

foreign debt approaching \$500 billion, the largest in the world, which is only months, or perhaps weeks, from a total blow-out.

In mid-July, the U.S. State Department's Assistant Secretary for Western Hemisphere Affairs, Otto Reich, toured Argentina, Brazil, and other Ibero-American countries, to deliver the same message.

This "damn the torpedoes" lunacy emanating from official Washington, has provoked more politically savvy elements in the United States to begin to ring the alarm bells, urging the Bush Administration to wake up, before it is too late. They are particularly concerned over Lyndon LaRouche's growing influence in Ibero-America, in the face of the economic maelstrom pulling the continent under, as recently reflected in the U.S. economist and Presidential pre-candidate's extraordinary visit to Brazil (see *EIR*, June 28, July 5, and July 26).

Exemplary of the nervousness is a column appearing in the *Miami Herald* of July 14. Written by the *Herald's* Latin America commentator, Andrés Oppenheimer (who is closely identified with the Washington, D.C. think-tank Inter-American Dialogue), the column takes the form of an imaginary State Department official's advisory to U.S. Secretary of State Colin Powell. Latin America "is in serious trouble," warns Oppenheimer. According to a recent poll, "a majority of Presidents in the region are below the 30% popularity rate that pollsters consider necessary to lead effective governments." Oppenheimer names among these Presidents, Argentina's Eduardo Duhalde, Bolivia's Jorge Quiroga, Colombia's Andrés Pastrana, Ecuador's Gustavo Noboa, Peru's Alejandro Toledo, Uruguay's Jorge Batlle, and Venezuela's Hugo Chávez. He says the continent's political parties "are equally discredited," and urges that Washington must "de-emphasize our calls for more privatizations and government cuts," among other things. Otherwise, he warns, "Latin America is becoming a fertile breeding ground for messianic dictators."

The same nervous line is echoed by *New York Times* reporter Juan Forero, in a July 13 article which presents the Peruvian civic strikes that toppled PPK, as exemplary of a groundswell of resistance in Ibero-America to "the decade-old experiment with free-market capitalism." Forero reviews the growing "revulsion with market-led market orthodoxy" in countries from Peru to Paraguay, from Brazil to Bolivia, from Ecuador to Venezuela, and cites one worried New York analyst, "Perhaps we have come to the end of an era. That we are closing the door on what was an unsuccessful attempt at orthodox economic reforms at the end of the '90s."

These critics, however, urge little more than a re-packaging of the same failed policies. Oppenheimer, for example, can merely advise a "refocussing" of U.S. policy on "greater exports and open trade," "more active public diplomacy," and "democratic political solutions . . . that can assure more effective governance." Like the new faces in Toledo's Cabinet, such "advice" only promises more of the same.

The Other Security Risk

Drug Shortages Plague United States

Part 1, by Linda Everett

While the attention of U.S. officials is focused on stockpiling drugs in the event of a biochemical terrorist attack, millions of Americans experience the real problem: their lives and health are imperilled by shortages or inaccessibility of essential and commonly used pharmaceutical drugs. Federal government officials joined the American Society of Health System Pharmacists, the American Medical Association (AMA), the American Hospital Association, and high-level representatives of the pharmaceutical industry July 12, for a closed-door meeting on what can only be called America's other national security risk—the growing shortages of critically needed hospital drug products and childhood vaccines.

This is the first of several articles about the complex causes and impact of this crisis, which has at its core the profit-driven "shareholder values" of the pharmaceutical industry, the most lucrative industry in the country, with profit margins in 2000 four times those of the average Fortune 500 companies. Major drug manufacturers are key to the shortages of scores of life-saving drugs, everything from hemophilia medicines to certain surgical anesthesia and antibiotics. Their policies are endangering every sector of the population, from the youngest to the oldest—no matter what their financial means.

Overcoming Scourges of Nature

This crisis results from an unbridled "free market" largely outside the purview of the U.S. Food and Drug Administration—one whole department of which is now targeted for privatization, thereby worsening the problem.

Given Democratic Presidential pre-candidate Lyndon LaRouche's proposed financial reorganization, the United States has the capability to trigger an explosion in pharmacological and biomedical discoveries as part of an overall scientific/high-technology-oriented "arsenal of democracy" (see the LaRouche in 2004 campaign's Special Report, *Economics: At the End of a Delusion*). Infrastructure production for new pharmaceutical manufacturing plants is necessary, along with new and continual upgrading of existing plants, and can be financed by low-interest government credit. In combination with entrepreneurial investments, this can assure production of "unprofitable" drugs, like vaccines and "orphan" drugs (those dropped because the lives of only a small number of people depend on them) without which this

country cannot function.

The government's own investments in research and development in breakthroughs (this research contributes now to some drug multitis' lucrative profits), in conjunction with a parity payment system to assure financial return on research, development, and manufacturing investments, can reassert the country's commitment to overcome the scourges of nature. That's what the battle, at its core, is all about.

Today, the drug companies' patent and other policies loot billions of dollars annually from state and Federal programs, retiree health plans, and the general population.

Government regulation, we are told, will "stifle" these companies' R&D efforts. But, a new Families U.S.A. study found that eight of the nine publicly traded companies that market the most used drugs to seniors, spent a total of \$45.4 billion in 2001 on marketing, advertising, and administration, and only \$19.1 billion on R&D. In 2000, Merck and Co. netted 17% in profits, but spent only 7% on R&D. In 2001, the chairman of Merck received \$40.5 million in compensation with \$93.3 million in stock options, while the CEO of Bristol-Myers Squibb received an obscene \$74.9 million in compensation—at a time when health insurance companies are raising premiums by up to 45%, citing high prescription drug costs.

The United States is slipping back to an era when millions were sickened and thousands died of communicable childhood diseases. Immunization against measles, mumps, diphtheria, whooping cough, and influenza, had been one of the great public health victories of the past century. As a result of the nation's immunization program, millions of cases of disease, disability and death have been averted. Billions of dollars have been saved; hospitalizations have been dramatically reduced. Smallpox and polio have been eliminated.

Childhood Immunizations Threatened

The Centers for Disease Control and Prevention (CDC) recommends that children be immunized with 11 different vaccines before entering school—but, because of the current shortages of 8 out of 11 childhood vaccines, the CDC has restructured its immunization schedule to fit the shortage.

At a February 2002 CDC conference addressing the crisis, the AMA warned that the shortages are "rocking the foundation of preventive medicine." For over a year (two years in some cases), acute vaccine shortages existed for MMR (measles, mumps, rubella); invasive pneumococcal-conjugate vaccine and pertussis (whooping cough); and chicken pox (varicella), diphtheria, and tetanus. The shortage of a few of these vaccines is easing, but they are available only on a restricted basis.

Recent medical studies warn that the only way the nation can assure its continued success against these dangerous diseases, is through continued high rates of vaccination. Yet, doctors are now forced to turn away children needing vaccines. If children miss the needed doses, we face a major

public health threat at a time when millions of Americans are losing access to health care.

Consider the growing number of teens, adults, and elderly who carry pertussis (whooping cough) bacteria and are exposing unvaccinated infants. Experts believe that the bug has outsmarted vaccines used to control it for decades, or the bacteria circulating today are different than those circulating in the past.

The reasons for drug shortages are several. There are some legitimate manufacturing difficulties (live organisms used to produce vaccines or biologics do not always grow as needed), but the other causes are, failure to retool plants; misjudging the "demand" for vaccines; insufficient stockpiles; manufacturers who fail inspections by the Food and Drug Administration; and consolidation of the drug industry. Companies stop production of a drug when it is no longer highly profitable to them. Wyeth-Ayerst Laboratories decided to stop manufacturing the tetanus-diphtheria vaccine and Wydase, a drug used on newborns and surgery patients, because the profits weren't worth the costs of upgrading the company's facilities. At the time, its CEO was paid \$27,008,927 a year with \$81,847,567 in unexercised stock options.

The Federal government purchases 52% of vaccines used in the United States, at a negotiated price—now often called too low by drug producers. In 1967, vaccines were made by 26 manufacturers. Today, there are only 12, of which four are large pharmaceutical companies.

One proposal to end the shortages is to activate a 1993 Institute of Medicine plan for a National Vaccine Authority which would oversee the production and distribution of vaccines and monitor the country's needs. A government-owned vaccine-manufacturing plant would supply government-produced vaccine when private manufacturers don't. But, as we'll show in future reports, the scope of this crisis is much, much broader.

Consider the current shortage of 39 critical drug products that hospitals need every day. That list has steadily grown—along with perils to patients. Last year, three patients in California contracted bacterial meningitis after receiving a contaminated medication that was compounded as a substitute for an injectable corticosteroid not now available. All three died as a result.

If a drug company drops production of a medication needed for your well-being, and if there is no other manufacturer willing to take up production of it, you are out of luck. There is no resolution of that crisis without reversing the last three decades of post-industrial, free-market policies.

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