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DRUGS AND PEACE IN COLOMBIA: WHICH WAY FORWARD

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P R O C E E D I N G S

MR. PICCONE: Good morning, everyone. I hope you've had a chance to get some coffee. We're going to get started. I'm Ted Piccone. I'm a senior fellow with the Latin America initiative here at the Brookings Foreign Policy program. And we're here today to talk about a subject that I can tell from the audience you know pretty well. It's been issue that's been around for a long time, going to back to -- well, decades really -- but a time that I was very involved with in the 1990s when I worked in the Clinton administration on some of these issues. But obviously we've come to a key turning point with the signing of the peace accords between the government of Colombia and the revolutionary armed forces of Colombia, the FARC. And we're not at a stage where the two sides and all of the various actors in between are trying to figure out how to implement various facets of the accords. And today we're going to focus in particular on the section of the peace accords regarding the drug problem, which is one of the most vexing problems that Colombia has faced for so many years and has been central to U.S.-Colombia relations as well. So we will get into several aspects of this issue, the complexities, the changes in demand and supply that we're seeing in the most recent couple of years and how this is going to be addressed through the government program. And, of course, with some changes here in the Washington with the incoming Trump administration, what impact that will have in the months to come.

And for this discussion we have three of the really best experts I can think of to talk about this issue and we'll start with Adam Isacson, the senior associate with the Washington Office on Latin America who has been working on these issues for probably over two decades; previously at the Center for International Policy. And I really encourage you to read his ongoing blog work on these topics. He'll give us a sense of the current stage of play in the peace accords.

We'll then turn to my colleague, Vanda Felbab-Brown, who is a senior fellow with our Latin America Initiative and our Center for Twenty First Century Security and Intelligence. Vanda is a prolific author on several facets of illicit economies around the world, whether it's poppy growing in Afghanistan and Myanmar or wildlife trafficking in Indonesia. She has two books coming out soon. One is on wildlife trafficking, called "The Extinction Market," and the other one called "Narco Noir: Mexico's Cartels, Cops, and Corruption." And she will also address some of these issues, including from a comparative perspective. And then we will hear from Beau Kilmer, who is co-director of the RAND Drug

Policy Research Center and is senior policy researcher and professor with Pardee RAND Graduate School. Beau's done a lot of work on public health and public safety as it relates to drug problems, including issues around legalization of marijuana, but has also been looking closely at the latest dynamics of the cocaine problem in the United States.

We will have a little discussion afterwards and then we'll open it up to Q & A, and I look forward to your participation.

Adam?

MR. ISACSON: Thank you, Ted. And thank you, Vanda. Thank you for putting this together. It's great. We haven't had enough opportunities to have a conversation like this. And thank you all for coming too. There is a lot to talk about.

You know, the numbers are pretty grim. The United States -- and whether you believe the United States figure, which is about 180,000, 88,000 hectares of coca grown in Colombia last year or the UN figure with about 96,000 grown in 2015, the trend lines are the same. They're showing a large increase in coca cultivation around Colombia. And if you go to Colombia, rural Colombia, where a lot of this is grown, and it is the same regions as it always has been. It hasn't expanded into new areas. The coca is really easy to find. Once again it is growing up to the roadside or the riverside in these areas where there really aren't a lot of roads. Most of the time hewn you see it it's about knee high because the planting has been often quite recent. Colombia's interdictions are breaking records. Last year the Colombian forces got 379 metric tons of cocaine just in Colombia's land and territorial waters. The previous record was about 250. And one thing that you are seeing in a lot of areas is that growers are planting it almost as an insurance policy. You will often in areas that have had altered development and had been semi inserted into the national economy, you'll often find a grower typically who has 10 or 15 hectares of several crops. They'll have cacao, they'll have plantains or something else, but there will maybe be one or two hectares of coca in between. And the explanation is often these other crops, some of them are probably giving us more money than coca right now, but they go like this, they fluctuate wildly and you never know whether we're going to actually lose money or make money. Coca is above average, it's never the best price, but it's also a steady income and you can always count on it, perhaps because the price is rather fixed by the way the market looks.

Now, I mean this increase in coca growing really got started around 2013 and really for several reasons. And one of them that you hear a lot inside the U.S. government is because aerial herbicide fumigation stopped. It had been actually declining steadily, year after year, for every year since 2007. And for most of that decline, from 2007 to about 2013, coca was also declining perhaps for several reasons. Because there had been the more manual eradication, because there had been more of an effort to get a government presence into a lot of conflictive areas, because the price of gold was really high and serving -- illicit mining was acting almost as the most effective alternative development program that Colombia had ever seen, and a couple of other factors. So even as fumigation was declining for most of those years coca was also reducing to levels Colombia hadn't seen in 20 years.

Why was it declining? One reason was what they called "Colombianization". The United States, as Plan Colombia began to wind down, was handing over more and more budgetary and other responsibilities to the Colombian government to take over the eradication program. It's expensive and Colombia did not want to pay for the 170,000 hectares a year that the United States had been funding the spring of circa 2006-2007. Also the FARC, we don't know why, but there had been years without any planes getting shot down, then the FARC shot down two planes in 2013 within a few months of each other, which forced a reevaluation of the spray program. And then, of course, in early 2015 the World Health Organization came out with a study, sort of a literature review, indicating that the chemical used in the herbicide mixture, glyphosate, you know Roundup made by Monsanto, could possibly cause cancer. And that forced sort of a critical mass within the Colombian government to suspend the aerial spraying program, which it finally was suspended in October of 2015.

Another factor is that manual eradication also slowed down. In 2008 the Colombian government paid for the manual eradication of 90,000 hectares forcibly of coca around the country. By last year it was down to 18,000. And it's costly to do this. It costs even more to bring eradicators to a coca growing area in a helicopter and protect them. It's also super dangerous. A couple hundred eradicators, or more often the police and soldiers who are guarding them, have been killed or injured by snipers, by ambushes, by booby traps and land mines.

Now forced eradication decreasing on its own is not necessarily a bad thing. But to do it it needs to be accompanied by a huge effort to do something else, namely an effort to get to the root

causes of why people in ungoverned parts of Colombia, virtually abandoned by their state, feel themselves compelled to grow coca. But unfortunately during these last few years of reduced eradication little to nothing was done to replace eradication. Even the UN ODC has documented a decline because of budgetary pressures mainly, but a decline in funding for even alternative development programs in rural Colombia. This was not helped by the fact that the price of gold, which was spiked after the financial crisis, began to go back down, making coca once more an attractive option. Colombia's peso got very weak, going from 2000 to the dollar to 3000 to the dollar, which meant that the farmgate price for coca leaf stayed about the same in dollar terms, but that in coca terms it began to look much more attractive, roughly 2 million pesos of coca leaf to about 3 million, which maybe had incentivized more people to grow cocoa. And then the peace accord. In 2014 the government and FARC arrived at a draft accord for dealing with what they called the solution to the problem of illicit drugs. It proposed a scheme, or a plan, in which coca growers would be offered incentives. They'd be offered money as well as help with productive projects to wean themselves off of coca. That began public, the text of that became public as a draft in 2014. It therefore created a perverse incentive for people to hey, grow some coca so that when there is a peace accord you can be among those who benefit. And that may be one reason why the coca is so often knee high.

There was also probably in some zones -- and I can't confirm this -- but there seemed to be an unwillingness to crackdown really hard on coca growers in areas of sort of historic FARC dominance. If there were a lot of brining in the riot police to fight against people who were resisting coca growing with injuries, with outbreaks of violence, that would have probably affected the dynamic at the table in Havana. But ultimately aerial spraying, contrary to what you often hear, was not stopped or banned or suspended because of the peace accord. In fact, in the text of the peace accord the Colombian government insisted still holds open the possibility of spraying in the future. It says so explicitly in the language.

But aerial spraying in our view is a bad option because it only addresses one of many causes, and I just went over several of this recent spike in coca growing. And again we're talking about ungoverned areas where sending a spray plane overhead doesn't really change the dynamic economically on the ground.

Now, with the peace accord that was signed, finally ratified last November-December, the Colombian government has a plan that is sort of unlike anything Colombia has really tried before. But for the most part that's all it is right now, it's a plan and a set of promises. It's promising, but we have to wait. There's two chapters of the peace accord that are relevant here. The first is chapter one on rural development, or integral rural reform they call it. The FARC did not win. They were not strong enough. They did not win a land reform with actual redistribution of property in the countryside, but they did get an accord that commits the government over the next 15 years to making a lot more investments in state presence and in basic services and public goods in rural areas that have often hardly seen any. It's a large sweeping fundamental accord when you really read through it. They commit the government to reforming a natural -- mapping out all land holdings around the country, massive land titling, handing out of *baldíos*, or state lands that are currently not being used. A lot of tertiary road building, farm to market roads, access to credit, education, health programs, food security programs, electrification, irrigation, and much more. It's a long list and it would be expensive. The accords commit the government to spend 15 years setting all of this in place. And it's a reasonable estimate that carrying this accord out would cost a few billion dollars a year to do. This first chapter is probably dollar for dollar the most expensive part of the peace accord to comply with. It really hasn't started implementation yet. The laws to implement it still have to be passed.

Now, the other chapter of the accord that is directly relevant to this the fourth chapter, the solution to the problem of illicit drugs. Or they often use the phrase crop substitution. The idea here is to sign agreements with coca growing households and communities around the country committing the communities to voluntarily eradicating their coca in exchange for a set of services tailored to them. The way these have gone so far with roughly 38,000 families signing on already is that in exchange for eradicating coca -- it's kind of transactional -- you'll get about 36 million pesos, $12,000 roughly, over 2 years to set up productive projects, to insert into the legal economy. Well, you get other community services as well alongside that. The estimated cost of this over the next two years is about $550 million. Now these families and households must verifiably get rid of their coca, sort of fudging whether they have to do it immediately or not. But they have to get rid of it and if they do get rid of their coca within about two years they'll be on a fast track to getting a land title. Those who the government believes are

cheating on this will be kicked out of the program and will be subject to forced eradication. And in some areas it may actually be ex-FARC who are carrying out the eradication.

Now it's easy to envision scenarios here where both sides accuse the other of non compliance with this agreement. There's already accusations from some coca growing communities of bad faith or poor coordination with eradicators coming in already before households have even had a chance to have any income source.

Now, this section of accord is not really -- I wouldn't call it a new model really. I think the first chapter is more of a new model, but even this has not been tried on this scale before in Colombia. Now the plan for this year, President Juan Manuel Santos has said that the plan is to eradicate 100,000 hectares of coca in Colombia. Again, as I said, up from 18,000 last year. The idea is to eradicate 50,000 hectares through these voluntary agreements, which may be gradual -- it could take into next year to eradicate those 50,000 -- and then another 50,000 through forced manual eradication. This is in areas where perhaps the coca growing is considered industrial, the plots are too big, or they're growing in national parks where they shouldn't be growing, or maybe in indigenous reserves of Colonos and the eradicators will just come in and offer nothing in return.

Now, if the government even gets some of that amount, if they eradicate half of that or two-thirds of that, I think that the numbers next year when the United States comes out with its estimate, UN ODC comes out with its estimate, they'll show a reduction for 2017. Not a permanent reduction, but maybe enough of a reduction to give the Colombian government some breathing room to keep trying this new approach without a lot of pressure coming from Washington and elsewhere to keep eradicating. But ultimately we don't know what president and what party is going to take over in Colombia. There's elections in May of next year and the new president will take over 2018, whoever that is. We don't know whether that's going to be someone who's willing to fulfill these commitment and continue what was started in the accords or somebody who wants to favor the old large landholder model in the countryside and as best as they can ignore the commitments in the first accord. The Rural Development Accord, that first chapter, is crucial, but it's shaky. It costs a lot at a time when Colombia's budget is declining. There aren't a lot of voters in the countryside, to speak crassly. Colombia is now a largely urban country and there's not that much appetite perhaps to pay billions of dollars in taxes for rural areas. Large land

owners in Colombia have a lot of political clout. But still, if Colombia can get the first accord going I think it would be transformational. The countryside would become a much less hospitable place for growing coca.

The fourth chapter, you know, these agreements with the families, I don't think it can really succeed without the first one really being in place because eventually if it's just a crop substitution program, in a vacuum the checks stop being written at some point, and then what.

Now just a note about what's up here in Washington. The United States government, looking at this trend of coca growing, is being pulled in two directions. The prospect of a long-term solution to Colombia's coca problem has appeal here in Washington. Even in the more conservative elements of the Trump administration there is interest in having the FARC taken off the table as an actor generating violence and generating coca. So there's still support for the framework of the peace accords. But the increase in coca, the increase in cocaine production is creating a lot of political pressure here for a harder line. There is concern, and Beau is going to talk about this, about use here in the United States of cocaine, there's concern about more cocaine entering Central American, Mexico, destabilizing things there, the Caribbean too. And frankly I think many people in this city, again speaking crassly, they doubt the Colombian government's capacity or commitment to actually create a functioning government presence in all corners of the national territory. Colombia is starting to get a reputation for announcing detailed plans, often bringing up a bunch of well trained people with London School of Economics degrees who speak English better than me, who come with a big power point presentation saying what they're going to do, but then several years later that doesn't get done. If it's a military effort it has a better chance of getting done because it's more well funded, more popular politically. But a lot of the governance on strategies never seem to get fulfilled. And when you think about it, if the United States insists on fumigation that is an implicit or tacit vote of no confidence in the Colombian government's ability to bring a presence to its countryside. It's a sense that there's not a real believe that the Colombian government will be able to do what it says in the first accord and have a government presence on the ground.

My whole point though here is that there's no choice. The Colombian government has to have a functioning presence on the ground in these areas, otherwise we're going to be doing this forever

and we'll be having the same discussion in 20 years.

For the 23 years of herbicide fumigation the Colombian government made only modest progress in getting into the ungoverned parts of the area. A handy excuse for this of course was that the FARC were there, there was no way to get there without having to shoot your way in first. Well, the FARC are gone now, so what is Colombia going to do?

Just as a postscript, even if a pro fumigation president is elected next year in Colombia and they want to reinstate the herbicide spraying program, don't expect a huge jump in spraying right away. It's not like they're going to start spraying 100,000 hectares. Colombia probably won't be able to afford it. I mean restarting a program like that is very expensive and it's not clear that there's going to be money in the foreign aid budget here, but we can talk about the foreign aid budget later.

MR. PICCONE: Okay. Great. Thank you very much. And we will come back to that.

Vanda?

MS. FELBAB-BROWN: Good morning. Thank you very much, Adam, for this excellent set up.

I want to I guess focus a little bit on some of the politics of coca eradication and sort of give away my punch line right at the beginning, which is to say that big push to eradicate might well jeopardize many of the core aspects of the peace deal that gives Colombia hope. Namely, the buy in of the local population that the state for once will not mistreat them again. And even if the government can muscle the post peace FARC into going along with eradication that is now justified in terms of the peace package, that still can nonetheless cause the population to be alienated from the government. And let's remember that FARC is not the only armed actor. There are *Bandas Crimanales*, there is UN, there will be potentially new actors. And so there is now big pressure in the United States and big pressure on the Colombian government not to put up with the increases in coca cultivation that can in fact undermine the very opportunity to get at the root causes that are crucial. I also want to preface though that alternative livelihoods -- and I will speak more about that in my talk -- don't have a good record in eliminating cultivation of illicit drugs, often because they are poorly implemented and in fact I am quite concerned about some of the elements of the current set up that the government is talking about.

How the drug deal is handled has also implication for FARC's long-term behavior. So

right now the Colombian government and the FARC are implementing this joint plan and the FARC is presumably on board. But I would make the argument that one of the things that pushed the FARC toward the negotiated peace deal were the 2012-2013 cocalero protests that the FARC did not instigate. The original accusation and reaction from President Santos the Colombian government was to dismiss the cocalero protests and say that they are just organized by the FARC. In fact, the FARC was very much caught off guard as to how much the cocaleros, the traditionally suppressed countryside, could engage in political mobilization that in some ways looked lie cocaleros in Bolivia, something the cocaleros in Colombia never really did. And the FARC was jumping on the bandwagon, only subsequently realizing that if they stay out of this they will lose their core constituency. And to the extent that the FARC has a new political future (inaudible) to deliver to the marginalized repressed heavily cocalero countryside. So if the FARC starts supporting programs such as aggressive eradication now that the peace deal has been signed, it's really eliminating the only viable political base that gives it some political future. And so four years down the road we might see the FARC starting to think very differently about what it did. Having issues of unity, cohesion, sticking to the agreements might well arise.

And there's an element we don't often hear about in the discussion of coca, but something that needs to come into the calculations of what is ultimately the more crucial precondition. Not just the cease-fire but viable peace, including peace in the social sense or very sort of immediate satisfaction of driving coca numbers down.

Adam prefaced some of the immediate plans for this next year, next two years with 50,000 hectares of coca to be eradicated through forced eradication and 50,000 through voluntary agreements. I personally believe that those are extraordinarily ambitious numbers that have rarely been achieved anywhere in the world, that have often been achieved only through very heavy repression, and that are in fact setting up the Colombian government for failure. And failing in two ways, either the Colombian government will in fact drive those numbers in the first year, but I question the viability and sustainability, or it will not achieve those numbers and will then be subject to claims that it failed by its own standards. So I think that that was a real risk and not a wise risk to put those numbers forth. Nonetheless we are there.

So what hides behind those numbers? Well, so far about 60,000 families, 58,000

families have signed up for the voluntary agreement. And that's already coming close to matching that 50,000 hectares. In many ways the core basis of the voluntary agreement matches previous efforts of alternative livelihoods in Colombia and they have systematically failed. They are often operated, sometimes driven by the United States but often internally driven on the premise that a community needs to eradicate all coca for the community to qualify for assistance. In this case there seems to be somewhat more allowance for individual family decisions and somewhat less insistence that if someone in the community starts violating that precludes the community from receiving assistance. But in its basis the essential bargain, you community, you village eradicate all coca and then you get a certain amount of compensation. The big difference in the current package is the scale of the compensation. Where it used to be a few hundred dollars per year now you're looking at almost $8000 in the first year, perhaps amounting to $12,000 over the two years. And as Adam mentioned there seems to be some wiggle room for the speed with which the coca is eradicated. That is good. I would in fact posit that some of the most successful cases of the (inaudible) development come from areas where there is not an initial insistence of eradicating the illegal crop to start with because alternative livelihoods never materialize at the speed that eradication can materialize, even self-eradication of the coca can materialize.

The scale of the package is also significant. The most previous model, the most dominant previous model in Colombia was the Gadabusky program where the eradication was taking place in national parks, in my view a very wise choice. That would be also my priority for eradication. But where the scheme ran in a very similar way the community eradicated coca, qualified the community for getting assistance that amounted to several hundred dollars per family. That initially led the family to keep chickens, get some rabbits, perhaps get some other protein, and a year from now the family realized that they were just not economically capable of continuing. So it was almost just immediate food assistance. The current package is bigger than immediate food assistance, but I also question dumping $8000 onto a family that is disconnected from any viable market, that does not have a road, is not plugged to value added chains. And indeed the value added chains and infrastructure, and infrastructure not just roads, but infrastructure such as in processing plan. It's been the Achilles heel of alternative livelihoods in Colombia.

You know, some of the best program with most effort were in Nariño, one of the very

contested, very violent, very difficult areas. But for a while, at least seven years, there was enormous dedication to make alternative livelihoods in places like Tumaco and other areas work. And they always died because there was no processing plans so the villages, Afrocolombianos, would switch to cultivating cacao, the most frequent thing that people in Colombia love to direct cocaleros to, and four years later the cacao might have started producing pods but no one was coming there to grind it into chocolate, no one was coming there to take it. It was some effort to make (inaudible), supermarkets to dedicate a percentage of their purchases to that area. It really struggled. And without value chains there was tremendous disappointments and despite a lot of commitment and hard work by local officials there is little to show for the effort. And the current narrative in Colombia really doesn't in my view focus on the value added chains processing capacities sufficiently.

So the preoccupation is with chasing the replacement crop. And, again, I would posit this is not the right preoccupation, nor is the less than zero but essentially zero coca on the line concept underneath.

So what has worked? I want to direct you to a very significant thing that Adam said, that farmers cultivate a chunk of their land as an insurance policy. And I would suggest that this chunk of their land should not be a priority for eradicating, that we should give farmers a scope of living with that chunk of land. We can debate whether it's one hectare, two hectares, half a hectare. But learning here from Bolivia and the uno carto policy there might be well appropriate. Bolivia is not an easy place in Washington to suggest to learn from it and I have many problems with many aspects of President Morales' policies. But the sense that you allow farmers to have some cushion, at least for a while, and the alternative livelihoods pan out, I think is well worth replicating.

Then, however, we need to think about how do you get in the long-term past that cushion. And the most successful case is Thailand. It is the only country that ever eliminated its production of illegal crops throughout alternative livelihoods. It took 30 years of effort. I will highlight some of the elements of it. I also want to drive that the conditions were extremely auspicious in several ways. At the peak of cultivation we had about 18,000 hectares of poppy, so 1/10 of the numbers in Afghanistan, 1/10 of the numbers in Colombia. So it is much easier to achieve success on that scale.

Nonetheless, what were the key elements of success? Well, one was to suspend

eradication during insurgency years, during conflict, but also to suspend eradication in the initial post conflict years. The farmers were told that eradication would come, but they were told we will work with you for five years, eight years. In some cases it took much longer than that to switch the family and the village to other crops. And that was well known. The government, the royal foundation was well putting that policy forward. But precisely because there was a sense that you make people eradicate early on, which Thailand did try to do, everyone becomes soured and the alternative livelihoods will not materialize quickly.

Initially, the focus was again on chasing a replacement crop, and it was cabbage, it was apricots, it was a variety of crops. Later on there was realization that diversification of the crops is crucial. That if everyone is directed to the same crop it was a prescription for disaster. But more importantly it was crucial to move to all farm products. And so other elements of development and employment and job creation were part of it.

Moreover, there was also significant recognition that one had to get the largest structural precondition in terms of social development in first. So one of the first things that started being done was that the minority, the (inaudible) and some of the Wa and other minorities that were cultivating poppy would be given citizenship. They would be given land titles prior to eradicating poppy. So again I am very uncomfortable with this bargain, you will get the land title only after you eradicate your coca. Again, I think it has many pitfalls, both normative and importantly practical.

And there was a lot of effort to bring in some basic education, basic healthcare into those villages. Now, I would say that the condition of many cocaleros in Colombia are better than the condition of many of the hill tribes that cultivated Thailand. I mean in some of the hill areas we are really talking about a level of underdevelopment that is even greater than in Colombia. But it's hardly uniformly the case in Colombia. And so it was this combination of persistence, steady dedication of money, and wavering dedication of money, and wavering commitment of the royal family that had much to do with the deceased king, and without whose steadfast support it might not have pulled out, the willingness to wait 30 years, good partnerships, such as with the German Development Agency, and, crucially, in the sort of key success years of the 1990s and late 1980s, Thailand was one of the East Asian Tigers. And what it meant was a lot of income generation, but also job generation. And also the poppy cultivating villages

could not plug into the industrialization and movement of people from rural areas into urban areas, those jobs that were vacated by the lowland Thai populations were then agricultural spaces into which the hill communities could move. They did not literally move, but they could start cultivating moving into jobs that others have abandoned. And were it not for that I doubt that we would have seen the success. So it was major structural changes in the Thai economy that allowed success under very auspicious conditions.

And it is these major changes, structural changes in Colombia that we also need to see. It will always be pushing the stone uphill if Colombia continues to tax its land minimally and its labor very much, which will always produce the growth that we have seen in Colombia. Even under the best of times, that strong growth, it's growth that creates money but doesn't create jobs, doesn't create opportunities because it might cost as little as 50 cents to pay yearly taxes on a hectare of land, which yields to fallow land, unproductive land. That requires that the Columbian state, Colombian people take on the vested interest and the basic still highly exclusionary arrangements of the Colombian society. And the peace deal peaks about inclusion, the language is magnificent in the 300 page document. Now will it be implemented, will we see meaningful changes in taxation that will get onto vested interest? It's something that people of the current government were committed to, but were not able to deliver. Adam talked about fancy power points and detailed plans, well one of the reasons why the peace negotiation came about is that the build phase of counterinsurgency, of what was known as the consolidation, and had later on several other names, just died with vested interest, minister of agriculture, other ministries just refusing to do what government asked them to do. And so the rural areas were cleared of FARC, were cleared of violence, but continue to fester. And that was the impetus for them moving into different negotiation. So that conflict with the vested interest, with the powerful groups, including in the agricultural sectors that benefit still needs to take place. And if they don't then it will be just constant buyout. Here is some coca eradicated, here is a little bit of money. Coca goes back up, here is a little bit of money.

I want to conclude by saying that one of the tough things for the government is to I think make hard prioritization choices. Right now the program is such that anyone who wants to volunteer to be part of the agreement can. That doesn't make sense because as I said dumping a ton of money into some remote Magdalena Medio area might improve the family's condition by having more money, but it's also unviable. So we can focus on areas that are closer to roads, where there is some potential of

moving investors in, where there is some potential for value added chains, and steadily expanding the circle, the infamous ink spot, to borrow the coined terminology. But just there are some parts of Colombia that will never have anything that's legally viable. And those should be the last to tackle. There are areas where legal economies can take off and produce viable income. Those should be the priority areas.

My very last point, I think it's very important that Colombia also thinks about its alternative development in terms of its environmental impact. A lot of environmental development, directly or indirectly, leads to not just greater gold mining, but also very significant deforestation. We have already been seeing it in Colombia, we are acutely seeing it in Bolivia and Peru. That was the outcome in Myanmar, that was the outcome also in Thailand, even with all the success in wise design in Thailand. And it would be great if Colombia could try to avoid.

MR. PICCONE: Great. Thank you. You touched on many different complex facets of the problem. It was interesting to hear about the Thailand example.

Bring us back to the United States and talk about the demand side of the equation here.

MR. KILMER: I'll cut to the case. You know, at this point we don't have solid evidence about what's happened recently with total cocaine consumption in the United States. And there are three reasons for that. One, we just have data lags. Two, we eliminated the data program that provided the most information about illegal drug markets in the United States, and the ADAM Program. The Arrestee Drug Abuse Monitoring Program was cut in 2013 and that has implications beyond just talking about the cocaine trade. And the third complicating factor here is actually the opioid crisis.

But before I get into these specifics I want to step back a little bit and talk about 2006-2010. A couple of years ago I led the effort for ONDCP to estimate the total size of the cocaine market in the United States, going from 2000 all the way to 2010. And we documented that between 2006 to 2010 the total amount of pure cocaine consumed in the United States dropped by about 50 percent. I mean this was unprecedented. It was from somewhere right around 300 metric tons down to about 150. Now there's a lot of debate about well what caused that drop. Now on the supply side you have some people arguing that it was stepped up efforts, interdiction efforts within Colombia. Some have argued that it was precursor controls here in the United States. Others have talked about that it was manual eradication. Because I think it was in 2004 they only manually eradicated what, 6000 hectares, and then it went up to

90,000. So there are some people that kind of think it's more on the supply side. But then on the demand side some will argue that maybe some of that cocaine was actually more likely to be going to Argentina and to Brazil and into Europe. People talk about the aging out of the heavy cocaine users here in the United States. Also, with the recession people may not have had as much money. So there's really no consensus about what really drove -- it's arguably one of the biggest successes in modern drug history, but we really don't know what caused it. I mean one hypothesis is that it might just have been a perfect storm. They had a bunch of different activities and interventions happening and that the combined effect actually had a -- you saw a larger decrease than you would have if each of them had happened separately. It's kind of the perfect storm argument. I mean this is very much an empirical question.

Now, let's go back to today. A couple of months ago the U.S. State Department released the International Narcotics Control Strategy Report and it had two different lines about cocaine use in the United States. One of the lines said that cocaine use was decreasing in the U.S., but then there was another line that talked about that there were troubling early signs of an actual increase in cocaine use in the United States. The Washington Post then used that latter quote, combined it with information about new initiatives in the United States, and also combined it with new information about cocaine related overdose stats, and they had the headline, American cocaine use is way up. But a month before that the National Institute on Drug Abuse had posted that acknowledged that there had been this increase in cocaine related overdoses in the United States, but that cocaine use was decreasing. So what's really happening her?

So with my colleague Greg Midgette at RAND, we kind of looked at some of the stuff we had done for ONDCP before and we tried projecting out and kind of updating all of the figures for those data sets where the data still exists. And so when we think about total consumption, you know, we think about the heavy users. It's the heavy users that drive the market. So when we look at treatment indicators, we look at the number of individuals who are going to publicly funded treatment where cocaine is the primary substance, that's gone down dramatically. I mean at one point it was well over 200,000 and now it's -- at least in 2014 it was right around 80-90,000. So you saw this big decrease. But those are the most recent data we actually have about treatment nationally in the United States. So it's May of

2017 and the best national data we have on that is through 2014.

Also with the Arrestee Drug Abuse Monitoring Program, which I said was a really successful data program and that at its height they were getting information from arrestees in 40 different counties throughout the United States, not only asking them about their drug use patterns, but also getting information about how much money they were spending, where they were getting the drugs from. And then at the end of the interview they would actually ask them to submit to a drug test. And they had nothing to do with our case. Most of them did it so we actually had pretty good information. And so, yeah, at its height around 2002-2003 it had about 40,000 arrestees surveyed each year. This was funded by the Department of Justice, it was cut in 2003. ONDCP realized that this was an important data set to have so they were able to cobble together some funds to bring back, so it was ADAM 2. Came back in 2007. They were only focusing on 10 counties then, money ran out, they could only focus on 5 for a few years, and then the program was terminated in 2013. But if we just kind of look at the data through 2013 there, it seems to be pretty flat between 2010 to 2013. It may have gone down, it may have been a little bit of a spike up, but overall it looks pretty flat.

If we look at information about workplace drug testing -- I'm from Quest Diagnostics -- it looks like the share of those who are taking tests that were testing positive for cocaine was pretty flat. So for some of the indicators that we associate with heavy use, it seemed to either be flat or kind of going down. But it's interesting, when we go to the National Survey on Drug Use and Health, which is administered each year. We survey 70,000 and it gives you a nationally representative picture of what's happening in the United States. Since 2010 there's been about a 50 percent increase in the number of new users here in the United States. And over that time, between 2010-2015, there's about a 25 percent increase in the number of past month users. Now that's informative, but that's not necessarily a great proxy for total consumption. I mean the National Survey is great for giving information about initiation and information about marijuana, but when you start talking about your heavy cocaine, heavy methamphetamine users, that's not where you go, you go to the ADAM Program, which was cut.

But what was interesting is that between 2010 and 2015 the number of cocaine related overdose deaths increased 50 percent. And this was a bit of a puzzle to me, because we had done all that work kind of showing it going down, and then I sort of -- you know, you would see it start ticking back

up. But there were no indications that heavy use was going up. And so I wasn't quite sure what was happening until a paper was just published in the American Journal of Public Health just a couple of months ago and they attribute the entire increase in cocaine related deaths to the opioids. They say it's primarily heroine and the synthetic opioids that are driving this increase.

And so it's really interesting. So part of the argument is that you just had some poly substance users, those who were using cocaine and heroin. Heroin now is becoming much more dangerous because of the fentanyl in it. So people are just more likely to overdose. They also argue that there was an increase in the number of individuals who were using both cocaine and heroin. But what's most disturbing is we're now seeing reports that people are using cocaine that actually is laced with fentanyl. And it's not only happening here in the United States, it's also happening in Canada. I was just up there for a conference and I was talking to the head of narcotics I think for Toronto and they were saying that a lot of the cocaine that they're seeing is laced with fentanyl. And people don't know it and a number of them will overdose. Not everyone who overdoses dies, but a significant share do.

So when we kind of look at this, yeah, you see this increase, but what I did with my colleague is we separated out deaths, we look at total deaths and sure enough you see that 50 percent increase. But if we look at total cocaine related deaths where there were no opioids involved, flat over the entire period. Interesting.

So the takeaway is while we have no evidence about kind of what's happening with total consumption here in the United States since 2013 we have to pay attention to those initiation figures. You know, I said the increase 50 percent from 2010 to 2015, so that means in 2015 you had about a million people who self reported that they had used cocaine for the first time. Now most of them will try it once or twice, they won't run into any problems. But there's an oft cited study from the early 2000s which suggests that of anyone who tries cocaine between 15-16 percent of them are likely to essentially become dependent on the drug within the next 10 years. Now, I'm not sure if that number still holds up. I mean this is a fairly old study. But if that's the case, if we had a million new users in 2015 that means we're going to see what, 150,000 people who are going to within the next 10 years suffer from a clinical disorder.

And so this is something I think we need to pay really close attention to. And so when we

think about what we could do domestically I've got four recommendations. One, we shouldn't take any actions which would reduce the availability of substance abuse treatment in the United States. That's number one. Number two is that we actually should increase the availability of substance abuse treatment here in the United States. Three, we need to pay close attention to this link between cocaine and fentanyl. And this is where we need public health authorities to begin doing lots of tests of cocaine that they're seizing or if they see a lot of overdoses in places where you don't necessarily have a large heroin problem, because this is a big concern. People need to know that if they're going to be using cocaine that if there's fentanyl in the community that they're at risk for an overdose death. And the fourth recommendation I would have is bring back that Arrestee Drug Abuse Monitoring Program. I mean at its peak it was about $10 million. We pretty much spend about $50 million a year on the National Survey on Drug Use and Health. And at a time -- and here we're talking about cocaine, we're spending a lot of time talking about what's happening with heroin consumption, what's happening with the prescription opioids. I mean that was the best source of information we had about what was happening on the ground and we cut it. So this is a time when we need data to kind of inform these discussions. So I would urge the Department of Justice, National Institute of Health, but also foundations, pharmaceutical companies. I mean there's a way we can find $10 million a year to make this happen because I really think it could help us learn more about what's happening and hopefully prevent some of these deaths in the future.

MR. PICCONE: Great. Wow. Thank you, Beau. By the way, there's some seats up in front if anyone wants to sit down while we continue the discussion.

I mean this story about the data collection, you know, for researchers and how challenging that is. And for policy makers, if we don't have good data to make some decisions it's really alarming.

I have a question for each of you as follow up, slightly different but relate to your talks. Adam, I want you to say a little bit more -- you know, we had President Santos come last year with President Obama and talk about the movement toward Past Colombia, and from Plan Colombia to Past Colombia and the U.S. contribution to implementation of the peace accords, and some real questions being raised now about whether the Trump administration will follow through on those commitments and what are the views in Congress toward this issue. It seems to me quite important if the U.S. is committed

as much as the Colombian government is or is not, but in some sense there needs to be some serious infusion of international resources. And we have a lot at stake given the investment we've already made.

Vanda, for you, the crux of the problem here has always been about state presence and capacity in such a vast complex country. And you got to that towards the end, about prioritize. But you also have a vacuum that's going to be created as demobilization occurs.

Can you say a little bit more about the organized crime factors, the paramilitaries who might take advantage as this implementation goes forward?

And then can you say, Beau, a little bit more about why did these budget cuts happen on the data collection. Do you see any hope seriously for restoring that money given the politics around our budget right now?

And then, I don't know if you were looking at other demand factor around the world. You mentioned Canada, you mentioned south America and Europe, is it rising -- and what impact could that have bringing it back to Colombia. So let's say the U.S. demand continues to be rather flat, but it's growing elsewhere, who's going to supply that cocaine. We talked before coming in about Peru. Can you say a little bit about those issues?

Adam?

MR. ISACSON. Thanks, Ted. Just for context, about 10 years ago at the height of sort of the implementation of Plan Colombia, U.S. assistance to Colombia exceed $700 million a year. And about $600 million of that went toward military offensives, police efforts, eradication, interdiction. The rest was sort of what we would consider economic or humanitarian aid. That steadily declined over the years. By 2015 we were down to about $320 million a year in assistance to Colombia; just over half of that for military, police, eradication.

The idea when President Santos visited last February and President Obama announced a new aid package for Colombia called Peace Colombia, was to go from that $320 million level up to about $450 million, with most of that increase being economic assistance, efforts to increase state presence in the countryside, more money for victims, more money for demining, helping the military reorient it's doctrine, et cetera. That Peace Colombia package passed separately the House and the Senate. Republican majority, no problem. In fact the House increased the amount. But then of course

we didn't have a 2017 foreign aid bill. We may by the end of this week. Your guess is as good as mine. We are right now in a one week continuing resolution. There may be an omnibus appropriation that includes a new foreign operations state and foreign operations bill. There has been no effort that I know of in the Trump administration to try to whack back that Peace Colombia request for 2017. That money, as far as I know, is still in there, but again, it could be taken out at 3:00 in the morning without any of us knowing. But my guess is that they're going to get it.

What worries me more is 2018. We already know that the Trump administration wants to cut worldwide foreign aid by about 29 or 30 percent. We know that on the USAID programs, thanks to a document that *Foreign Policy Magazine* leaked a week ago, they want to cut economic support funds and development assistance, global health programs to Latin America by 39 percent, with about 21 percent of Colombia being cut from 2016 levels, not from the putative increase in 2017. So it would be a deep cut for Colombia in the kind of assistance it would need to implement that first accord to help victims and other things.

Now that cut probably won't survive Congress in 2018. I think as a lot of folks, including republicans in the Senate and House, have said that cut would be dead on arrival, in the words of Lindsey Graham, who appropriates this sort of thing in the Senate. But even if it's half as much of a cut or one third as much of a cut it would be devastating for Colombia's effort to implement. Obviously most of the money to implement will have to come from Colombia, but in terms of a U.S. show of support it would be a very bad sign.

Now, just the factions or the -- not factions, that's too strong, but the tendency is in the Congress right now. First of all the Trump administration has said almost nothing, and they don't have the personnel in place really to have had much of a sense of where they're headed on this. So far they've been vaguely supportive and I think hopefully President Santos and President Trump will have a meeting in the next month, month and a half or so to nail this down a bit more.

But in Congress the democratic party continues to be pretty solidly behind the Peace Colombia framework. Key republican leaders, appropriators, chairmen of the Foreign Relations Committees tend to be supportive, but are voicing a lot of concern about the increase in coca growing. Some voice concern also about non extradition of FARC members, at least those that have been involved

in kidnapping or killing citizens. So they're shakier, but they still are generally realizing that this is the better path to actually taking the FARC off the table and working more on eradication. There is a minority of those in the republican delegation who speak frequently with Former President Uribe and who is the leading opponent of the peace accord inside Colombia, and who take a much harder line. And they do have a key voice that may be listened to. We don't know how much yet. And then there is a faction of the democrats who does worry about -- and I would put wool actually in with this -- who worry about if transitional justice part of the peace accord is way too weak on human rights abusers. If it ends up getting implemented in a way that really guarantees impunity they will withdraw support somewhat as well.

That's sort of where things stand right now.

MR. PICCONE: And other than Norway are there any other international donors that are stepping up to the plate to help Colombia through this process?

MR. ISACSON: There are. Norway, the Swedes have been quite generous, there's a World Bank fund, an IDB fund. I hope I'm not leaving anybody out. The European Union has a fund as well.

MS. FELBAB-BROWN: The GI -- German Development Agency has alternative livelihoods focused on preserving forests, but it's not very large.

MR. PICCONE: Right. So nothing really that would --

MR. ISACSON: If you took all four donors and put them all together it would be very, very roughly about as large as the U.S. contribution (inaudible).

MR. PICCONE: Okay. Just to get a sense of the scale and proportion.

Vanda?

MS. FELBAB-BROWN: You know, Ted, state presence, really the core, the Gordion Knot and connects to getting everything. The Colombia government has made conscious efforts to expand state presence and they often emphasize it already in the consolidation plans. So Colombian officials will speak about how now there is a policeman present or two policemen present, and they blame our President, every *município*. Often it was two policemen present in a *município* of the size of Delaware. So critically implications for what that meant.

Colombia suffers from the same problem here that Mexico suffers. And that was very different in Thailand. The area is very large and you have a democratic country that puts pressures on -- there is a program to give $7000, everyone wants that $7000. Why does Macarena, which is close to qualifying more than some area in Magdalena Medio. Politically, that's very hard to justify and the political pressure is to give everyone a little bit, which is how increasing state presence has been handled. With an official coming in, hey municipal, you are cleared from the FARC, wonderful. What do you want? We want a clinic. Yes, go with the clinic. What do you want? We want the bridge, here goes a bridge. Which politically makes sense and one could argue that there is even some ethical normative precept for giving everyone something. The outcome, of course, is that state presence might increase, but it's increasing in ways that don't generate transformative effects. And so the state has put into police officers, devoted as the might be, there might now be bridge, but the community's basic existence on a daily basis still takes place outside of the state, and under worse circumstances, with the presence of other armed actors.

The Colombian government is negotiating with the ELN, negotiations have been stalling, halting but they have more formally took off since February. I think both the Santos administration and the ELN realize there are many reasons to try to nail down the deal before elections in Colombia and before the new administration comes in. But it's not clear that it will happen. The Colombian government's attitude is essentially to take the basic elements of the process as well as of the outcome from the FARC deal to impose it on the ELN. We'll see how easily that goes.

I think that the Santos administration deserves great credit compared to many other Colombian administrations about going after the *Bandas Criminales*, but it's a big challenge. And the numbers are high, both in the number of groups and the number of fighters. Some of them like the *Urbeños*, are clearly taking on very explicit political agenda, elements and political behavior. They are called *Bandas Criminales* to distinguish them from the paramilitaries, but in fact in some cases it's very clearly an effort to control local municipalities and to have political negotiations point. So the government has been going after them, but it's a challenge that they have not rolled back the numbers, they have not reduced significantly the number of the groups, that they continue to be a key problem.

And we'll see what happens with the FARC. At what point -- you know, there are

allegations of the numbers of (inaudible) defecting. Those might be too strong, but clearly at least elements of (inaudible) twitching it a bit. And there are allegations that Brazilian crime groups like the PCC are trying to hire FARC (inaudible). I tried to get some real evidence behind them and I was told that there isn't, that the claims are vastly ahead of what is actual data for them. But certainly it's a possibility.

So my view is that increasing state presence will again have to come in through concentrating resources and thinking about what are the core areas where resources need to be concentrated and where state presence needs to be anchored and where the basic relationship between citizens and state gets changed. And the hope is of course that those will gradually expand.

But I say it knowing that Colombia has tried. There were 13 strategic zones, 8 strategic zones, 17 strategic zones, and they never panned out. And there are precedents and they haven't worked. And I am even more concerned about 2018 in Colombia than in the U.S. and the cuts in U.S. aid. But if Mr. Uribe, or Uribista, gets elected they might well decide that state presence means much more areas paying and they might well get the big jump in aid from Trump administration going into exactly the wrong to signal state presence.

So we might nominally be increasing state presence and yet eradicating the very possibility of peace and the very possibility of a meaningful state presence for years to come.

MR. PICCONE: Yeah, so some real storm clouds on the horizon depending on how things evolve.

Beau?

MR. KILMER: A few points about data. You know, I don't know the entire story about why the ADAM Program was cut in 2003. I mean as I said, at its height it covered about 40 different counties throughout the United States, mostly big urban counties. There were plans to expand it to 75. It was cut during the Bush administration, but then ONDCP knew that this was an important data set to have. And so they were able to cobble up enough money together to do it for 10 counties for a certain amount of time, but then they knew that the money was going to run out, so then they only focused on 5. I mean I just think there's only so much money, especially within ONDCP to spend on data. And they tried to keep it alive for as long as possible.

That said, I think not just ONDCP, but you can imagine a number of other agencies kind of all pooling money together to try to bring this back. You know, this isn't just a justice data set. You can include questions about healthcare utilization. One can imagine creating some type of system where you'd have rotating modules where different agencies could put money into it because these are your arrestees, this is a population that needs a lot of help. And so you can imagine there are a lot of different agencies that want to get information from these individuals. But I do think that there is some way that we can combine public funds as well as money from philanthropic organizations to kind of bring this back. And, yes, it would provide information about what's kind of happening in our drug markets and kind of help us get a better notion of what people are using. For example, fentanyl, you know, we might be able to --

MR. PICCONE: Is there a Colombia connection to fentanyl or is it just something that's added along the way?

MS. FELBAB-BROWN: No. China, India.

MR. KILMER: China and India. Yeah. Although I mean it is prescribe here in the United States. And so you've got that, but in terms --

MR. PICCONE: Right. But in terms of the lacing --

MR. KILMER: Yeah, I think a lot of that is coming from fentanyl that's produced in Asia and then brought over.

MS. FELBAB-BROWN: And also dealers seem to appear to do it without users being informed, which is a very stupid approach to being a dealer because you lose a lot of your customers. But that seems to be happening on the street here?

MR. PICCONE: Any other points?

MR. KILMER: You know, with respect to global demand, you know, as I was talking about that big drop between 2006-2010, some people really like to focus on the supply side, those that weren't as excited about supply side interventions would talk about it might have been increased demand in Brazil, Argentina, and Europe. I'm not sure what's happened in terms of total consumption in those places. I do believe it might have gone up in Africa, but it's really hard to get information on that. You're lucky if some of these countries will do a prevalent survey. But as I said, the people that are driving the

market, they're usually not going to be in your general population surveys. I think in the short run they do yield some information, but what you really want to pay attention to is kind of what's happening with the price. So, as I said, when we talked about that 2006-2010 drop here in the United States, at the same time there was a 40 percent increase in the purity adjusted price for cocaine in the United States.

Like I said, it may be there was some type of perfect storm. Because of there being such a large increase, it's hard to say something didn't happen on the supply side. That said, the last time those price data were updated was 2012. So I mean the data are there, it's a matter of taking the algorithm and then just applying it to data from the DEA's database, retrieving information from drug seizures and undercover buys. This isn't hard to do and it's not that expensive, but right now we really don't have any idea what's happening with the purity adjusted prices between 2013 and 2017. And this is something that wouldn't be hard to do. And one could imagine if you're trying to get a better understanding of kind of what's happening in different places, prevalent surveys have a little bit of information but where you really want to pay attention is kind of what's happening with the price.

MR. PICCONE: well, thank you. We have some time for questions, about 20 minutes. Why don't we take three at a time. And I see a hand right here in the second row. And there's a microphone coming. If you could identify yourself and give us your question. We'll move around the room.

MS. BIDEL: I'm June Bidel from the Congressional Research Service. So, Adam and Vanda, the other 50,000 hectares, which is going to be forced manual, correct, I want to know is it realistic, because you said, Vanda, that you said you didn't think the whole thing was, but you focused on the alternative development or the voluntary side. Because as I figure it between '09 and '12 they were spraying about 100,000 hectares a year until it went down in '13 after the shoot down. So that was a lot and then to have that taken away, I mean, Adam, you were definitely someone saying do something, do something, but really something wasn't done for the years of the negotiations. So I mean I think it's a great idea to say well manual was a factor in bringing it down, but it's a big variable to always have had aerial being higher for all those years.

MR. PICCONE: Let's take a couple more. Right behind you.

QUESTIONER: Thank you. It is a question for Mr. Kilmer. I'm a physical, public health

physician from Colombia actually. Do you think that the investment that the United States has been doing in prevention of cocaine use and opioid use and drug addiction is enough and would that part of the demand, if the demand goes down, do you think that would positively affect my country?

MR. PICCONE: Okay. One more over here on the right hand side.

MS. MAY: Thank you. Hi, my name is Channing May. I'm with Global Financial Integrity. The UN ODC estimates that globally 40 percent of heroin and cocaine is seized while less than 1 percent of drug proceeds are ever recovered. As long as criminal and armed groups are able to receive the overwhelming majority of proceeds, particularly through trade based money laundering in Colombia and Latin America, combating drug trafficking will be very difficult.

In regards to this the peace accord focuses heavily on the products and participants as well as the Colombian government, the U.S. government, and most other governments, but what is the Colombian government doing to stop the illicit financial flows?

MR. PICCONE: Okay, good questions. So money, aerial eradication impact, manual, and prevention strategies. Who wants to go first? Adam?

MR. ISACSON: Sure. I'm not completely up to date, but I think it's as of the end of February Colombia claimed to have already eradicated 6000 of the 50,000 target for forced manual, nothing in exchange, eradication. You know, is it realistic to get to 50,000 over the course of -- you know, those 6000 may have been the low hanging fruit. I share your skepticism that it would be realistic.

In 2008 when the program was new and eradicators went through and eradicated 90,000, that was hard to do. It was very expensive and it required a lot of logistics and I think it they learned a lot about the security needs. I think a lot of people were killed and maimed in the course of achieving that 90,000, and then it fell off pretty quickly after that, that peak year. Where are they doing it? I know they're doing a lot of it, this forced, along the Pacific Coast, and also they're going to be moving into the fringe along the Ecuador boarder where you can't eradicate, and they're doing it also in indigenous reserves and national parks. They're using the army a lot more to do the eradication. The army presumably is looking for new missions and this is a key one. This means that they may be more able to withstand ambushes, respond to snipers or attacks. But of course still a lot of these fields that they may be dealing with have landmines and things like that.

One thing they're doing is using the same herbicide that they were using from aircraft, but using it directly from backpacks, which is -- you can't argue that they're using as indiscriminately as an airplane flying 200 feet ahead would, but you know -- and also a lot of Colombian farmers use the same herbicide. However, I mean there is still a lot of controversy over glyphosate that I won't get into very much other than to note that California's environmental department has just recommended stopping its use also.

But the big thing that you're going to see if they really get close to that 50,000 limit is just more and more conflict, episodes perhaps of out and out violence with communities that have gotten more and more organized in trying to stop, blockade the coca eradicators. We've seen some of that so far, but usually in areas where people were also signing agreements and saying hey, why are you doing this, we just signed an agreement. In the areas where there's more forceful eradication it's just bound to happen as we get closer and closer to -- if they actually manage to get closer and closer to the 30,000 limit.

The illicit financial flows point is a key question. I don't have great information. Maybe some of my other partners do. I know that the annual U.S. report on global financial flows, global money laundering, the State Department report, has been a bit more critical of Colombia lately, but still considers Colombia to be sort of above average, which may be a low average in terms of dealing with the problem. Most of the big tranche shipment money nowadays is in Mexico of course and it's a much more urgent issue there.

MS. FELBAB-BROWN: Let me start with the money. Look, Colombia is the model country in terms of anti money laundering legislation, has been since the early 1990s. It has done very little to stop illicit financial flows to Colombia. Perhaps much less go through the banking center. This in the days of Pablo Escobar. But there are a ton of other ways to get dirty money. And you already talked about trade based, which is one of the most convenient. There are very many other mechanisms.

Chasing illicit money is often the silver bullet that is put out -- sort of set of silver bullets. One is the magical herbicide that will persist in the soil and know exactly what to target and what exactly to avoid, and chasing dirty money is the other one that this all the time would (inaudible). It's never stopped drug flows, it's never defunded one single country. After a lot of effort the most successful case

has been U.S. going after Al Qaeda money when Al Qaeda money was heavily in legal businesses. Once it moved out of legal businesses as a result of U.S. anti-money laundering efforts, the level of financial flows to Al Qaeda also increased.

Often times the interdiction rate is in the single digits for financial flows. So much lower than interdicting the physical goods.

You know, are there ways to make it more effective, perhaps as long as lots of the flows go through the legal system as well as the legal banking system. They still go regularly. Two years ago major case again, several very large banks laundering Mexican cartel money, perhaps knowing it. But once it goes out of the banking systems it becomes much higher.

So I will not hold my breath that we will change the behavior of criminal groups or even eliminate criminal groups by resolving the bullet, resolving the silver bullet of dirty money. I hope to be proved wrong.

I agree 50,000 hectares is an enormously ambitious agenda. The only way I think it could be realized -- well, two ways it could be realized -- one is to kind of replicate the Taliban Myanmar policies of 2000 and 1990s, so be very brutal. I don't think the Colombian government has the capacity to do that or should do that. Or if for some reason there was no resistance to the manual eradication. I don't think that the FARC can ask farmers to do that. Anyway there would be a lot of areas that are contested by other groups. So if for some reason farmers are just intimidated right now or disorganized right now, but even if that happens in year one, farmers will go back to cultivating and I think they'll be more organized subsequently.

And on the use of herbicide from backpacks, I just want to point out that what slows down production most is pulling out the bush. If the bush is merely sprayed then there is quite a bit of time, a matter of hours, that you can prune the bush or wash it off and it survives. And so one of the reasons why you see new coca, one is people planting in anticipation for getting money, but it's replanting bushes that had been pulled out manually, which takes much longer for it regrow than when it is sprayed and washed off or pruned.

And one comment on the data that you asked about, the U.S. doing more on prevention and reducing demand. A lot of coke goes to Europe, a lot of coke goes to Brazil and Argentina, and

Brazil and Argentina have not been willing to disclose prevalent use since 2005. And there is a lot of suspicion on the prevalent use is on par or greater than the U.S. So it's not just method of U.S. using its demand as much as we need to do it, but much bigger problem these days.

MR. KILMER: And with respect to prevention and treatment, the ACA definitely has increased the availability of treatments, especially medication treatments for those that are suffering from opioid use disorders.

But that said, I mean there still is a tremendous amount of demand for treatment here in the United States for both opioids and cocaine and for methamphetamines. A lot of people end up in treatment in the United States kind of via the criminal justice system. And some -- we've got what, almost 3000 special or problem solving, about half of them are drug courts. And for a while there were a number of drug courts that were really focused on abstinence. So if you came in addicted, you know, suffering from a heroin use disorder, access to methadone and buprenorphine wasn't allowed. I think that's beginning to change and in fact that's one of the things that was done in 2015. Essentially the Director of ONDCP and some others made it very clear that if you're a drug court and you're going to receive federal funding from the United States you have to allow for the medications (inaudible) treatment. So I think that is going to make a difference.

MS. FELBAB-BROWN: But that's for opiates. We don't have an (inaudible) for cocaine.

MR. KILMER: Yeah, so that's the issue. I mean when it comes to treatment we've got the medications that can help for those who are suffering from opioid use disorders. We don't have those for cocaine, we don't have those for methamphetamines. So then treatment largely relies either on kind of long-term residential, cognitive behavioral therapies. And some of these can make a difference, but there's no silver bullet there.

And also when they begin thinking about those in the criminal justice system who are committing crimes that are related to their substance use, drug courts are not the only option. There are other options in terms of the kind of swift, certain, fair, and frequent -- you know, especially saying you need to be sober, you can go to treatment if you want. So you don't necessarily have to mandate that. And that's worked in some places, that hasn't worked in some others. In some circles that gets to be controversial because I think it's juxtaposed to decriminalization in terms of decriminalizing possession.

But you can actually imagine a world where you could decriminalize possessions, where you get caught with certain amounts of heroin, cocaine, you wouldn't necessarily get a criminal offense, but you still could have some of these interventions targeted at those whose use is leaving them to kind of threaten public safety. At that point when you begin committing crimes then it's in society's best interest to get that person to reduce their consumption. And for some people treatment will help. Not everyone needs treatment in order -- even some heavy users are able to cut back on their own. And so we'd love to live in this world where there is free great treatment for everyone. That's not the world we live in. It's a scarce resource. So if we're going to be putting people in the treatment through the criminal justice system we need to be smart about this. You know, a lot of these diversion programs, they'll put people into kind of subpar treatment which isn't very good. Seems like what we need to do is we need to get better about putting people -- figuring out which people actually need treatment so then that way we can concentrate the resources on them.

MR. PICCONE: So we have time for a very short round of questions. Please keep it very brief. And I see two hands in the back and then this one here on the right.

MR. DOWNIE: Thank you. Richard Downie from Delphi Strategic Consulting. Thanks for a terrific discussion.

Adam and Vanda, you both mentioned the fact that the next presidential elections in Colombia could absolutely derail what's going on with the peace program right now. And I wonder, they're still a couple of years off, but within our own U.S. Congress I wonder if you could talk a little bit about how much support you see for the current program versus those who might be supportive of the Uribe and the opposition approach.

Thank you.

MR. PICCONE: Yes, behind you. Yes.

MR. TREE: Sanho Tree, Institute for Policy Studies. One of the topics that gets left out of these conversations is the role of poppy in Colombia. And Plan Colombia was originally sold as a way of attacking coca and poppy. Can you give a little thumbnail about what's going on and the status of poppy eradication? And if it's successful in Colombia to any meaningful degree or if the Trump wall actually stops a lot of the heroin from coming into this country -- I doubt it will -- but would then happen is

not predictable what would happen to the fentanyl adulteration crisis in this country. Would it not lead to more greater adulteration by traffickers trying to stretch the profits by adulterating their remaining supplies of fentanyl leading to a spike in overdose.

MR. PICCONE: Question here. Yes.

QUESTIONER: Hi, Eric Waller. Thank you for your presentations. I'm an international business and policy student at Georgetown.

Question, how many seats does the FARC occupy at the table and is there a plan in place once you start to eradicate the hectares when the drug dealers come out and they start to realize they're losing their money and losing their business, so people won't get hurt, especially Colombians won't be killed or hurt.

MR. PICCONE: And we're going to take one last one right here in the front row, but very briefly. And you guys will just have to answer what you can in the remaining few minutes.

MR. THOUMI: I'm Francisco Thoumi, a member of the International Narcotics Control Board nominated by Colombia. In what Adam and Vanda said, basically there's a prescription to have the state gain control of a territory and basically have presence, the presence of a modern state. All these programs seem to be an effort to have state creation from the top down, except that we might use FARC to generate the state from the bottom up.

Now, in Colombia there are many small movements from the grass roots that are trying to generate through democracy from the bottom up, not from the top down. If you do it from the top down there is no money enough to buy the loyalty of the coca growers. So I wonder if we can try to bring in some prescription, some policy prescription to change that, to go from the bottom up.

MR. PICCONE: Those are great questions. We'll see what we can do in the remaining few minutes.

MR. KILMER: I'll just speak about fentanyl. Fentanyl is scary and it's cheap. And so when we begin thinking about the consequences of various interventions, whether it be in the United States or outside of the United States, we need to think about fentanyl supply routes and what that could actually mean. Because as I said before, when people talk about it it was mixed with opioids, but now you're hearing about it being mixed with cocaine. So from a public health perspective, in terms of

surveillance, this is going to be very important, but also in terms of when we do their policy analyses we now have to factor fentanyl in.

MS. FELBAB-BROWN: I would very much endorse that. Both spoke about the scarcity of treatment. There is also inevitably scarcity of law enforcement and rarely does law enforcement think about if this drug is suppressed what will happen. In my view the clear priority is to get as much fentanyl off the market as possible and that should be prioritized and how we structure broadly law enforcement and discourage dealers, including through selective enforcement of mixing fentanyl. So I think we might well be facing a situation where organic heroin might be better than something heavily saturated with fentanyl just to save lives.

Sanho, poppy in Colombia. So I looked at it quite in detail a good number of years ago. Poppy was always a marginal crop. It was less prevalent. Far, far less prevalent than coca. And Adam has just (inaudible) 10,000 hectares and far less prevalent even than marijuana. Marijuana I think is the sort of more interesting crop. There is experimentation, including with the legal program, legal medical marijuana program. Nariña was one of the areas where poppy was cultivated and it was one of the early crops to be suppressed. Much earlier than the coca numbers went down, poppy went down.

I don't think that Colombia is a good candidate to having really big resurgence of poppy. Mexico has many advantages. A lot of poppy is being cultivated in Guatemala. There is a lot more potential for Guatemala. We don't quite know a lot about these numbers, but my suspicion is that it is going to remain -- regardless of the wall which is a waste of taxpayer money -- poppy will be flowing to the U.S. or heroin will be flowing to the U.S. from Mexico, Central America. Perhaps more from Afghanistan. The Afghanistan supplies to very marginal -- we get only about 10 percent. Maybe that number is slightly going up. But I don't think that's Colombia's future very much at all.

And, Francisco, I would just endorse if there is community mobilization to create municipalities with inclusive organization and state it is acceptable, let's put money in there, donors should put money in there, the United States should put money in that. I would hate to see state formation that is captured in the back by either vested interest in places like Cauca or *Bandas Criminales*. But to the extent that they are legitimate, have inclusiveness, fantastic.

MR. ISACSON: Rich Downie's question. If a right populist government takes over next

year in 2018 -- I won't say Uribista, just right wing populist, and they're very pro U.S. and they want to push the priority of deemphasizing the peace accords, fumigating, and increasing the sort of hard line anti- drug policy, there will elements in certainly the Trump administration and in the Congressional republican party who will go along with that, especially if they're pro U.S., pro free enterprise. I think you would however see the end of the bipartisan support for the U.S. policy toward Colombia. I don't think the democratic party will go along with it. And if the democratic party gains seats in 2018 that would really split the approach in a way that is hard to even understand right now.

And, finally, just on Francisco's. That was a very good question. In terms of bottom up movements, helping to create the state, that is sort of foreseen in chapter two of the accords, which expands political participation in a way as never before, again, on paper. If implemented as on paper it would really introduce that element in a way that it has never been before. But what it will also set up is at the local level all around the country competition, perhaps violent competition between these new movements and the traditional land holding political boss, mafia class, and how that plays out could be violent in some areas.

MR. PICCONE: And Vanda gets the final word.

MS. FELBAB-BROWN: I just want to alert you to two riveting papers by Beau and Adam on our website. They get into what we talked about. Very worth reading. Eventually they'll be mine (laughter), but meanwhile you can really get into details of what they spoke about. Brookings website, Adam and Beau.

MR. PICCONE: Excellent, great. Well, this has been a terrific discussion. Thank you all for coming. (Applause)

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