



CHATHAM HOUSE

Chatham House, 10 St James's Square, London SW1Y 4LE  
T: +44 (0)20 7957 5700 E: [contact@chathamhouse.org](mailto:contact@chathamhouse.org)  
F: +44 (0)20 7957 5710 [www.chathamhouse.org](http://www.chathamhouse.org)

Charity Registration Number: 208223

## Transcript

# Re-examining International Drug Policy

### HE Mr Eduardo Medina-Mora Icaza

Ambassador of Mexico to the United Kingdom; Attorney-General, Mexico (2006-09);  
Secretary of Public Safety, Mexico (2005-06)

### Dr Mark Kleiman

Professor of Public Policy, UCLA School of Public Affairs

### Antonio Maria Costa

Executive Director, United Nations Office on Drugs and Crime (2002-10)

### Chair: Patricia Lewis

Research Director, International Security, Chatham House

2 July 2012

The views expressed in this document are the sole responsibility of the author(s) and do not necessarily reflect the view of Chatham House, its staff, associates or Council. Chatham House is independent and owes no allegiance to any government or to any political body. It does not take institutional positions on policy issues. This document is issued on the understanding that if any extract is used, the author(s)/ speaker(s) and Chatham House should be credited, preferably with the date of the publication or details of the event. Where this document refers to or reports statements made by speakers at an event every effort has been made to provide a fair representation of their views and opinions, but the ultimate responsibility for accuracy lies with this document's author(s). The published text of speeches and presentations may differ from delivery.

**Patricia Lewis:**

I would like to thank you all very much for coming. My name is Patricia Lewis. I'm Research Director here for International Security and I'm delighted that you're all able to be here.

So we're here today to discuss the issues surrounding the international drug policy. We're absolutely delighted to have with us today Ambassador Eduardo Medina-Mora Icaza who was appointed Ambassador of Mexico to the UK in 2009. He is the only official in history who has held the three top security civilian positions in the Mexican cabinet: Attorney General, Secretary of Public Security and Director of General of Mexico's intelligence agency. Not all at once I hasten to add although knowing him a little bit I think it is quite possible.

He was also Member of the National Security Council and President of the National Public Security Council and he's also been in the private sector as well. He's been Director of Strategic Planning and Deputy General of the DESC (Civil Society of Economic Development) Group. We look forward to hearing what you have to say Eduardo.

**Eduardo Medina-Mora Icaza:**

Thank you very much. Thank you very much Patricia for the introduction. I'm also delighted to be here today addressing you on this very important topic also to share the planning with Antonio Maria Costa and Mark Kleiman, two very well recognized and distinguished experts on this issue. I think that for this forum it is very important to understand that this has been thought maybe wrongly as a mainly domestic challenge for countries and the title of this event takes us, I think, in the right direction. Drug trafficking is an international problem that needs to be dealt with accordingly and the policy towards it requires fresh thinking and re-examination. Policy design has to address the full value-added chain and the full geographical scope which is international and transnational in nature. I am, I think we are, everybody, is in a way unhappy and frustrated with the current status. It is not working it is often said. This provides for a crisis mode that is a good catalyst for a serious, organised exercise of debate, reflection and modeling to find the answers. This is also dangerous in the sense that it gives us a temptation to jump to different conclusions very fast.

The definition of the problem does matter and matters a lot. The conceptual framework with which we have tried to understand it has run its course. For

Mexico and for several other countries in the hemisphere this is in my view not essentially a drug trafficking problem, it is more basically a security issue that stems from the weakness of institutions particularly police and justice institutions that allows the ability of organized crime to challenge the state in its basic and distinctive powers and from there to the loss of territorial control of relevant geographies within those countries. It is essentially about building the basis for the rule of law. The challenge of drug trafficking masks and fuels something much more profound: organised crime which is not local but international and transnational in scope and structure. True, the problems would be dealt with more easily if the criminal organisations did not have the formidable fire power that frequently outguns regular police forces and the enormous economic power that derives from the extraordinary profit margins due to the these trade deals with substances that are illegal, maybe illegal from public policy and maybe illegal in nature.

One lesson that I have always remembered from my Columbian friends and their experience is that we should never underestimate the corrupting power of drug trafficking. In Mexico's case, high calibre weapons in the wrong hands are a game changer. We have been severely affected by an obtuse interpretation of the Second Amendment of the US constitution, which was intended to protect the right of American citizens to bear arms but not to empower criminal organisations to contest the monopoly of violence of sovereign states. Drug trafficking is a clandestine activity but it resembles a business and operational model of a transnational industry therefore it is essential to address the value chain in its entirety while also approaching its local effects. Without a doubt one of the most relevant parts of the problem is that its complex nature cannot be addressed uni-dimensionally. It needs a holistic approach such as cohesion policies and the money laundering and assets for future strategies, health care, human rights, effective and efficient government, rule of law, an effective and transparent justice system, strong and respected institutions, low level violence, a flourishing and stable economy, education and jobs, business opportunities and governability. All of these also require that institutions are strong.

We must learn from our mistakes and successes and the mistakes and successes of others while avoiding oversimplification and also avoiding over-interpretation. In my experience when you deal with the design of public policy and also with its implementation very rarely if ever are the choices between good and bad. Normally it is between worse and much worse. We can be passionate about our ideas but we have to recognize that we do not have a sound, grounded understanding of the issue. At least enough to say

that this is a more acceptable option or the least worst [sic] solution. We must total efforts to make a critical yet sensible stance on the matter, one that is grounded on scientific evidence and not on ideologies, beliefs, sentiments or emotions.

Maybe that's what happened with the so called War on Drugs that started in the US. The expression is misleading and it conceals more than it reveals. It derives from oversimplification and in turn leads to greater oversimplification. Let's not let it happen again by taking an irrational approach to these now in the opposite direction. Any combination of policies around drugs will have trade-offs and unwanted consequences. There will be no definitive answers or policy approaches. They will have to be assessed, reshaped and adjusted conceptually and in their implementation. It is also critical to react timely and address the issue fully. Many countries that have not done so must do it at the earliest. This is a threat that can never be underestimated. In a national perspective for many countries in the hemisphere the objective here is not to end drug trafficking – it is certainly not for Mexico – not because it is not a good objective in itself but because it is not reachable for one single country but to give ordinary citizens the right to live in peace with their families and their communities, more opportunities, more certainty and, therefore less violence.

Important breakthroughs of this problem will become available in the degree to which the international community acknowledges this approach and the distinction between the effects of reducing harm to consumers and the need of any state with its basic existential obligation, which is to provide certainty to its own citizens and the right for them to live in peace. Policy changes are never an overhaul but always an evolution. It is clear we need to redeploy and improve the strategy to face this very highly complex issue. We ought to rethink the problem in its full scope and acknowledge that any policy mix has setbacks and acknowledge that there is neither a perfect policy nor a perfect solution. Thank you very much.

### **Patricia Lewis:**

Thank you very much Eduardo.

It is my pleasure now to introduce Professor Mark Kleiman who is Professor of Public Policy in the UCLA Luskin School of Public Affairs where he teaches courses on methods of policy analysis, drug abuse and crime control policy and many other things. His current focus is on reducing crime and

incarceration in the criminal justice system generally and in community correction system specifically. Recent projects include studies of the HOPE (Hawaii's Opportunity Probation with Enforcement) probation system and policies of violence in Afghanistan and Mexico. Mr Kleiman has held positions in the United States Congress, City of Boston, the Polaroid Corporation and the US Department of Justice where he served as Director of Policy and Management Analysis for the Criminal Division. Mark you're very welcome. I look forward to what you have to say.

### **Mark Kleiman:**

Thank you very much. It's a great honour to be at Chatham House and with two such distinguished panellists. I want to accept your invitation to address the supply side as well as the demand side and I want to adopt Ambassador Medina-Mora's analysis about the choice is always between things getting worse and things getting much worse or whereas John Kenneth Galbraith once said, 'Politics is not the art of the possible, politics is the art of choosing between the distasteful and the catastrophic.'

So the supply side and the demand side: we can divide the world's drug policies into ineffectual demand side approaches and counterproductive supply side approaches. Neither reducing drug supply nor reducing drug demand using current methods is a feasible goal. I must remark that there is nothing wrong with the current international drug control regime [except] that all of its premises are false. And on the other hand it seems to me that the counter narrative being offered by the drug policy reformers is not more nearly true. So we need to think not along a spectrum between prohibition and legalization but as my old boss Edwin Land you to say, 'at right angles or [inaudible].'

So where do we stand? Prohibition of some drugs causes criminal enterprise and related violence. Mexico is suffering that, Central America is suffering that, parts of Africa are starting to suffer that and Afghanistan suffers in a large way and that suggests seeking alternative approaches – some alternative to prohibition. But drug prohibition also prevents massive abuse of drugs and as evidence of that I would point to the two drugs we didn't prohibit – alcohol and tobacco. It seems to me that the claim that taxation and regulation can substitute adequately for prohibition can suppress drug abuse without generating massive illicit markets have not been borne out in the cases of alcohol and tobacco. Alcohol alone does more damage to the world than all of the illicit drugs combined. So it has been said that one should

never despair because no matter how bad things are they could always get worse. And I'm afraid that some of our drug policy reform proposals are pointing us in that direction. So that's the gloomy part of my report.

Enforcing the drug laws, arresting drug traffickers cannot do much to suppress the supply of drugs because drugs can be grown in lots of places and it turns out that the capacity of law enforcement to impose costs on the industry is simply not adequate to suppress consumption. We've seen that in the US where a fifteen fold increase in the level of drug law enforcement since 1980 has been accompanied by a 80% decrease in the prices of heroin and cocaine.

So I think we can say that the attempt to repress drug consumption by restricting drug supply. Been there, done that, have the t-shirt, next. And that makes the demand and the effort is especially futile in transit countries because the price of drugs to any user country consumers is not at all sensitive to the prices where the drugs originate: 90% of the cocaine in the US is value-added after it crosses the US border. So asking Mexico to solve the US drug problem by suppressing drug supply is asking Mexico to do what cannot be done, which it seems to me is always an immoral thing to do.

On the other hand asking the consumer countries to suppress drug demand by telling more inventive lies to school children and bringing drug treatment to people who mostly would prefer to have drugs is similarly ineffectual. It is not the case where we have some magic demand side potion in our pocket that can address this problem. Again I would point to the evidence of alcohol and tobacco where we have in fact persuaded lots of people not to smoke but mostly not by offering them treatment. About 90% of Americans who used to smoke and now don't, most have had none whatsoever. And that's not to say the treatment can't be hopeful, can't aid people over the difficulty of quitting. With respect to the opiates substitution therapy it is obviously massively successful. Now the world's problems are largely stimulant problems. So that's the bad news. I don't think we have supply or demand side efforts now in place [that] do any good.

The good news is that most of the costs of prohibition, I will submit, comes from bad policy. The attempt to suppress supply when it can't be suppressed, beyond the suppression caused by prohibition itself. Prohibition itself makes drugs are massively more expensive and much less convenient to use and that greatly increases consumption and that's the reason why there is no country in the world do they use as much cocaine as they do alcohol. Not because alcohol is a more addictive drug than cocaine, it's because it's legal

and massively marketed. But attempting to suppress supply with drug law enforcement is not a useful thing to do and in fact has a natural tendency to increase violence in the drug markets. This increases the stakes, increases the money on the table by driving prices up without much driving consumption down and in turn allows drug traffickers to hire larger armies. So largely the drug supply business needs a good leaving alone but that doesn't mean legalizing it. It's much better to have it as an illicit business without massive enforcement. Now that's very hard for people to wrap their heads around, that we should have laws and not enforce them, but lots of countries do that with prostitution. It turns out to be possible.

On the other hand demand reduction does have one very successful proposal. The key to demand reduction is that most drug demand in terms of volume is represented not by the very large numbers of casual drug users but by the relatively small number of very heavy users. Most of the heavy users of the expensive illicit drugs, I'm leaving out cannabis here, are criminally active in order to feed their habits. They get arrested [then] they're within the jurisdiction of the criminal justice system. The whole programme in Hawai'i has demonstrated that a simple programme of drug testing and mild but immediate sanctions for every detected incident of drug use can get about 80% of a group of hard core methamphetamine users to quit. A good treatment program could possibly get 18% to quit.

So we know how to reduce drug demand among the people who demand most of the drugs. And that's the best thing the consumer countries could do to take the pressure off the producer countries. By my calculations the US could reduce its cocaine consumption, and therefore the pressure on Mexico, by something like 50% simply by subjecting all offenders that have been arrested to a regime that forbids them to use expensive illicit drugs.

At the same time enforcement has its role but its role is the role of law enforcement, protecting public safety and order, not the role of defending the public health. We've asked law enforcement agencies to do a public health job by suppressing drug consumption. That's not something they can actually do but they can suppress violence. The biggest cost of being in the drug dealing business is the cost of either avoiding enforcement or suffering enforcement. If all that enforcement effort were concentrated on the most violent drug dealers, the most violent dealing organizations, the most violent routes and locations, if we made drug law enforcement an adjunct to the national security goal of making people safe we could, I think, substantially suppress drug dealing violence without suppressing the drug markets. That

means focussing our enforcement on creating disincentives for violence instead of, as it inadvertently does today, create incentives for violence.

So I want to contest both the mindless continuation of the War on Drugs and against the reflex that says prohibition is the original sin and therefore we have to repeal prohibition and then we'll be in a brave new world. In fact drug abuse is a permanent condition of the human world. We're going to have to live with it. We're going to have to live with the violations of whatever regulations we set up to control it. With respect to illicit drugs we could do a lot better. With respect to the listed drugs of course the path is easier. High taxation on alcohol and tobacco can without producing much illicit activity vastly reduced drug abuse and it's always been astonishing to me that the very same people who preach the War on Drugs with respect to illicit drugs raise their hands in horror if you suggest adding 50p to the price of a drink. So we can do a lot better than what we are currently doing and maybe we will. Thank you very much.

#### **Patricia Lewis:**

Thank you very much indeed Mark.

I am now turning to Antonio Maria Costa. I'm delighted to see you here. In the past few years between 2002 and 2010 Mr Costa served as the Executive Director of the United Nations Office in Drugs and Crime, the UNODC, in Vienna, called the World Drug Tsar I believe. Previously, he was Secretary General for the European Bank for Reconstruction and Development here in London and before that between 1987 and 1992 he served at the EU in Brussels as Director General for Economics and Finance and wrote and signed the first EU study about the Euro and subsequently left office. Early in his career he was Undersecretary General at the OECD in Paris until 1997. We're very happy to have you here Antonio. He has a PhD from Berkley and a degree in Mathematical Economics from the Moscow State University – that caught my eye – as well as a degree in Political Science from the University of Turin.

#### **Antonio Maria Costa:**

That was a long time ago.



**Patricia Lewis:**

Yes, fantastic. Learnt a lot, I'm sure.

**Antonio Maria Costa:**

Thank you very much for that introduction.

For the past few years drug policy has indeed evolved but in a very chaotic and a very incoherent way. More clarity and more changes are needed and I thank Chatham House for giving me the opportunity to explain what I would like to see happening in the years ahead. At the outset perhaps a challenge and some examples are required. I invite participants to recall that for over a century countries have unanimously agreed that drugs are dangerous, dangerous to health and therefore they must be controlled not prohibited. I'm sorry to correct you; the word prohibition does not appear in any of the documents related to drug control. These controls have brought very important results certainly if we compare this with what had happened in the markets of other addictive substances that are controllable.

I will give you a few numbers. Tobacco referred to more than once, is freely traded and freely consumed by one third of the world's population. Tobacco kills 5 million people every year. Alcohol is controlled in some countries, Muslim countries, and is consumed by a quarter of humanity. Alcohol kills 2.5 million people. Drugs: cocaine, amphetamines, etc. they are universally controlled and thus consumed by a fraction of humanity. The numbers we are referred to have declined. 5% of the world population consume these on an occasional basis. 0.5%, less than half of a percent are users. Drugs kill 500,000 people per year; namely one-tenth of those killed by tobacco.

Whatever the critics say these data are very robust and confirm that drug control has been able to contain both addictions and death. Of course controls always give origin to criminal activities as were referred to earlier by the two speakers and drug policy had the undesirable consequences the ones I stress in my seminal report of 2008. My views have not changed since then. The re-examination of drug policy to curb drug crime is needed but it cannot be made on the basis of the simplicity argument legalise drugs and crime will disappear. Fighting crime by legalising drugs would cause a drug epidemic and I can prove the point on the basis of historical evidence even if it's going to hurt some members of this audience.

The pressure to legalise drugs come from different sources. Some innocently well-meaning, that I respect, others dangerously speculative. I fear the latter. I fear in particular the coalition of bankers, private investors, venture capitalists, pharmaceutical companies and a like. They, in their expectation of drug legalisation, are spending huge sums to develop drug brands just like how tobacco companies have done over the years. It would be detrimental to society if the re-examination of drug policy [through] meetings of this sort would replace eventually drug mafia with drug capitalists, therefore leading to the privatisation of investor gains and socialisation of health costs.

But I said earlier that historical evidence would give me support to prove that drug legalisation would cause a drug epidemic and I said even if this would hurt some members of this audience. History has indeed shown that investor's greed can be harmful, as harmful as mafia's guns. Think of the East India Company that for over a century made huge money by poisoning the Chinese with opium. That first and only case of drug legalisation cannot and should not be repeated. The tragedy of drug legalisation forced upon China by Western countries and especially this country at the end of the Opium Wars dwarfs what is happening in Mexico and Guatemala today and I pay tribute to what the Mexican authorities are doing. Over 20 million people died in China poisoned by Opium we forced them to take against the 60,000 people in Central America today.

Therefore I urge to keep health at the centre of drug policy while introducing important changes and let me very briefly list them because I know I'm beyond my time.

First we must alter the current balance that is favouring spending on drug supply control and invest much more in prevention and therapy. At the moment the ratio is 70% for drug control, sorry supply control, as against 30% in favour of demand control.

Second, we must decriminalise drug consumption. Many countries have done so but many don't or have not yet. Drug addiction is an illness and therefore drug addicts should be sent to hospitals rather than jail.

Third we must enhance our harm reduction and substitutions programmes to limit the spreading of deadly infections. More and more countries are doing it but not enough.

Fourth, we must promote the respect of human rights in drug policy and fight especially against the death penalty whether it is for users or traffickers.

Finally, we must expand the use of botanical drugs for pharmaceutical purposes especially the opium derived morphine that is mostly unknown in developing countries. Yet these measures that are all strictly related to drug policy would not suffice. Drug related crime is a dramatic problem that must be dealt with and here I would like to give you, offer you, a few leads in order to make sure that our countries are more successful in their effort to enhance security and fight organised crime.

First: corruption. Corruption is the main lubricant to drug crime. Mexico, Ambassador, the country most affected by drug trafficking ranks 99 in the world index of integrity. How can it fight crime if local police and local administrators protect the cartels? Fighting corruption must be seen as a collateral policy supporting drug policy.

Second, under the money laundering measures think of the Wachovia Bank of New York caught not long ago after the crisis recycling – listen to the number – \$480 billion of Mexican drug money, 480 billion dollars – B like billion – of drug money. Despite the evidence, no indictment, nobody was arrested, nobody went behind bars. Countries must follow the money trail to curb the economic power of cartels.

Third, we must force financial institutions to clean their balance sheets of bloody assets. At a time of illiquidity in the crisis and the aftermath of the financial crisis too many banks welcomed and still do drug money. Asset forfeiture mentioned by the Ambassador earlier must be drastic. It is not.

Next, let's hit hard at the army of bankers, lawyers, accountants, notaries and traders who assist the mafia to write and recycle their assets. I see regularly a lot of that's going on.

Next, already referred by the Ambassador, establish control of the private arms sales, especially in the US, that currently provide military grade weapons to drug cartels. Such military hardware is not even available to the national police, certainly not the Mexican police.

Finally, although these are obviously very long term measures, promote economic growth and job creation especially in the communities where poor young people are attracted by drug trafficking and use. Ladies and gentlemen that does the examining of drug policy as to promote both health and security, not one at the expense of the other. Thank you very much.