But to be much more effective in fighting the criminality. And there are instruments to fight criminality not just in Colombia, also -- important steps toward a more competent police, but also in other countries like in the case of Brazil.

If you compare what's going on in Rio with what's going on in Sao Paulo or in -- another provincial capital in Brazil, you see there are

differences. If you look at the number of people in jail per thousands of inhabitants in Rio and Sao Paulo, Sao Paulo -- to Rio. So the police in Rio is not effective so the criminality is going up more easily and not just because of drugs. So there are all sorts of possibilities and not just to wait the American decision.

I remember when I was in the presidency we had tremendous debates about that because American proposed a kind of unification of the control over drugs and criminality and we refused because it's not a problem to be under the umbrella of the United States to be capable to combat trafficking of drugs. We have to have also our views. Of course we need some cooperation. And what is really very important, not just cooperation -- police and administration, but it is, how can I put it, the spirit has to change and the spirit -- in America is repression against use consumers. Five-hundred thousand people in jail. In Latin America this is just impossible. We don't have penitentiaries to put all those people in jail so we don't have. So it is transformative extortion and not -- the state has no capacity to keep that enormous amount of people in jail. And if we look in the USA, the bulk of those who are in jail are black because they are poor. So there is some ingredients of social injustice in the approach. I will stop here.

MR. CARDENAS: Thank you.

PRESIDENT GAVIRIA: Colombia is very -- of Plan Colombia and that is in all political spectrums. It has been very useful for Colombia for security and taking control. It's not successful in the flow of drugs, and we expect the U.S. will not blame us because the flow of drugs has not reduced. I think Mexico deserves the right of being helped to deal with the hard problems that is U.S. origin as Secretary Clinton said. Probably there will be a little more resources that they are receiving through Plan -- but to think that the problem will be solved like that is a fantasy. It's already showed that it didn't work. The U.S. has to do the effort to reduce its consumption and I think the policies they have in place are wrong and not working. They have to start to change, but it's difficult. We all know it's difficult because public opinion has prejudices and fears, but it has to make the effort to start to change that.

Much of the violence we have is not only because of the U.S. Control of local markets became the big, big issue of security and we are not going to deal with the problem of drugs as the U.S. is doing. We cannot copy the prohibitionist policies. We are looking to Europe. We are looking to Europe and to the policies of Europe to see how we improve. We already do that in Medillin and Cali, and those programs have been quite successful. But we are not going to deal in Latin America. The only government that is thinking of that is President -- and has gone to

Congress four times now, but Congress thinks it's a bad idea and will not do it. To penalize -- they will not do it. They know it's wrong. What happens is we are not putting to many people in jail because of consumption of drugs. The problem is we are not helping people, and if we don't help, you get to violence. The problem is not only not to put people in jail, it is you need to really help them and we are not doing that. We are not doing that. We are not doing that.

MR. CARDENAS: Thank you very much. I'm going to stop this segment here because we have a panel and the panel will provide more views and I think you will see more divergence in the panel. I hope so, actually. So hold onto your questions and your comments because I think there will be time to discuss them and that will be Moises Naims' role in the next segment. So I'm going to ask the Presidents to take a seat and then we'll ask the panelists of the next segment.

MR. NAIM: Let's continue with this very important conversation. My name is Moises Naim. I'm the editor of *Foreign Policy* magazine, but I'm also a member of the commission. In the panel today with us we have John Walters who has been since 2001 and 2009, January, the head of the White House Office of National Drug Control Policy, also known as the Drug Czar. In that role he had the responsibility

of coordinating all the federal drug policies and spending. Thank you for being here.

Jose Miguel Insulza, well known, is the Secretary General of the Organization of American States. Before that he was the Minister of Foreign Affairs of his native Chile, also the Minister of the Interior, and I think the Minister of the Presidency which is something like the Chief of Staff to the President. And Kevin Casas-Zamora is from Costa Rica. He used to be the Minister of Planning of Costa Rica and also the Vice President of the country, and now he is a Senior Fellow here at Brookings in the Latin American Initiative.

What we plan to do is just to have a very open-ended conversation with the panel and then as soon as possible engage all of you with your comments and questions. So let me start with you and perhaps ask you for a reaction -- your general reaction to the points made by the commission and by Presidents Gaviria and Cardoso.

MR. WALTERS: Thank you. Thank you for having me. I've worked with President Gaviria when he was President and I served in the elder Bush administration on some of the problems in Colombia and it's been my pleasure to sure during the period of Plan Colombia. I guess I would start with two points. One, I don't think it's honest to say there isn't a debate about this and there isn't an open debate or it's taboo. I think

that's stretching things beyond what we should just accept here. You started out by mentioning how many publications have raised this issue and want to debate it. I myself in the last several months since leaving government have been interviewed by everybody from the BBC to *The Wall Street Journal* to the *Post* to Al Jazeera about the issue of drugs and our policy. This gets debated regularly and often and I do think that somebody has to take responsibility for arguments don't move people, maybe you got to look at your arguments.

That of course is a challenge for the status quo and I feel like I'm a little bit in the unbelievable situation of explaining why President Obama might not be wrong which is not exactly my job, but -- not anymore. But let me just say I think there also is some remarkable -- and we can get into why people want to ignore certain facts, but as Ronald Reagan said, facts are stubborn things, the discussion of the premise of some these arguments are just not current. The United States government as a group does not arrest users and just throw them into jail. In fact, the criminal justice system today in the United States is the single largest source of entry into the treatment system through drug courts and diversion programs. It takes people who have addictions that are not violent and predatory individuals and tries to avoid putting them into jail and it does so quite successfully. Every state has drug courts. They're at

multiple levels, juveniles, adults, even family courts for family violence. It's a proud example of using the criminal justice system. During the administration I served in we expanded the effort to try to use the system to help deal with the disease of addiction by screening in the health care system to look at people just as we take a pulse to see whether you drink or you take drugs and how much and to get you either counseling or referral to treatment if you need that, to expand this. We have workplace programs. We have programs in the education system that even use testing to help people get help, not to punish. We had a Supreme Court decision that said in the last little while you can't use testing in school to punish if it's random testing. And then how 4,000 schools since President Bush the younger mentioned that the federal government would fund this in 2004.

I can't go through all the particulars that I think the kind of out of date discussion of what we're doing and somewhat cartoon fashion of what is happening here, but let me just also say that if you want to talk about later maybe Plan Colombia, even this Sunday in "The Washington Post," "The Washington Post" thinks Plan Colombia is a success and they're not exactly some kind of right-wing propaganda mill. I think it's been a success in multiple dimensions. In fact, for the last 2 years there have been increasing shortages of cocaine and to say that Mexico you

can't control drugs, Mexico has been a key factor in reducing the meth epidemic after reducing small toxic labs here. Mexico stopped the production of methamphetamine at its own borders that you don't read about the same kind of problem, 60 to 80 declines in meth use. Overall, U.S. consumption of cocaine has dropped from the peak in the 1980s by two-thirds at least.

And I also think there's an issue here about kind of coherence in the report which may explain why President Obama didn't embrace it. I don't know. You can't say that the issue is demand and then say you're going to decriminalize things and you're going to make it so that people give drugs and not expect to make a problem for demand. In fact, I think prevention programs are reviewed; you can read the GAO reports about them, as among others.

We've tried to fix programs like the DARE Program that got reviewed badly, but we've had a decline in both workplace drug testing positives of significant amounts across all the drugs of abuse with exception of prescription painkillers, which are a different thing to regulate, but is a serious problem, and we've had youth declines that have been quite dramatic. In fact, they're less than half of what they were at the beacon in the late 70s.

The United States is the only major, industrialized country that has those kinds of declines. You don't have to believe our numbers, you can look at the U.N. numbers and look at UNODC, and, in fact, UNODC, there's two estimates of production of cocaine in Colombia. If you want to look at the (inaudible) in Colombia, one is ours. The most dramatic decline though is from the U.N., which shows even greater declines in the -- now, is there more to do? Of course, there's more to do, but I think if you're going to make policy recommendations, you have kind of look at the facts, the current facts. Maybe I'm wrong, but I'll leave it there.

MR. NAIM: Is there anything specific that you would change in the U.S. policy towards drugs? Is there anything that you think deserves to be revised, reviewed, changed?

MR. WALTERS: I think the fundamental change in the U.S. and globally is to understand the implications of what we now know from the science that addiction is a disease, that it requires a response that both recognizes that these poisons, while they're initially introduced to the people usually voluntarily, they become a compulsion, they become a source of impairment. We do need to treat them on a wider scale. We have to recognize that poor countries have less capacity to treat it and that we have to control these positions in our society and that we can do that.

I think that, yes, we need to do a number of things better. I didn't mean to say that we live in the best of all possible worlds, and I think the United States' policy has been evolving in terms of using the courts, using the treatment system, going after criminal organizations, targeting them.

Colombia is a great example of taking apart criminal organizations that were about to take over the government. I was there in 2002 when we there through the inauguration of President Uribe. The FARC fired mortars on the site. That's how close they were to the center of government and challenging existing institutions.

And, today, government presidents and rules of law spread to a little over 1,000 municipalities, it's a place people can now move and drive, the major leadership of both the rightwing paramilitaries and the leftwing FARC are largely dead, in jail, or on the run, and the government has a comparison effectiveness in terms of brining democracy. I don't think any other country in the world during that period has had the improvement of human rights that Colombia has had. I challenge anyone to find another one that's moved that far, and that's because they brought rule of law and democracy in a way consistent with security and counter narcotics.

MR. NAIM: The most successful country in the world in persuading an entire generation to stop an addictive behavior is the United States. Today, we are at a 54-year low in the consumption of tobacco, and there is some evidence that tobacco is more addictive that marijuana.

How do you account that the United States has been so successful in eradicating and essentially getting an entire generation not to smoke cigarettes and we don't see the same performance in marijuana, for example? How would you explain that?

MR. WALTERS: Well, again, if you compare apples to apples, if you look at marijuana rates of consumption by teens, which you're talking about underage smoking, if you look at it and compare it from 1978, 1979, roughly half the level of what you saw in the 1979 is what's happening today, so, there is a comparison.

But, secondly, again, the government has done multiple studies on the success of tobacco and education is very important and no question it's important, but, also, almost every one of those studies, when it takes multiple factors found, the single greatest factor if you want to isolate is was price for underage smoking. Every time the price of cigarettes went up 10 percent, underage smoking goes down 7 percent. We just had a huge increase, we'll see if this follows.

That's contrary to what President Gaviria said about you can't change the price for the availability. In fact, the single greatest factor in that decline for young people is a supply control effort and an effort as you see now here, if we were having this meeting 20 years ago, people would be smoking cigarettes. Almost half the audience would be smoking cigarettes.

How did that happen? Did we just persuade you? We also criminalized smoking cigarettes in this room. So, again, the law can work with education, it's not either or, and I think that where we've seen the greatest gains, the law does work with education.

MR. NAIM: Secretary General Insulza, you wanted to comment?

SG INSULZA: Well, yes, I wanted just to say a couple of things here.

I think that this whole discussion here of false argument in the planned Colombia matter, what I heard from President Gaviria -- I always called him President when he was secretary, too -- what he said was that the planned Colombia has been good for Colombia in terms of reducing (inaudible) rule of law and other things, and it's true, but that there are also plantations of drugs continued to happen and probably will continue to happen for some time because the size of the area that can be

used for that is so enormous, and by the way, it's a (inaudible) that also spreads (inaudible) to Peru, to Brazil, everywhere. So, it can happen.

I mean, the two things can happen at the same time, and the fact that they have happened at the same time, it was (inaudible) discussion of this matter because if they can do it there in Colombia or (inaudible) then they'll go to Mexico, someplace else because it's good business. Because people buy drugs, and I very much agree with the initial principle that the reduction of demand is basic in this. I mean, it's like in any risky business, the riskier the business, the more the reward, so, if there is somebody willing to pay for the drugs, then they'll continue selling them, even if the risks are very high and they're shooting them everywhere, so, they'll go to Mexico, they'll go to Central America, they'll go someplace and continue doing their very lucrative business. That's the first thing I wanted to say.

Second, I, as you remember, I was a minister of Interior with Chile, and when I was minister of Interior, we passed new laws on drugs in Chile, and we penalized the possession for personal use and we even made some distinctions in the penalty section for larger traffickers and smaller traffickers.

Actually, I think that it worked except that the marijuana consumption continued to increase and because it's very hard -- we used

a little more money for education and for treatment, but the consumption of marijuana continued to rise because, in spite of everything, the money being used for interdiction was so much more than the one being used for treatment or for education. And I think that really the future here, the possibility is really in education and treatment. I think that there are real results that show that works, and I'm not saying that you don't know how to interdict, but I agree with the presidents that just by interdicting, you will not get a real solution to an issue of drugs.

By the way, I must say that we have a very important area of OES. As you know, as President (inaudible) very well called a CICAD commission or the inter-American commission on the control of drugs, and it's a (inaudible) we work a lot in these matters of interdiction and education and the health and all that and training, and I think that the basic problem in our region, in Latin America especially is lack of resource or fund for lack. We have a lot of funds for interdiction. We get them from abroad, we pay them, we produce them from our budgets, but we have not really tried.

I mean, when I read this report in terms of give the other alternative a chance, those (inaudible) interdict, you can't continue with a repression and all that, but why don't you give a chance to education, to

education and to health treatment, and maybe we will find out, in a few years, it has been most successful.

And I think that the only thing I will comment on the report is that, in spite of what it says in a certain paragraph, it looks very much like the European solution, and I think it's a good solution, we are beginning to work with the Europeans, by the way, in CICAD, also, and the U.S. Government has accepted that possibility of working also with the Europeans in some of their formulas, and we hope that we will try to extend those kind of experiences.

MR. NAIM: One of the collateral damages of the situation is the staggering number of violent deaths in Latin American. Assassination has become now a very important part of the challenges that every government in the region is facing.

And is that becoming, do you think, among the countries in the region a central theme of the conversation?

SG INSULZA: Well, it is, yes. But, further, I should say that we have among our member countries some of the highest rates of (inaudible) in the world. Probably the highest. I'm not really sure about the south of Africa, but we have some of the highest anyway, and they are much, much beyond normal, what's estimated for the world as a whole.

We have about 23 or 24 per 100,000, but you have to consider that several countries, especially the southern countries, especially Argentina, Chile, Peru, otherwise have very low rates, and then some others such as Canada and even the U.S. have low rates. Some regions, some countries get as much as 60 or 70 per 100,000, which is (inaudible) it's really that's epidemic.

Now, that is linked to the drug traffic, it's linked to organized crime. Yes, I think this is very much linked to organized crime, and I think it's only a matter of looking at the statistics or the results. Where does most of the drug activity take place? When I'm talking about drug activity, I'm talking about processing and trading, not necessarily rate. I mean, not necessarily growing of coca leaves, but rather whether they are processed and whether traded, and it also finances several other criminal activities, drug smuggling and human traffickers.

Also, we have a syndrome of criminality in Latin America and the Caribbean, also. Some countries like the Caribbean are a very high rates. In Latin America, the Caribbean, and at the center of that is the drug business, not the drug plantings, the drug business, the drug processing and the drug trading at the heart of this rising criminality.

MR. NAIM: As President Cardoso said, the commission insisted that a very important initiative has to be to open the debate, that

there is a taboo, that there is a prohibition to think because it's political radioactive, despite of the fact that you're right, that in recent months and years, more and more reports have addressed the issue of what to do with the war on drugs. But, still, for a politician, it's very risky, a politician here in the United States to go out and say that it favors a major revision of the policy on drugs, it's very risky, and you know that.

And, so, Washington consensus on drugs rests in two pillars. First, the war on drugs doesn't work. Second, it cannot be changed.

(Laughter)

MR. NAIM: Seventy-six percent of Americans believe that the war on drugs have failed, and a very large number, when you go to them and ask well, can we change? No. So, it is both the prohibition, it doesn't work, but we cannot change it, and that has to do with the nature of the debate. So, the commission argues that there is a taboo in the debate, there's a prohibition to think widely, broadly, and to bring new perspective into the conversation and revise a policy that many thinks doesn't work.

Secretary General Insulza, you, Mr. Walters, you say, no, there is a debate, there is plenty. You can't open the newspaper without seeing the point.

Secretary General Insulza thinks that it is a false debate, the debate is to continue to interdict, but, at the same time, start to look at other --

SG INSULZA: It's a matter of priority.

MR. NAIM: To demand inhibiting forces and policies.

SG INSULZA: I mean, if you have a problem and you say we're going to protect those that are sick, the few of those that are sick, protect the innocent and give help to the criminal, everybody will agree the problem will have been proved in this case that it's very difficult to do the things, especially to focus on the third thing without really taking care of the first two. But I'm talking about emphasis more than about --

MR. NAIM: Yes, but the complicating factor is that we don't even agree with the statistics, and we have major differences concerning the statistics.

SG INSULZA: Well, we have good statistics.

MR. NAIM: One argument says it's a taboo and we cannot even discuss, Mr. Walters argues, of course we are discussing it constantly, and, by the way, it is a cartoonish debate, you called it, dealing with slogans and not with the reality of the numbers and the statistics that you cited. And you, Secretary General, said that it is a false debate. What do you --

(Laughter)

SPEAKER: Well, thank you very much for having me here. I guess it depends where you have the debate because it is pretty obvious that in places like this, we are having an open debate about this, I mean, otherwise, we wouldn't have a full house.

But at the level of the political system in this country, I see no evidence whatsoever of anything other than a moral debate, and I think that one of the tragedies of the debate on narcotics in this country is therefore at it has become primarily a moral debate in which any attempt to relax a punitive approach is seen as a sign of irresolution in the face of wickedness. And, sure enough, when evil is placed at the center of the discussion, then it becomes totally pointless to argue in terms of the costs and benefits of alternative policy approaches. When evil is the issue at stake, surely, no price is too high.

And this is, frankly, absurd even from the moral standpoint because it really serves a thought how something that has been construed as a moral crusade by so many people in this country can generate so many moral hazards elsewhere because the fact of the matter is that the policy framework that stems from turning this into a moral battle is having the consequence of killing a lot of people south of the border. And it's having the consequence of creating huge opportunities for the moral

degradation of political systems throughout the hemisphere, and it's also -- and this is crucial -- having the affect of damaging permanently the work ethics of an entire generation in Latin America.

So, if we're going to talk morals, let's talk morals. But, of course, that's what we should not do, and I particularly praise this report for making a call to examining the problem at hand and the waste (inaudible) with it under the light of evidence in the light of recent, and I guess that this attitude we should be the staple of policymaking in western societies needs to be apparently emphasized with full force in this discussion, and I find, quite frankly, that baffling that, at this point, we have to emphasize that this is not primarily a moral debate because that's the key problem.

I mean, it's not really about the substance of the policies that we embrace, it's about the nature of the debate that we have and the method that we used to arrive to our conclusions. I mean, that's what needs to change, and I have to say that our moderator, Moises Naim, put it very eloquently in the course of the discussions of the Partnership for the Americas Commission last year here at Brookings when he said precisely that the main task at hand was about abolishing the prohibition to think and to allow ourselves to analyze the problem with the freedom to

inquire, to dissent, and to experiment that should be the hallmark of democratic societies.

MR. NAIM: Would you like to respond to that, Mr. Walters?

MR. WALTERS: Well, I think I already have. I didn't change my view.

(Laughter)

MR. WALTERS: Look, let me suggest --

MR. NAIM: The specific point is about the moral nature of the debate versus --

MR. WALTERS: Yes, let --

MR. NAIM: -- the statistical evidence-based kind of conversation that you bring to the conversation. You do use a lot of --

MR. WALTERS: Let me try to advance the discussion by taking this approach rather than -- I think, and I don't mean to be abstract here, and I apologize, I'll try to be more vibrant in a minute.

(Laughter)

MR. WALTERS: But I think the fundamental mistake aside from whatever ideological differences may be underneath all this is what we call logically a category mistake, and it may be a result of the term war on drugs, which here in the United States started roughly around the time of Nixon and was intended to say we had to elevate our concern about

drugs and organize ourselves collectively about the problem because it was more serious than the public understood and it needed more attention and more resources.

That has become something else, and I think the drug problem as we have now seen it and understood it properly is an education and prevention problem, which has been touched on, a healthcare problem, screening and treatment, a public safety problem with both the violence and problems from trafficking, but also the violence has been touched on by people under the influence, which is vastly greater actually, I think the data will show, and national security problems.

The problem with the title war on drugs is we have talked about it in terms of a war which is supposed to be horrible and limited. It's supposed to be if you don't win it in a certain period of time, then you're not doing something right and you ought to make peace with honor. But we don't think about that in terms of disease, we don't say that because we spend all this money and time on healthcare that there's still disease, so, let's stop doing that, the war on disease is wrong or the war on ignorance is wrong or efforts to secure democracy are wrong because we still have more to do.

Yes, we can do things that are better, but the frustration and argument about failure I think it necessarily becomes incoherent because

it is based on it's not over. It's not going to be over; it can be smaller, it can be better managed, and there may be techniques, but if you want to use, again, the European example, I would say let's really look at Europe. The lowest rates among the major countries of Europe are in Sweden.

It has a lot different policy than the one you're proposing. Even the countries that have had some change, and I know there have been different periods of time and debate over this. Holland was mention, the U.K., some of the others like Needle Park in Switzerland, they experimented and rolled those policies back and are rolling them back in various ways.

When I was in office, I spent a lot of time with two Dutch health ministers and justice ministers who were trying to move more coherently. Why? Because they've seen the consequences here, and some of those consequences involve a variety of drugs, some of which you've talked about individually, that they take more seriously because of the current threat.

So, again, I would say if you stop seeing the moral argument, if you want to ban morality, which I don't think is great from human life, but if you want to ban it --

SPEAKER: (Off mike)

MR. WALTERS: -- as a pollutant in some force, then okay, then let's talk about it in terms of health policy and education policy, and it has to go on. And the question is: Does decriminalization or the forums you have make prevention better? I don't think anybody thinks that.

And you brought up cigarettes and alcohol, our effort. In the United States, the estimate is maybe best estimate, 20 million Americans will use an illegal drug once a month or more frequently, 7 million of which may be dependent on those drugs, so, various kinds. Forty-plus-million smokers, one hundred-plus-million drinkers with the same frequency, but what would the country look like if we accelerate that? What would Latin America look like with 100 million drug users?

MR. NAIM: You want to say something quickly?

SPEAKER: Yes.

MR. NAIM: And I want to engage the audience as much -- so, say something, and then --

SPEAKER: Yes, a couple of things. A couple of things. Yes.

Number one, the problem is not that the policy, the effort is not over. The problem is that the results are too poor and the cost is too high. It's a total different -- I mean, we know that it has to go on in some way or fashion. I hope not in the same way because, for some reason,

this discussion, it strikes me as very similar to a discussion on the Cuban embargo, and the other thing that I want to raise is I agree with you that the war on drugs is a misnomer to some extent because the fact of the matter is that, as a result of the war on drugs, a lot of people are dying, so, it is a war in a way. And, here, I would like to mention and to go back to the issue of murder rates in Latin America, which is very interesting.

I am totally convinced that the fact that Latin America, and, in particular, the Caribbean basing has by some margin the highest murder rates in the world is certainly related to drug trafficking, and I'll give you an example.

If you take the figures, the murder figures of Mexico in 2008, they tell a very disturbing story, which is not the one that most people expect because the real story in Mexico is not that the homicide is going through the roof. In fact, it is not. For Mexico as a country, it barely moved upwards in 2008. The really unsettling fact is that half of the homicides in Mexico are directly related to drug trafficking, and I'm talking here about execution, shot to the head. I can assure you that out of the other half, a lot of them are somehow related to narcotics.

So, I mean, just to finish the point, the fact that the Mexican authorities have done this horrific headcount allows us to indulge in an interesting back of the envelope calculation, 140,000 people die every

year in Latin America and the Caribbean as a result of crime, right? Let's assume for the sake of the argument that not one-half, but one-fourth of those deaths are related to drug trafficking, I have no way of knowing that for sure other than Mexico, but in the case of Costa Rico, my country, is a very possible assumption. So, that means that probably 35,000 people, overwhelmingly young men, are dying every year in Latin America as a result of the black market that the current approach to drugs makes inevitable.

MR. WALTERS: But let me grant that point, but then ask you one simple question: Of all the countries of Latin America that have suffered this, which has had the steepest decline in the last five years? We all know the answer, it's Colombia. What were the policies in Colombia? Not the ones you proposed.

SPEAKER: I'm not proposing. I mean, (inaudible) proposing --

MR. WALTERS: Not moral, but empirical. That's the empirical reality.

SPEAKER: No, no, but that's --

SG INSULZA: Not consumption, in drug production, and, I mean, that may be true, but the problem is that where you started, from Colombia, it still has a very high rate of crime. It's been reduced.

MR. WALTERS: Not compared to what it was five years ago.

SG INSULZA: (Inaudible).

SPEAKER: That is not --

MR. NAIM: Let me see if I can become the moderator here.

(Laughter)

SPEAKER: There is no doubt. There is no doubt.

MR. NAIM: Let's engage. I first have President Gaviria with a comment, and then back in (inaudible).

PRESIDENT GAVIRIA: I have no doubt that Mexico will improve the whole system and we'll check the (inaudible) of security. I have no doubt that they will do it. As it has happened in Colombia. But we need to be clear that is not going to stop the flow of drugs. We would be able to check our security, and in Central America, it would be possible to, but that will not reduce the flow of drugs as has not happened with (inaudible) Colombia. The numbers of the Biden Report stop in 2006 and were bad, but if you stop in 2008 the numbers are a disaster, and it's published by your office and the Office of the United Nations how 2007 was a bad, bad year in the flow of drugs. Why eradication? Why eradication in Colombia? (Inaudible) expression. Why eradication fail? I wanted to talk about eight things.

First, we had 80 states at the beginning in all the Amazonian area. We now have 24. In the Amazonian area, they did what they did in Brazil, one crops, two crops, and they need to move because the production produces, but they move too many other states.

Second, they started to plant triple of trees, so, they now have much better productivity, not only in the Amazonian area, in the other areas of the country, in the mountains, in the coffee areas.

Third, they started to use a small plots. It's much more difficult aerial expression.

Fourth, they started to put a lot of -- how you say?

SPEAKER: Fertilizer.

PRESIDENT GAVIRIA: Fertilizer, they started to put a lot more fertilizer, so, they have better productivity.

Fifth, they started to put a lot of food in the plants so it makes much more difficult.

Sixth, they invented a thing called wet apple, which they put it in the coca leaves and then when do aerial expression, it doesn't work. So, they found so many ways. At the beginning of planned Colombia, you needed to eradicate aerial expression 3 headers to get 1 of reduction, today, it's almost 1 to 22. The U.S. is already talking about mineral

eradication and not using more aerial expression because it's not working. It didn't work.

So, that just shows that the idea that you can control the flow of drugs through eradication and aerial expression and all that, it's not working, it's not really working. Of course, the security of Mexico will improve, and I hope it will, and I am sure they will improve, but it will not stop the flow of drugs.

Second, I don't think it's fair to talk about how what is consumption in the U.S. in the 80s, yes, that was an epidemic in the U.S., and all families were involved and it became a huge problem, but then came the 90s and the consumption of the U.S. today is basically the same of the 90s, a little more, a little less, whatever, but its' basically the same. There has been no measure in the last 20 years or in reduction of consumption in the U.S.

The consumption in Latin America is growing fast everywhere, from Brazil to Mexico to Colombia to Chile to Argentina, and the way of violence is related to the increase and it's related to local markets, not only to internationally, to local markets. The violence of Brazil is local markets, and it's totally out of hand, and it's related to narcotics. Then it's very strange the coalition in there now, this year, it's very strange. I'm going to tell you the countries that help the U.S. to keep

the language of (inaudible) as it is. U.S., Colombia, Iran, Russia, Japan, Cuba, and at the last moment, Italy and Sweden, but it's a lot of authoritarian.

SPEAKER: (Off mike).

PRESIDENT GAVIRIA: Huh?

SPEAKER: (Inaudible). It's a coalition of authoritarian states more than any other thing. I mean, no Latin American countries would (inaudible) that, European countries (inaudible) on that, African countries (inaudible) that, Asian countries, but, of course, the U.S. is too powerful, the Europeans don't want to fight the U.S. on a matter that is not so critical for them.

What to criticize of the Europeans, that very few countries give to this problem the priority it should have. Great Britain is okay, Spain is okay, Sweden is okay, but no one else cares. No one else cares, and they are doing nothing to reduce consumption. They are dealing well with the addicts, but they are doing nothing to reduce consumption.

I want to talk a little bit also about *L.A. Times* citing President Obama when he was in the legislature of Illinois saying the war on drugs, it's a failure. They cited, they took and went and looked to a phrase, and I want to think about this. I mean, two of the last presidents of the U.S.

consumed drugs. They could have been in jail instead of being presidents of the U.S.

(Laughter)

PRESIDENT GAVIRIA: And I'm talking about President Clinton and President -- I mean, it's time to think of --

SPEAKER: Well, he didn't inhale. He didn't inhale.

PRESIDENT GAVIRIA: It's a good idea to take consumers to jail because two of the last three presidents of the U.S. have consumed drugs and that is very clear. So, they could have been in jail instead of being presidents of the U.S.

President Obama was so frank that it didn't cost anything through the (inaudible) talk about that because he just published that in -- a recent poll in Columbia says that in the last year, a little more than a half million people have consumed drugs. In a longer period of time, 1.8 million, and say I am asking the Government of Colombia, what would you want to put in the jail, the half million or the 1.8 million, when they talk about putting people in jail, it's just mad.

It's just mad, and it's impossible to keep -- we cannot keep the prohibition as policy, and that is the thing we are clear. In Latin America, we cannot take the U.S. policies as something that makes -- and

I do think we need to keep fighting drug trafficking. I mean, we are tough, and, in Colombia we are, and we are keeping our policies.

But I wanted just to make the last comment. In the report, Biden says for the 2007, 2013, the Colombians are going to put $44 billion, and the Americans may be $4 billion. So, 1 in 10 are resources of the U.S., and the other nine are resources of Colombia. And we will keep doing that, and I am sure the Mexicans do, but we have one right to ask the U.S. hey, look at your policy. Look at your policy. It's not brining results. We are doing our most. I mean, how many lives have been sacrificed in Colombian and in Mexico and in Peru and everywhere? But what you are doing out of saying that you cannot change your policy and that is perfect, and it's not.

MR. NAIM: I have no time and lots of hands, so, let me take very quickly a few questions, and then I will give you all an opportunity to react.

Peter Reuter in the back, please.

MR. REUTER: I want to go to Mr. Walters' comment about the success of planned Colombia.

MR. NAIM: Please introduce yourself.

MR. REUTER: Sorry. Peter Reuter, University of Maryland.

Mr. Walters talked about the success of planned Colombia, and everyone agrees that Colombia as a nation state has been strengthened. However, it is also clear that the trend in terms of production of cocaine in the (inaudible) region has essentially been flat for 10 years. Its' been redistributed from time to time between (inaudible) and Peru and Colombia, and there's a little back and forth, but, as a drug control program, it's very hard to see any sign of success. Maybe it would have been higher if planned Colombia hadn't been there, but you really have to stretch to get that conclusion.

I was surprised that in the commission's report that what eradications, as far as I can tell, appears once at the beginning of a sentence which says eradication should be combined with alternative development. And I ask whether the commission really is proposing to continue high levels of eradication efforts because I, like many other analysts, believe that this is essentially about redistributing production around countries and causing considerable environmental harm and probably, I think, even political damage to countries, and would be curious whether either President Cardoso or President Gaviria would be willing to address that.

Thank you.

MR. NAIM: Thank you.

Here, please. Tell us who you are.

MR. HENLEY: Sean Henley, Claremont McKenna College.

MR. NAIM: Can you please stand up?

MR. HENLEY: Oh, sorry. Sean Henley, Claremont McKenna College. I have a question for Mr. Walters.

Earlier, you said you should look at the facts before you make policy recommendations, and I was wondering how you'd address the sort of (inaudible) of price impurity of drugs in the United States since the 90s depending on Mr. Gaviria's comments. It would seem that there has been no great increase in price or decrease in purity, at least in the last 10 years.

MR. NAIM: Thank you.

Over there, please.

MS. O'REILLY: Kristin O'Reilly. This is a question for Mr. Walters, as well.

As a Venezuelan, I'd like to question the success of planned Colombia. I mean, undoubtedly, it's been a great success for Colombia, but what about the fact that one of the effects has been that the cartels have moved their activities to Venezuela, where they operate in open daylight with the acquiescence and the cooperation of the high-level Venezuelan government officials?

MR. NAIM: Here, please.

MS. SHOD: Thank you, my name is Suni Shod with DPA. I would like to know if the panelists and also the member of the commission, they have a position regarding the drug policy of (inaudible) considering that the coca leaf is not the same as cocaine.

Thank you.

MR. NAIM: The gentleman in the back.

MR. MOORE: Yes, Chris Moore with the Inter-American Dialogue.

I had a question for Secretary General Insulza. It seems that people regard rather highly the CICAD and multilateral evaluation mechanism. I wondered what opportunities there were for multilateral organizations like the OAS to initiate further gathering of data and what opportunities there were to enforce the findings based on that data.

Thank you.

MR. NAIM: Okay, so, what we're going to do is I'm going to give you a chance to elaborate, react to the questions, respond, and add, and then I'll ask the presidents because some of the questions are addressed to the commission, so, I think it's fair to give you a chance to respond to the commission-specific questions.

Let me start in the reverse order, let me start with you.

SPEAKER: Okay, good. I guess I would like to take issue with Mr. Walters' last comment about murder rates in Colombia because it's interesting and telling. I'm sure you are not saying that murder rates in Colombia are going down only because Colombia is eradicating a lot of hectors of coca leaf. Actually, the reason why it's going down, the story behind that is much more complicated, and it has to do with a lot of the things that President Cardoso mentioned.

As Jack McEnroe would say, I mean, you cannot be serious that that's the reason why it's going down. One thing I can tell you, one thing that Colombia is not doing is sending half a million people to jail for consuming drugs. Actually, if anything, they introduce a measure, a very limited measure of decriminalization in certain aspects of their policy. And that's the real issue at stake here. That's what we're talking about here.

So, I mean, I don't accept that that's the reason why our murder rates have gone down in Colombia, and I'll leave it at that for the sake of brevity.

MR. NAIM: Thank you. Secretary --

SG INSULZA: Well, I suspect I have some disagreement with a matter of raising Colombia, but, anyway, I won't refer to that, just to answer the question, well, we gathered data from most of the country, of the region from official statistics and all that, and we have a procedure for

discussing that, this is a mutual evaluation, so, we have a process by which we are certain the veracity of that data or most of it is we don't have any procedures to enforce the data, that's not our role, we haven't been given -- we represented the results to the countries, we make a report, we tell them what we feel is wrong and all that. We have cooperation problems if they want to take them, but, certainly, this is not a procedure by which you could enforce certain (inaudible) on the member countries, no. I don't know, Jim Mages (phonetic) who's the head of security, can give you more on (inaudible) mechanism, which is basically (inaudible).

MR. NAIM: Thank you.

Mr. Walters?

MR. WALTERS: yes, I feel a little like that team that plays the Harlem Globetrotters.

(Laughter)

MR. WALTERS: (Off mike) I'll resist that, but let me start with some of the basic points just in 30 seconds. It is, despite what you may feel, not true the United States locks up 500,000 people for just consumption, that's a cartoon, and I think this is a stubborn fact that has to be challenged. Most people that end up in prison for possession charges have pled down from trafficking or are violent criminals --

SG INSULZA: He said for drug charges.

MR. WALTERS: I --

SG INSULZA: He said for drug charges, those --

MR. WALTERS: That's not what he said, no.

SG INSULZA: I'm sorry, I'm sorry.

MR. WALTERS: I won't interrupt you, and, I mean --

SG INSULZA: I'm sorry.

MR. WALTERS: I'll play, but I get to dribble when I got the ball.

SG INSULZA: I'm sorry.

(Laughter)

MR. WALTERS: And maybe I get to shoot once in a while.

Most people that are in prison are there because they were also -- if they're there for a possession charge, they were a violent offender and the possession charge is easier to adjudicate. When they were arrested for aggravated assault or rape or attempted murder, they maybe could intimidate the witnesses, but when they have the drugs in their pocket, the possession charge can stick in a difficult situation. These are technical issues that have to be examined carefully and are subject to distortion by both sides, I will confess, but I think if you look at them carefully, you'll see that the criminal justice system in the United States, it

does what you actually want, closer to what you want the institutions to do in other countries.

Colombia has adopted some of these diversion programs, Mexico is looking at doing diversion programs, all of which require the criminal underpinning and the law in order to get people help, as well as to take away those who would victimize them.

Secondly, I do think that the blithe way in which what is going on in Colombia has been treated for those who want to really study this in the audience and elsewhere deserves a better and closer look. Colombia has drained the money out of both the paramilitaries and the FARC by going after the leadership, going after the territory, and going after the drugs. They have extradited over 800 people to the United States who were serious drug traffickers, serious enough to be indicted. They enforced law and they've used the law against those networks.

It can be successful, and, yes, it can move around if you don't respond. Venezuela can respond. It's not doing it. Mexico is responding. It's not easy. In the past, Peru has responded. Bolivia is not responding effectively. Now, that cocaine it turns out doesn't come to the United States for various reasons, that's just devastating for the southern (inaudible) of South America and will get worse as well as to the people of Bolivia.

Lastly, let me just say about the availability, and there's some issue here about what's happened with production?

Where we have systematically squeezed, I admit there has been some movement, but, even in Colombia, and I know this is more contentious and I'll label it as such, we have trouble measuring and sometimes, when we can't measure something, we say it's not there instead of we're ignorant. I think what we found and what the government announced last year was the U.N. has said cocaine production and cultivation is down dramatically from 2002.

We have not found those numbers to be as accurate as the ones the U.S. Government produces, but what we found was we weren't measuring it properly because the eradication, when it attacked an individual field -- and this gets into some technical matters -- but the underneath the technical matters are the issue of does supply control work and does it contribute, which is an important matter. I would say if the FARC and the AUC were sitting on the money machine they were in 2002, they wouldn't be largely defunct now, but the fact of the matter is, we were counting fields that were partially eradicated, which they would hang onto and try to cultivate.

Colombia has changed its policy using manual eradication where aerial only destroys part of the field, to take the whole field out.

They have seen significant where they concentrated eradication movement and elimination and they have been able to take that and hold that territory much more effectively.

For the last two years, the best and most sensitive, not perfect, indicators we have of availability in the United States in terms of street price and in terms of actual estimates based on the biomarker of testing shows we've had a two-year shortage of cocaine in the United States. It may be down as much as 50 percent. I believe that is the success of planned Colombia and the interdiction efforts, as well, and it contributes to what we do on demand reduction. The two go together.

Now, I will confess that those are somewhat debatable conclusions on the data, but if you come to the data open, you might see that this is a much better and more successful story before you throw the baby out with the bathwater.

MR. NAIM: Thank you, Mr. Walters.

Let me ask President Cardoso and Gaviria to give us some reactions to the questions that are specific to the commission.

PRESIDENT CARDOSO: Well, I'll be very short. My experience is rather concentrated --

MR. NAIM: I think I have to ask you to stand because of the camera.

PRESIDENT CARDOSO: Sorry, yes. Well, my experience is rather concentrated into what occurs in Brazil, and we are not a country in which the production is going up. The point with us is consumption, and also because of chemicals being sent to Colombia and so on and so forth. And, as a matter of fact, the consumption is becoming a dramatic question because of the controlled territory.

The main question is distribution and the control of territory, that's why we have this fights and mainly in big cities in the most -- although it's real because bands are controlling parts of the territory, and the governments try to deal with the situation, but the results are meager. And why? Because different reasons. But, firstly, because we don't have clear hierarchy within the police force. Nobody knows exactly which one of the different police have to take care of the situation.

Secondly, because of corruption. And corruption is going up, not just in Brazil, but it's going up. So, if you put together the lack of hierarchy, the lack of good training, recruitment, plus corruption, it's extremely difficult to do anything than a show to prove to situations the government is being active, and to "show" means to kill people. So, the police force invades the area controlled by drug trafficking and kill, but they kill innocence, also trafficants, consumers altogether, and the other day the newspaper announced well, making a normal effort to control drug

and the drug is expanding. So, and basically, it's marijuana which is the main drug and cocaine.

Some data, data is always controversial. It's very difficult to have a sound set of information, but then it's also clear that if you look across life, the number of people who have experienced a drug and keep using drugs is not that high. There is a moment in life that people use drugs and then it comes down with or without oppression.

So, the key question in terms of public health is those who are really addicted, not also have experienced a drug. Some people said that some American ex-presidents did experience drugs. No problem. I hope they are not continuing to experience drugs.

(Laughter)

PRESIDENT CARDOSO: This would be a big problem. But it's not just presidents, everyone has a similar experience, a lot of the population is not in a stable situation of addiction, so, have to concentrate in trafficking and on those who are addicted. So, this is a health problem, the one is a police question. So, we are not praying and not to repress, not to control. We are saying well, let's distinguish. Let's do like the cut, to analyze, to see which are the element to comparing the situation, and that's not the same instrument to deal with different situations. That's what we are asking for.

What we are saying about the criminality or the criminalization of marijuana consumption is that well, if we put all these people in jail, it's impossible, we have not enough money to keep with expense, and this is not being done in Brazil or in Colombia or in Mexico. I said before, we have legislation, but, in some case, not very clear, and that's bad (inaudible) with the consumption of some kind of drug.

Another comment I would like to -- it had something -- a question has been raised about eradication and what kind of alternative to the crops with drugs. Well, we have a very small experience in Brazil with marijuana. I remember once we made an enormous effort, including the army, to eradicate the small part of Pernambuco, which is a Brazilian state. And we celebrate the fact that finally we eradicate completely. Well, the following year, again. Maybe not in the same plots, but close to the area.

In the case of now in the case of internationally speaking, I don't know if it is true, but some data shows that while it's true that the cocaine came into American maybe is being reduced, but the replacement of cocaine by artificial drugs, by medicine is increasing in America. So, there is a replacement.

Secondly, if you look at data about marijuana, well, the domestic production in America is going up. at least some data are

showing that in California, et cetera, there are crops of marijuana. So, you are not being able to stop even in America. And I'm not blaming because we are not also capable to stop in South America. So, it's almost impossible to stop the production of drugs if we don't have a reduction of demand.

So, that is the main question. Is it possible to reduce demand? We know that's difficult and you know that's not enough to offer education. You said I think it's all right, a combination between law and education. It's necessary. We are not saying no, it is no more necessary to have any legislation, but let's discriminate what kind of legislation, what for, in which circumstances, because I don't think that it's possible to offer in terms of a different pattern, a productive pattern to replace the production of drug because of the price of drug. The market is so favorable to those who are producing drugs.

Look what is occurring in Afghanistan, which is dramatic. In Afghanistan, now, again, Afghanistan becomes the number one in opium production, and it's part of the -- not just American, but lots of troops are there, and it's impossible to stop, again, become very important. And why? Because of market.

So, let's deal with the market a different way. But reduce demand and not aiming at the reduction of product having demand. That's the key point.

MR. NAIM: Thank you, President Cardoso.

President Gaviria?

PRESIDENT GAVIRIA: I have to confess one thing. I used to think as John Walters all the time. I worked with him.

What happens is, through the years, I have discovered that the paradigm we're using is not working. The problem, yes, I used to think in the same argument, we fought very hard, Colombia has done an extraordinary effort through the years, we have been successful in many things. We don't have the problems of corruption of police that are so critical, and sometimes in Mexico we have built very well using intelligence community, that really works, we have improved our judicial system, but the problem is when you using the numbers of the flow of drugs through the U.S. from the (inaudible) region, you get no results, you have to discover that this is a failed policy.

We cannot stop eradication. No, we cannot stop eradication. I mean, that is part of policy, but the U.S. cannot expect the eradication of coca will -- probably, I have seen some U.S. officials already talking about manual eradication because aerial expression is failing. I mean, it's not

working anymore. And the U.S. has to convince that everything depends on production of consumption. It doesn't depend on those, it will depend on Mexico or Colombia, it's just shows that it's an unstoppable, the flow of drugs.

He talks about increasing price in the last two years. I don't really know, I mean, nobody knows for certain, but it has always happened, goes up and down. There is a short period of scares and then a new flow comes.

So, I personally think the U.S. has to think if having high price is really a policy that works, it has to think if using more the total of the resources of the $40 billion in enforcement, law enforcement, in interdiction and jails, it's a good policy. Truly start to think to move resources from there to (inaudible) to look at the European experiences, not to oppose that Latin American countries or African countries, use European experiences, and tried. There are (inaudible) not very clear. Nobody knows about this (inaudible).

I have heard that the problem they have is tourism, it's not their own consumers. They have no travel but their own people. The travel is so many people come out of France to Holland that creates so much travel that they are in travel and thinking of running back, but not because of their own problems.

But there have been some successful campaigns in the U.S. The reduction of methamphetamines in California and (inaudible) going in that side of the country because of a very good ad campaign. When they started to show young guys and young girls, that they were going to damage their teeth and show rotted teeth. So, it was very, very successful, it shows that prevention can work if used properly, just like tobacco campaigns, but these were very, very effective. It was an extraordinary good campaign and it worked.

So, there are many things to do, and the U.S. really, nobody in the U.S. policy will not change from (inaudible). It will take a long time. But the U.S. should be ready to start to think that the policy is not working and it has to change, and there are many ways of starting the change without any dramatic thing, nothing dramatic will happen, but policy should change, and I think after the (inaudible) we have seen, I think aide should change, and I hope we will start to change. I am seeing that the debate is starting to come. No matter if politicians are fearful, I think, finally, there has been a debate in the U.S.

MR. NAIM: Thank you, President Gaviria.

Kevin Casas, Jose Miguel Insulza, and John Walters have given us a fascinating conversation about a subject that has been with us for a long time and we will certainly continue to be with us.

President Fernando Cardosos from Brazil and President Gaviria from Colombia have also added their perspective from the point of view of the commission on drugs in Latin America and democracy.

So, please join me in thanking all of them for a wonderful conversation.

(Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2012