

Healthy Profits in A Dying World:

Three “Killer Industries” and Their Impact on Children’s Health And Survival

CHAPTER 12

Two points of view at the World Social Summit
March 1995:⁶³

The market system unlocks a higher fraction of human potential than any other form of economic organization, and has the demonstrated potential to create broadly distributed new wealth.

—US Vice President Al Gore

Are we really going to let the world become a global market without any rules other than those of the jungle and with no purpose other than ¼ maximum profit in the minimum time?

—France’s late President Mitterand

Corporate Greed Versus Human Need

Wealth, not scarcity, makes people hungry.

—Dinyar Godrej, *New Internationalist*,
May, 1995⁶⁴

Of the 13 million children who die each year, the vast majority live (and die) in conditions of dire poverty. Today, more people live with life-threatening deprivation than ever before.⁶⁵ The United Nations Development Program (UNDP) estimates that one quarter of the world’s population, or more than 1.3 billion men, women, and children, live in absolute poverty with an income of less than one dollar per day.⁶⁶

Some people blame growing poverty and hunger on the increasing global population (see Chapter 15). But the planet—though stressed—still provides enough food and renewable resources to adequately meet the needs of considerably more than the current population. (In some countries farmers are still subsidized *not* to grow food!) As we will discuss later, it is the high consumption rates in rich countries that contribute most to the depletion of non-renewable resources and the deterioration of the global environment.



The chasm between rich and poor, both within countries and between them, has been widening to record extremes.

In its 1993 Human Development Report, the UNDP disclosed that the richest 20% of the world’s people own and control 83% of the earth’s resources. The poorest 20% own and control less than 1.5 percent of resources. This disparity is rapidly growing: the share held by the richest fifth of humanity rose from 70.2% in 1960 to 82.7% in 1989, and to 84.7% in 1991. So 4 billion people must share the remaining 15% of global income, surviving on an average monthly income of US\$70. According to UNDP Administrator J. G. Speth:

The gap between the rich and the poor has not narrowed over the past 30 years, but has in fact widened greatly. In 1962 the richest 20 percent of the world’s population had 30 times the income of the poorest 20 percent. Today the gap has doubled to 60 fold.⁶⁷

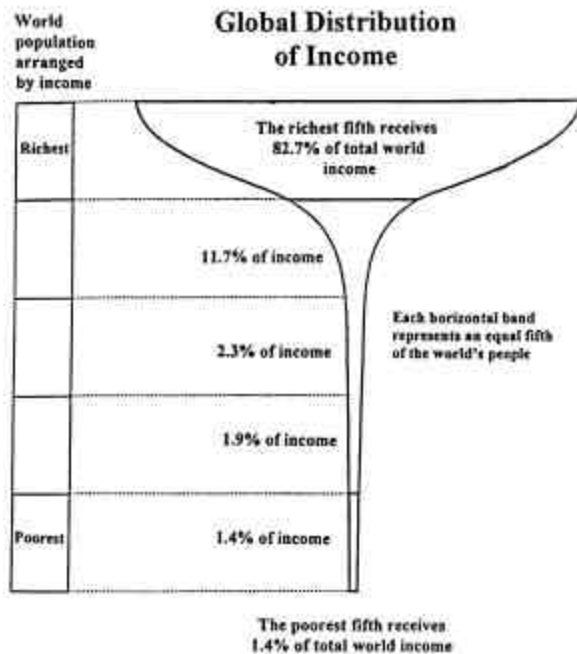


Fig . 3-8 Global distribution of income

By the same token, today the world's 358 billionaires have a combined net worth of \$760 billion—equal to the total assets of the poorest 45 percent of the world's population: about 2.5 billion people.⁶⁸ Many of the world's "filthy rich" are owners/proprietors of the world's biggest businesses and transnational corporations (TNCs). As a group, TNCs control 70% of world trade and 80% of all land growing export crops.⁶⁹ Yet the TNCs employ only 3% of the world's paid labor.⁷⁰ Their huge profits go mainly to a handful of owners. Thus with their emphasis on large-scale industry, nonrenewable energy, and labor-saving technology, TNCs significantly contribute to jobless growth which has increased global unemployment to a crisis level. As David Korten observes: "We are ruled by an oppressive market, not an oppressive state."⁷¹

The TNCs have enormous power. The clout of these private economic fiefdoms is so great that they threaten the sovereignty of independent governments. They influence international economic and development policies (including health policies) to satisfy their hunger for profits. They do this by sinking millions of dollars into *political action committees* (PACs) and lobbies which can either make or break influential politicians. In addition, they maintain a near-monopoly over the mass media (and thus, public opinion) which assists their ability to structure socioeconomic development in ways which feed their insatiable appetite for profit. Washington journalist William Greider writes in *Who Will Tell the People? The*

Betrayal of American Democracy: "Corporations exist to pursue their own profit maximization, not the collective aspirations of the society. They are commanded by a hierarchy of managers, not the collective aspirations of the society."⁷²

This chapter examines three particularly blatant examples of TNCs that have a large and direct causal relationship to child death from diarrhea. These are the infant formula industry, the pharmaceutical industry, and the arms industry.* Although our discussion is limited to these three industries, keep in mind that they are only part of a market-oriented economic order: the so-called *neoliberal* global system, which many critics believe perpetuates global poverty, environmental demise, and poor health. (This is the thesis of the Alternative Copenhagen Declaration at the World Summit on Social Development, held in March, 1995. The Alternative Declaration was signed by over 600 nongovernmental and popular organizations.)**

The three TNCs discussed here are not the only killer industries. A number of other multi-billion dollar, worldwide enterprises manufacture and market products that harm the health of Third World citizens. The list includes the alcoholic beverage industry (\$170 billion a year), the tobacco industry (\$35 billion a year), the illicit narcotics industry (\$100 billion a year), and the pesticide industry (\$14 billion a year). All of these adversely impact the world's environment and its people, both directly and indirectly. We have chosen to focus on the infant formula, the drug, and the arms industries because they have such direct bearing on child health and survival. After all, two keys to combating diarrhea (and to the promotion of child health in general) are breastfeeding and avoidance of the unnecessary use of medicines. Both of these lifesaving measures are dangerously sabotaged by these three industries.

Like many of the other killer industries, the infant formula, pharmaceutical, and arms businesses (along with the tobacco industry) have increasingly turned to the Third World as their new and most vulnerable market. The US government and World Bank have stood firmly behind the TNCs by pressuring for free

*We lack space to fully chronicle the abuses of even these three industries. We refer readers seeking more information on these or other killer industries to the sources cited in our endnotes, to the suggested reading list at the end of this book, and to David Werner's paper *Health for No One by the Year 2000*, which has an extensive appendix on all of the killer industries mentioned above.

**The Alternative Copenhagen Declaration, March, 1995, is available through the Development Gap, 927 15th Street NW, Washington D.C., 20005, USA.

market and free trade—even when their “rights” to profit have been at the expense of children’s health or survival. A number of nongovernmental organizations, more progressive governments, and UN agencies have attempted to limit industry-caused damage to people’s health. But these institutions are no match for the industries, which wield enormous power thanks to their colossal wealth and global reach. Although corporate codes of conduct have been introduced, their teeth have been extracted before birth. Big industries can often get away with simply ignoring or riding roughshod over attempts at regulation.⁷³ Their powerful lobbies have spearheaded the market-friendly (people-and-environment-unfriendly) model of development by establishing a trend of deregulation and by weakening organized labor.

When all else fails, the killer industries know they can always rely on the US government to defend their interests. Corporate executives and Washington officials justify the TNCs’ promotion of dangerous substances to the Third World by arguing that it is the responsibility of

governments to safeguard their citizens’ health. However, this is hypocritical because the companies often choose to export their products to these countries precisely because of their lax regulatory policies. To make things worse, the corporations, the US government, and often the international financial institutions apply relentless pressure on poor nations whenever they do try to crack down on the TNCs. The attempt by Bangladesh to regulate pharmaceuticals is a good example (see page 95).

Unfortunately, the unscrupulous health-damaging corporate actions we describe in these chapters are not isolated abuses committed by a handful of corporate outlaws. They are the norm. The problem is not merely a few unethical individuals (though such individuals certainly exist), but a fundamentally unethical system which leads ordinary, well-intentioned people who are “just doing their jobs” or “acting in the interest of their stockholders” to take unethical actions. Today the composite of such actions jeopardizes not only the health and survival of vast numbers of children, but ultimately the health of the global environment and all of humanity.

The Infant Formula Industry: High Profits and Dying Babies

The United Nations has estimated that health problems associated with bottle feeding result in at least one and a half million infant deaths in underdeveloped countries each year.⁷⁴ Similarly, UNICEF states that 1 million children’s lives could be saved each year if mothers worldwide would exclusively breastfeed their babies until they are four to six months old.⁷⁵

In the US and other developed countries, many parents are becoming aware that breastfeeding is healthier for their babies than bottle feeding. During the last two decades the number of First World mothers—particularly middle and upper class women—choosing to breastfeed their babies has steadily increased. In both developed and underdeveloped countries, women’s activist groups such as the International Baby Food Action Network (IBFAN) and La Leche League (The Milk League) have lobbied for policies that would make it easier for working mothers to breastfeed their babies, including longer maternity leaves, more day care centers, breastfeeding breaks, and areas for breastfeeding in workplaces.

Breast milk is superior to infant formula in several ways. First and foremost, it is the most complete, nutritious food for an infant. As a result, it helps them grow healthy and strong. Breast milk also protects children from infection in two important ways. First, breast milk contains antibacterial substances that help the baby fight off

infections until the baby’s own immune system is fully functional. Second, breast milk is usually free of infectious agents, whereas substitutes given in a baby bottle are often contaminated the time they reach the baby. This



is common in the Third World, where clean water is often not easily accessible and sanitary conditions are poor.⁷⁶

Another major advantage of breast milk over infant formula is that it is free. Infant formula is expensive relative to the incomes of poor people in the Third World. As we have mentioned earlier, the poorest fifth of the world's people earn less than one dollar a day. As a result, many mothers spend money on formula that is desperately needed for food. Because it is so costly, they often over-dilute the formula to make it last longer.⁷⁷ The money spent, the diluted drink, and the infections resulting from contamination all make it more likely that their babies will become malnourished. Malnutrition in turn lowers the babies' resistance to diarrhea and other infections. And not only the bottle-fed baby is affected. The drain on family income may adversely affect the nutrition of older siblings and of the mothers themselves. (Conversely, breastfeeding not only protects the baby, but also reduces the mothers' risk of contracting breast and ovarian cancer.⁷⁸)



Breastfeeding —

Every day, between 3,000 and 4,000 infants die from diarrhoea and acute infections because the ability to feed them adequately has been taken away from their mothers.

—“Take the Baby-Friendly Initiative,”
UNICEF, 1992⁷⁹

Recently, some big foreign companies came to China and took it as a big market for them to sell their substitutes. This is one of the key factors for the decline of breastfeeding.

—Dr. Wang Feng-Lan, Head of
Maternal and Child Health,
Ministry of Public Health, Beijing,
1990⁸⁰

There is a wealth of evidence that in poor communities breastfed babies have a substantially better chance of survival than bottle-fed babies. Studies have shown that, holding socio-economic conditions and other factors con-

In a village where
half the babies are bottle fed $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$ and half are breastfed

for every 25 bottle fed babies who die from diarrhea $\frac{1}{4}$

only one breastfed baby is likely to die.

The rest will remain alive!

stant, the death rate from infant diarrhea is much lower in breastfed babies than in bottle-fed ones. For example:

- A study in Bangladesh found that mortality from diarrhea was up to 70% lower in the breastfed babies.⁸¹
- A study in Brazil found that infants who received no breast milk were 14 times more likely to die of diarrhea than those who were given only breast milk.⁸²
- A WHO review of published research from various parts of the Third World found that infants who received no breast milk were 25 times more likely to die of diarrhea than those who were exclusively breastfed.⁸³
- UNICEF estimates that in communities without clean drinking water, bottle-fed infants are 25 times more likely to die of diarrhea than breastfed ones.⁸⁴
- Studies in the Philippines found that bottle-fed babies are up to 40 times more likely to die of all causes than breastfed ones.⁸⁵

As one author puts it,

Millions of babies have died from inadequate nutrition where an adequate food supply was no farther than the mother's breast.⁸⁶

Breastfeeding is considered so critical to the health and survival of children that UNICEF included its promotion as one of the four key measures of the Child Survival Revo-

lution. In 1981 the agency launched an international campaign to educate mothers that "breast is best."⁸⁷

However, the infant formula industry has become a huge, profitable business, dominated by TNCs. The leading TNC in this case is Nestle, the largest food company in the world,⁸⁸ which controls between 35 and 50% of the world baby milk market. Like several other killer industries, the infant formula business has increasingly targeted the Third World. Its aggressive promotion of bottle-feeding has contributed to a sharp decrease in breastfeeding among Third World women, especially in Latin America and Asia. A 1986 study in five Third World countries found that some 40% of the mothers surveyed used infant formula.⁸⁹

When UNICEF and nongovernmental organizations mounted campaigns to encourage breastfeeding in developing countries, Nestle and other manufacturers of infant formula countered by stepping up their promotional campaigns. They gave medical students and doctors misleading literature and free samples of infant formula, often complete with bottles. They had employees dressed as "milk nurses" make the rounds of hospital maternity wards handing out starter packs of baby bottles and infant formula to new mothers.⁹⁰ This unethical practice gives mothers the impression that the medical establishment approves of bottle feeding. Also, providing bottle feeds for the first several days causes the mother's breasts to go dry, leaving them dependent on the commercial substitute. (Mothers can often get back their breast milk by drinking lots of fluids and letting their baby suck at their breasts very frequently, but few mothers know or are taught this.)⁹¹

SUMMARY OF THE INTERNATIONAL CODE OF MARKETING OF BREAST MILK SUBSTITUTES⁹²	
1.	No advertising of breast milk substitutes to mothers.
2.	No free samples to mothers.
3.	No promotion of products in health care facilities, including no free supplies.
4.	No company "mothercraft" nurses to advise mothers.
5.	No gifts or personal samples to health workers.
6.	No words or pictures idealizing artificial feeding, including pictures of infants, on the labels of products.
7.	Information to health workers should be scientific and factual.
8.	All information on artificial infant feeding, including labels, should explain the benefits of breastfeeding, and the costs and hazards associated with artificial feeding.
9.	Unsuitable products, such as sweetened condensed milk, should not be promoted for babies.
10.	All products should be of a high quality and take account of the climatic and storage conditions of the country where they are used.

Gradually, growing numbers of ordinary citizens in Europe and the US became aware of Nestle's abuses. Outraged, they formed grassroots groups to educate others about the issue and to organize a boycott of Nestle products aimed at *ending unethical promotion of infant formula*. These groups linked up with each other and with Third World groups to mount a massive international campaign, which spearheaded the Nestle boycott. This campaign was coordinated by the International Baby Food Action Network (IBFAN) which is comprised of some 100 groups in 65 countries.⁹³

Largely in response to this campaign, UNICEF and WHO developed a nonbinding "International Code of Marketing of Breast Milk Substitutes" to put an end to these abuses. When the World Health Assembly voted on the Code in May, 1981 it was approved by 118 countries. Only the United States voted against it because of concern "that the Code might have a detrimental effect on US business."⁹⁴

However, continued vigilance has been necessary to keep Nestle and other baby food companies in line. In 1988 the watchdog group, Action for Corporate Accountability, charged that the Nestle Corporation and American Home Products were still violating and undermining the code in many countries. Nestle was accused of promoting its infant formula in Third World health facilities and pharmacies through "posters, advertisements, free and low cost supplies, bribes, competitions, and sales representatives."⁹⁵ Nestle has also subverted the code by pressuring Third World governments not to enforce it stringently, reportedly convincing them that the baby food industry can be trusted to regulate itself.⁹⁶

Action for Corporate Accountability has responded to these bad faith actions by reviving the boycott.⁹⁷ The goal of the new boycott, which has spread to fourteen countries, is to force Nestle to stop promoting bottle feeding altogether.⁹⁸ But Nestle is showing no signs of changing its ways. In August, 1994 IBFAN released its *Breaking the Rules* report, chronicling the marketing activities of 74 infant formula companies in 62 countries.

Nestle was responsible for about 30% of complaints (twice as many as any other company). The report details how Nestle has continued to systematically violate the Code in more than 40 countries.⁹⁹ In response, Nestle defiantly published a brochure entitled *Marketing of Baby Milk* which stated that "In 1994, Nestle investigated 455 allegations made against them. Three required corrective action."¹⁰⁰ The pictures of fat, healthy babies on Nestle's infant milk products are still powerful product advertisements that reach even illiterate village mothers.

In the Third World, bottle feeding has taken deep root and in many countries is becoming more prevalent. The number of infants who die as a result is steadily increasing. Some estimates place the number of bottle feeding related deaths at 1½ million per year—up 50% from estimates just a few years ago.¹⁰¹ If this trend is to be reversed, watchdog groups such as IBFAN must keep up vigilance and pressure on the baby food multinationals. A massive education campaign is needed in the Third World to raise awareness of the importance of breastfeeding and of how TNCs—often aided and abetted by big government—use every trick they can to increase their profits, regardless of the human suffering they cause.



A cartoon from "Pan," a paper produced during the Rome World Food Conference, illustrates the pressure of Western advertising.

The Pharmaceutical Industry: Unscrupulous Promotion of Useless and Dangerous Drugs

Global pharmaceutical sales have been skyrocketing in recent years, from \$22 billion in 1980 to \$195 billion by 1991, and reaching \$259 billion in 1994 (the latest year for which figures are available).¹⁰² With an average annual profit of 18% since 1958, and estimated excess annual profits of \$2 billion in 1991,¹⁰³ the pharmaceutical

industry is the third most lucrative business in the United States. The drug companies have a powerful lobby with which to buy the support of politicians. The US government helps to guarantee their high rate of return by giving drug companies substantial tax benefits and subsidies for research (the priorities of which, as we will see, are



skewed). It also gives 22-year patent protection that assures the companies monopoly control and almost unrestricted pricing rights over new products. Profits of the drug companies rose sharply under the Reagan and Bush Administrations, which relaxed regulations on them, especially for exports overseas.

Like the infant formula industry, the tobacco industry, and many other killer industries, the pharmaceutical industry has targeted the Third World as a prime market because of its lax regulations and paucity of product information. In the case of the drug industry, a further factor that makes developing countries attractive is their abundance of pressing health problems, which creates an enormous demand for medicines.

Many Third World countries import or produce domestically 15,000 to 20,000 pharmaceutical products. These nations often spend up to half of their health budgets on these drugs.¹⁰⁴ Yet most of these medicines are unnecessary. Out of some 270,000 pharmaceutical products on the global market, WHO has compiled a list of about 270 essential drugs that are needed for the management of virtually all human ailments.¹⁰⁵ Most experts agree. Health Action International (HAI), a Netherlands-based watchdog group that monitors the abuses of drug companies, estimates that 70% of the medicines the drug companies sell to the Third World are nonessential. If underdeveloped countries were to stop buying these unnecessary drugs, they could cut their spending on medicines by over half, freeing more than \$7 billion that could be used to purchase essential drugs and fund preventive measures and Primary Health Care.¹⁰⁶

Some pharmaceuticals sold to Third World countries are unnecessary because they duplicate other medicines already available. But many others are completely ineffective or harmful. Antidiarrheal drugs are a prime example. As we saw in Chapter 8 (see page 55), WHO has stated that these drugs have no legitimate role in the

treatment of diarrhea.¹⁰⁷ Yet the drug companies continue to aggressively promote and market them, and sales of these products are increasing sharply.¹⁰⁸ In Kenya, for example, the most widely used medicine for diarrhea is ADM, a kaolin-pectin mixture whose use the American Medical Association calls “unwarranted” and which, according to a British drug guide, has “no part to play in the treatment of infantile gastroenteritis.”¹⁰⁹

Even worse, many of the medicines the drug companies market in the Third World are dangerous. For example, during the 1980s a local subsidiary of Janssen Pharmaceuticals marketed the antidiarrheal Imodium in Pakistan despite a 1980 WHO warning that the medicine should not be used because it can paralyze a child’s intestines. In 1989–1990, the drug was responsible for the death of several Pakistani infants. The subsidiary continued to sell the product for six months after the first deaths occurred. Only after British television ran a graphic exposé on the affair did the company agree to withdraw Imodium from the market, still refusing to acknowledge that the drug was unsafe.¹¹⁰

The drug companies treat poor countries as a dumping ground for pharmaceuticals that are banned or restricted in the parent countries because they can cause serious side effects.

For example:

- Winthrop and Carter-Wallace Inc. continued to market the painkiller Connel (the brand name for dipyrone) in Mexico and other Third World countries through overseas subsidiaries fourteen years after the US Food and Drug Administration (FDA) banned its domestic use because it was linked to a fatal blood disorder.¹¹¹ Neither company informed Third World consumers of this ban, and Carter-Wallace didn’t even include warnings of this potential side effect.¹¹²

- After the FDA severely restricted Upjohn's antibiotic Lincocin for being less safe and effective than cheaper equivalents, the company began promoting the drug heavily in Latin America. It was so successful in this regard that by 1978 Lincocin had become the second best-selling drug in Mexico,¹¹³ where village stores sold it for coughs, colds, and diarrhea.

High cost of medicine can be deadly

In marketing their products in the Third World, drug companies often downplay or completely fail to mention their side effects while overstating their benefits.¹¹⁴ Perhaps the most dangerous side effect of the medicines the drug companies market in the Third World has to do with their cost. As Virginia Beardshaw of HAI notes, poor Third World families "will mortgage their land, sell their cattle and sell their seed to buy medicines which they mistakenly think will save their children."¹¹⁵ This leads them to spend on unnecessary medicines money sorely needed to buy food for their children.¹¹⁶ As in the case of infant formula (and ORS packets) this misguided expenditure may contribute to greater child malnutrition, which lowers children's resistance to disease. As mentioned in Chapter 8, Third World families spend over \$1 billion per year on useless and often harmful medicines for diarrhea.



The economic burden that medicines impose on poor people in the Third World is increased by the fact that they are often overpriced there.¹¹⁷ For widely used drugs such as Tetracycline, drug companies sometimes charge three to four times as much in Third World countries as they do in First World Countries.¹¹⁸

Because of these excessive prices and the fact that poor people get sick more often than wealthier ones, poor families often spend a substantial share of their budgets on medicine. The Makapawa community-based health program, located on the outskirts of Tacloban City in the Philippines, offers an example both of the economic burden that medicines often impose on poor families, and of how people can work together to lighten this burden. The health workers there found that the money local poor families were spending on costly medicines instead of on food contributed to the undernutrition (and high death rate) of their children. When families began to cooperatively prepare their own herbal medicines for common ailments—including a sweetened herbal drink for diarrhea—they spent less on pharmaceuticals and had more money left to buy food. With more to eat, their children gained weight, and became sick and died less often. The community health workers proudly showed one of the authors (David Werner) records demonstrating this.¹¹⁹

Like the manufacturers of infant formula, the drug companies bombard the Third World with well-funded, slick, and often dishonest advertising campaigns. For example, in Bangladesh, detail men (drug company salesmen) outnumber doctors seven to one (as compared to three to one in the US).¹²⁰ Joel Lexchin relates a story of a Hoechst detailer in that country trying to persuade a doctor that Lasix (furosemide, a diuretic) was a good drug to use for children who had kwashiorkor (swelling from severe malnutrition). "When it was pointed out to the detailer that the swelling might go down if Lasix was used but the child would be killed, the detailer responded 'Well, the child is going to die anyway.'"¹²¹ Equally shocking, the Merck company's 1980 Bangladesh marketing plan called for two of its products to be promoted to "fresh graduates and potential quacks."¹²²

In 1991 the pharmaceutical industry spent \$10 billion on advertising and promotion, as compared to \$8 billion on research and development.¹²³ It's also worth noting that little of the money the drug companies *do* earmark for research is invested in developing medicines for the diseases of poverty. Instead, the bulk of this money is spent on finding cures for the diseases of the First World and Third World elites, and on turning out "me-too" drugs which offer no therapeutic advantage over products

already on the market.¹²⁴ In their zeal to push their products, many drug companies often go so far as to offer Third World health officials bribes to buy large quantities of medicines that are unnecessary, overpriced, or banned in their parent countries.¹²⁵ Despite being repeatedly found out and penalized, many companies continue this practice.

The drug companies are not the only culprits. Third World pharmacists also contribute to the problem of unnecessary, dangerous, and overpriced medicines. As UNICEF notes, "private pharmacists and unqualified druggists have taken over the role of primary providers of health care in many regions."¹²⁶

These pharmacists—along with shop keepers and street vendors who play the role of pharmacists in thousands of Third World villages—often have a strong incentive (the profit motive) to prescribe drugs whether or not they are appropriate. In areas where UNICEF's Bamako Initiative or similar cost-recovery schemes are being implemented, health workers—who rely on the sale of medicines to cover their costs and pay their salaries—also have an incentive to over-prescribe.

The result is a plague of over-prescription and overuse of medications which has reached epidemic proportions. The economic burden this "pharmaceuticalization of health care" places on already impoverished families is staggering. Privatization and user-financing schemes which shift the burden of costs from under-funded health ministries to poor families only compound the problem.

Taking all this into account, it can be safely argued that the Third World's over-reliance on commercial medicines for treating common childhood illnesses—especially diarrhea—contributes significantly to high child mortality.

Transnationals' and the World Bank's attack on essential drug policies

Some Third World countries that have adopted essential drug policies in keeping with WHO guidelines have sought to regulate the pharmaceutical companies themselves. In the early 1980s, one of the world's poorest countries, Bangladesh, took a daring step when it prohibited the import of a long list of nonessential drugs. The multinational drug companies were furious. They did everything in their power to pressure the Bangladesh Health Ministry into abandoning the policy. The companies even refused to sell essential medicines to the country, thus jeopardizing

millions of lives. Predictably, the US government threw its weight behind the pharmaceutical industry, threatening to cut off foreign aid to Bangladesh if it did not rescind its health-protecting laws.¹²⁷

Thanks in part to the support of Sweden and several other progressive European countries, Bangladesh managed to stand its ground until it could step up its domestic production of essential drugs. One crucial step in this process was the creation of the Gonoshasthaya People's Pharmaceutical Company. This nongovernmental, non-profit factory produces several essential drugs at prices 33 to 60 percent less than those of the multinationals. Committed to empowering and improving the economic situation of the least privileged members of society, Gonoshasthaya trains and employs mainly poor single mothers.¹²⁸

But recently Bangladesh's National Drug Policy has come under renewed attack, this time by the World Bank. The Bank's *structural adjustment policies* have already forced Bangladesh to cut spending on health care, education, and food subsidies for the poor. And recently the Bank has been putting pressure on Bangladesh to make "detailed changes" in its National Drug Policy to bring it closer into line with a "free market" approach. The Bank insists that the current global orientation toward "free market" and "free trade" make it imperative that the country permit the multinational drug companies unrestricted markets in their country. Unfortunately the Bangladesh Medical Association—which has strenuously opposed the essential drug policy—has from the start sided with the World Bank. Bangladesh's new government also took steps to dismantle the national drug policy.

Similar stories can be told for many other countries. When Sri Lanka introduced a policy similar to that of Bangladesh, the American Pharmaceutical Manufacturers Association again responded by halting drug sales to the offending country. Sri Lanka ultimately gave in and watered down the policy.

Health rights activists have often criticized WHO, UNICEF, and other UN agencies for not taking a stronger stand against the economic policies and development strategies that permit TNCs to profit at the expense of poor nations and disadvantaged people. But, to a large extent, the hands of these agencies are tied. It is very hard, for instance, for WHO to take steps to regulate the unethical conduct of the multinational drug companies. The pharmaceutical industry, like the other killer industries, can count on the support of the same First World governments that provide most of WHO's funding to make sure WHO toes the line. The US government, which provides about 25% of the WHO's budget

is a consistent champion of big business. The US has threatened on several occasions to stop funding WHO if it becomes “too political”¹²⁹—that is, if it defends the interests of the poor when they conflict with big business. Such pressure helps explain why WHO has yet to follow through on its essential drug list by drawing up a code regulating drug marketing practices.

These pressure tactics were blatantly illustrated at a November 1985 closed-door meeting in Nairobi, Kenya organized by WHO. The issue being discussed was whether the pharmaceutical industry should have the right to promote and distribute its products in the free of regulation Third World. The interests of the industry were defended by Roger Brooks* of the Heritage Foundation, an ultra-right-wing, pro-business lobbying organization with close ties to the Reagan Administration.¹³⁰ Brooks slipped a propaganda piece into the folders handed out to conference participants.¹³¹ In this polemic, Brooks charged that the consumer activist groups advocating a marketing code were really advancing a hidden agenda of “redistributing the world’s wealth by fiat.”¹³²

After (then) WHO Director General Halfdan Mahler threatened to have him arrested, Brooks apologized for his action. However, the powerful forces that Brooks represented apparently succeeded in intimidating WHO. Under pressure from drug company delegates attending the conference, Mahler abruptly moved to cancel a scheduled premiere of *The Pill Jungle*, a film about pharmaceutical industry abuses that WHO had cosponsored with Radio Nederland TV.¹³³ Mahler also prevailed on the Kenyan government to cancel a scheduled airing of the film on local television. At the Kenya conference, WHO was frustrated once again in its efforts to formulate an effective marketing code.¹³⁴

At the World Health Assembly in 1986, when the question of codes came up, the United States delegate stated that “it has been our strong position that the WHO should not be involved in efforts to regulate the commercial practices of private industry.”¹³⁵ In 1986 and 1987 the US withheld its contribution to the WHO budget, allegedly because it disapproved of WHO’s policies on breast milk substitutes and essential drugs.¹³⁶

*Two years later Brooks, who was the head of the Foundation’s UN Assessment Project, was appointed to a US State Department position in the policy planning branch of the Assistant Secretary for International Organizations, where he was responsible for “help[ing] formulate overall US policy towards the UN.”

Today the prospects for a strong code appear even less promising. In 1988 WHO’s Director-General Mahler—who at least was committed to such a code, was replaced by Hiroshi Nakajima, who was expected to be more amenable to the viewpoints of the US, Japan, and the drug industry.

One of Nakajima’s first actions was to replace the head of the Action Programme on Essential Drugs, Dr. Lauridsen—who had courageously fought for an Essential Drug Code—with more conservative personnel. In light of the constraints on WHO’s action and the negative role played by the US government, many observers agree with author Jacqueline Orr that:

Currently, consumer critics, international public interest organizations, and grassroots activists offer the greatest hope for protection of people’s health against the [pharmaceutical] industry’s aggressive pursuit of healthy profits.¹³⁷

It is encouraging, however, that in the early 1990s—in part, perhaps, in response to encouragement and pressure from below—WHO seemed to be taking a somewhat stronger position. In 1990 it published an important document titled, *The Rational Use of Drugs in the Treatment of Acute Diarrhoea in Children*.¹³⁸

Ciba-Geigy’s dark history with drugs for diarrhea—and its friendship with WHO

Ciba-Geigy, one of the world’s largest pharmaceutical companies, has a long history of promoting unsafe and/or ineffective products and covering up their sometimes deadly side effects. For more than 50 years, the company marketed an ineffective and dangerous anti-diarrheal drug, *clioquinol*. Long one of the best-selling diarrhea medicines worldwide, *clioquinol* reportedly “contributed to [Ciba’s] development into one of the world’s largest transnational pharmaceutical companies.”¹³⁹

From early on, there was evidence that *clioquinol* was both ineffective and unsafe. Yet as the evidence mounted, for decades, Ciba-Geigy stubbornly refused to withdraw the drug from the world market.¹⁴⁰ The following account is taken from *Inside Ciba-Geigy*, by Olle Hansson, a Swedish neurologist and pediatrician who fought for 25 years to force the company to stop selling this dangerous drug.¹⁴¹

The first reports of serious neurological damage caused by *clioquinol* were published in 1935, a year after the drug had been introduced under the brand name of *Entero-vioform*.¹⁴² At that time Ciba promised to warn

physicians of its dangers, but failed to do so.¹⁴³ Even as increasing reports of paralysis and blindness secondary to use of clioquinol began to pour in, Ciba-Geigy repeatedly dismissed them and assured doctors and users of the drug's safety.¹⁴⁴

Finally, in 1970, events reached a crisis point. In Japan, researchers concluded that a mysterious disease called SMON (sub-acute myelo-optic neuropathy) was caused by clioquinol.¹⁴⁵ This disease had caused nerve damage and often blindness and paralysis in at least 11,000 persons starting in 1955,¹⁴⁶ Ciba-Geigy was taken to court, and—after fighting the charges every step of the way—was forced to pay some \$776 million in damages to the victims.¹⁴⁷ Japan banned clioquinol in 1970.¹⁴⁸ In 1972 Ciba-Geigy removed it from the US market for “economic reasons.”

However, Ciba-Geigy continued to market clioquinol in many countries.¹⁴⁹ Not until 1985 did the company finally stop producing and selling the drug.¹⁵⁰ (Even though Ciba-Geigy is no longer directly involved, clioquinol continues to be marketed in the Third World to this day. A 1990 survey by Health Action International found that 13% of the antidiarrheal medicines being marketed in eleven Latin American countries contained the drug.)¹⁵¹

In recent years Ciba-Geigy has tried hard to clean up its image. But with its track record involving 50 years of unethical marketing of a medicine for diarrhea, one might think WHO would be cautious in accepting this giant drug company as a major sponsor of its diarrhea control efforts.

Yet for a decade Ciba-Geigy made generous donations to WHO's Programme for the Control of Diarrhoeal Diseases (PCDD), and from 1986 through 1989 increased its donations to more than one million dollars per year.¹⁵² Ciba-Geigy contributed US\$2,650,970 to the PCDD in the biennium 1988–1989, over 12% of its budget.¹⁵³

It is hard to say what influence—if any—Ciba-Geigy's donations to the PCDD have had on WHO's continued heavy promotion of glucose-based ORS packets. A highly respected leader in ORT research—who prefers to remain anonymous—has commented in a letter to us that, “I think it will be hard to prove through any paper documents that WHO/PCDD has been directly influenced by the industries that package and process oral hydration solutions. As increasing amounts of their budget [came] from that source, however, we would expect that their policy would reflect this.” Ciba-Geigy discontinued its contributions to WHO after 1989.

WHO's Relationship with Galactina S.A.

Ciba-Geigy is not the only big corporation that has had close ties to WHO's PCDD. Another is Galactina S.A., a multinational baby-food corporation which toward the end of the 1980s was collaborating with WHO to develop *commercial packets of cereal-based ORS*.

To many of us concerned with health policy, the revelation of this collaboration came as a shock. For many years WHO's PCDD has consistently declined to recommend wide use of any form of food-based ORT (except as non-specific “home fluids”). In conferences it has repeatedly down-played research documenting the effectiveness of CB-ORT, consistently calling for “more research.” So adamant has been WHO's public skepticism toward food-based ORT that it refused to attend an *ad hoc* meeting on the subject at the Third International Conference on Oral Rehydration Therapy. Similarly, WHO was reluctant to participate officially in the International Symposium on Food-Based Oral Rehydration Therapy, a meeting organized by the International Child Health Foundation in collaboration with Aga Khan University that was held in Karachi, Pakistan in November 1989.

However, a WHO staff person did unofficially attend the Karachi Symposium accompanied by representatives from Galactina S.A. To nearly everyone's surprise a collaborative venture between WHO and Galactina was announced.¹⁵⁴ A film was shown that portrayed a new Galactina factory already beginning commercial production of cereal-based ORS packets (using rice powder as the main ingredient). Some conference participants expressed outrage at this liaison between WHO and Galactina S.A. However, PCDD staff have subsequently explained that WHO, although it has never fully endorsed cereal-based ORS, has long been involved in researching its possibilities. For this and similar research—often not possible within the restrictions of its budget—the PCDD has collaborated with pharmaceutical, food, and other corporations. (It is worth noting that corporations producing foods and/or baby-foods have financed most of the studies done on cereal-based ORS.)¹⁵⁵

Ciba-Geigy and Galactina S.A. are not the only multinationals that want to get in on the ground floor of commercial ORS products. The listed sponsors of the Karachi food-based ORT symposium included Nestle and Gerber (baby foods).¹⁵⁶ In fact, many of the big pharmaceutical and baby food corporations had representatives at the symposium, as did Intermed (a non-profit charitable organization, sponsored by a collection of the big drug companies, which provides free health education materials and cut-rate medicines to Third World health pro-

grams). Nestle had two representatives present, one of whom claimed to work simultaneously for WHO.¹⁵⁷

It is hard to know how much of the donations and charitable work of corporations such as Nestle and Ciba-Geigy reflect an effort to whitewash their tarnished image, and how much is aimed at winning favors or contracts from agencies and programs in the health field. Both the pharmaceutical and infant food industries have come under heavy criticism for their long history of influence-buying of politicians and of wooing health professionals through free samples, special conferences, scholarships, research grants, free literature, and a wide range of gra-

tivities.¹⁵⁸ The recent plethora of alliances between multinational corporations and international health and development agencies merits close scrutiny.

It should be noted that, despite its relationship with Galactina, WHO's courtship with cereal-based ORS appears to have been short-lived. At a meeting in Dhaka, Bangladesh in December, 1994, WHO concluded that there is no advantage to rice-based ORS, and so standard (glucose-based) ORS should be used as the preferred option. Nevertheless, in many countries several CB-ORS products, such as Rice-Lyte, are now on the market.

Arms And Military Equipment — a \$750 Billion-a-year Industry

One of the reasons most often cited for poor health is lack of sufficient funds for basic health services. However, this seems like a poor excuse in a world that spends over \$750 billion each year on the military.¹⁵⁹ Since World War II, the world has spent \$30 –35 trillion on arms.¹⁶⁰ It is ironic that money desperately needed to provide services to children, women, and men is spent instead to deploy weapons and soldiers which either deprive those very people of their lives and health, or are so dangerous that they dare not be used. UNICEF estimates that during the last decade, child victims of war include 2 million killed, 4–5 million disabled, 12 million left homeless, more than 1 million orphaned or separated from their parents, and some 10 million psychologically traumatized.¹⁶¹

The aims of the arms industry are antithetical to good health. The wares it produces and promotes are nightmares of death and destruction, designed specifically to kill and maim. In addition to the direct physical violence that weapons inflict on their victims, the industry itself inflicts economic violence by diverting enormous sums of money and other resources from health and other social programs. The arms industry cynically promotes fear, distrust and conflict through suggestive advertising and by actively lobbying governments around the world to purchase their products.

Nowhere has the arms industry been more successful than in the United States, which spends over \$250 billion annually on arms.¹⁶² The military industry is one of the biggest, most profitable, and politically most powerful in the country. Although ten giant military contractors account for one third of all US weapons contracts, about 35,000 businesses receive Department of Defense contracts and about 150,000 subcontract for these firms.

The top military contractors—IBM, General Motors, Ford, Boeing, Lockheed, Rockwell, and General Electric—represent the backbone of American Industry.

In September 1987, the United Nations called a meeting of member states to discuss the theme of Disarmament and Development. The US was the only nation that refused to attend the conference—which it boycotted, claiming that disarmament and development are unrelated issues, and that the Soviet Bloc had instigated the conference to attack US policy.¹⁶³ Even today, with the Cold War over, US arms merchants, acting with the support of the Clinton Administration, continue to peddle their lethal wares abroad. (It should be noted that while the United States has historically been the chief exporter of death, France surpassed the US in arms exports in 1994 with \$11.4 billion in sales.¹⁶⁴)

People in underdeveloped countries suffer greatly, directly and indirectly, from high military expenditures. Since 1960, Third World countries have increased their military spending over twice as fast as their living standards.¹⁶⁵ From 1972 to 1982, while developing countries' spending on health and education fell, their military expenditures soared from \$7 billion to over \$100 billion.¹⁶⁶

By 1986 the 43 countries with the highest infant mortality rates spent three times as much on defense as on health.¹⁶⁷ In that same year, the industrialized nations spent over twenty times as much on the military as on development assistance.¹⁶⁸ By 1988, military spending in the developing countries totaled \$145 billion—an annual expenditure that would be sufficient to end absolute poverty around the globe within the next ten years, allowing people throughout the world to satisfy their own and their children's needs for food,

clean water, health care, and education.¹⁶⁹ Former Costa Rican president Oscar Arias Sanchez, whose own country disbanded its armed forces in 1948 (and has ever since been realizing a peace dividend that he estimates came to \$100 million for the year 1987), contends that in squandering such vast sums on the military these governments are guilty of "an act of aggression against the well-being of their peoples."¹⁷⁰

And, as George Kent points out,

The linkage between hunger [and poverty] and military expenditures is not simply in the budgetary allocations; it is also in the ways in which armed forces are used to sustain repressive regimes. More hunger and more children's deaths result from the structural violence of repression than from the direct violence of warfare.¹⁷¹

Ruth Leger Sivard has categorized third world countries for their repressiveness in terms of whether there is *no*, *some*, or *frequent* official violence against citizens. If we check these data against the infant mortality rates, we find that those countries which impose *no* official violence against citizens have an average infant mortality rate of 54, while those which impose *some* or *frequent* violence have average infant mortality rates of about 90.¹⁷²

Defense budgets protect the interest of the powerful through the ways in which the arms are used, and also by the ways in which the money spent rewards political allies of the powerful. To some extent defense budgets constitute a form of welfare for the rich.

Governments suggest that defense establishments serve all of their people's interests, but defense serves mainly the rich, not the poor. Poor people are still trying to get, while the rich want to protect what they already have... [Poor people] don't have a stake in the status quo in the way the rich and powerful do. No wonder poor people are far more concerned with development than with defense. If the poor were the ones who allocated the world's resources, we could be sure that far less would be spent on defense and far more on child survival.¹⁷³

Kent clarifies that the most important way militarization contributes to low levels of child health in the Third World is by perpetuating the institutionalized inequity which is the ultimate root cause of poor people's health problems. He notes that

Grossly undemocratic societies are characterized by gross inequalities. They are inherently unstable unless they are held together by force and intimidation. Thus repression requires militarization. It would be a mistake to think that

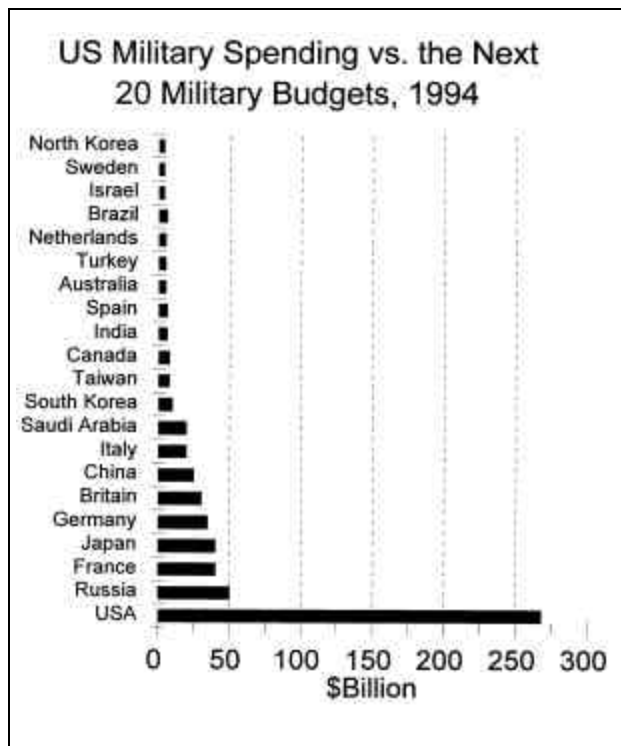


Fig . 3-9

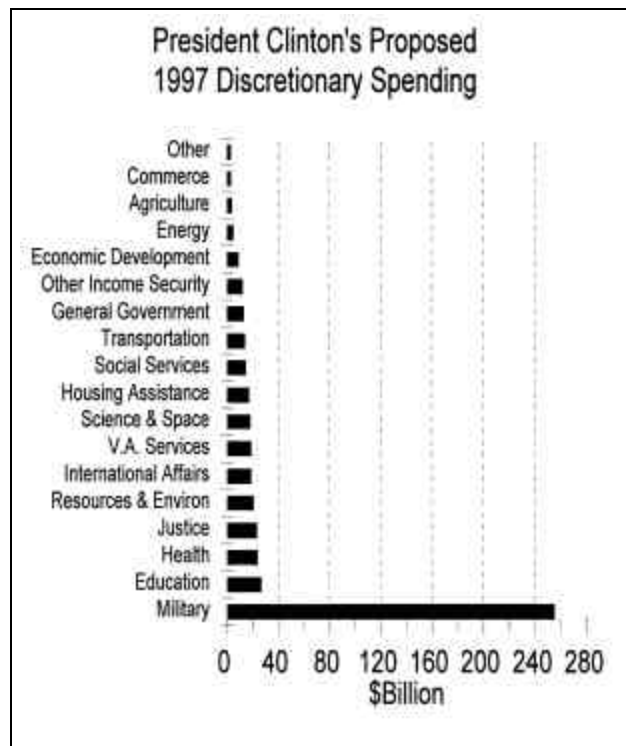


Fig . 3-10

ending active warfare would in itself lead to great gains in child survival. Structural violence must be ended as well.¹⁷⁴

Thus in order to realize the goal of “health for all,” we must not only demand an end to militarization, but also work to correct the inequitable distribution of wealth and power that it is designed to sustain. As Kent puts it,

We should be concerned not only with negative peace, understood as the absence of warfare, but also with positive peace, understood as the presence of justice.¹⁷⁵

Faced with huge foreign debts, many poor countries have been forced by the International Monetary Fund (IMF) to severely cut their budgets for health and education. Yet military budgets of Third World governments are today on average seven times higher than they were in 1960.¹⁷⁶ Curiously the IMF almost never requires that a developing nation reduce its military budget (see page 85).¹⁷⁷

Like the pharmaceutical, infant formula, and tobacco industries, the arms industry has come to consider the Third World its most promising, fastest-growing market and is actively promoting its products there. Often this process is expedited by US foreign military aid. Arms sales under US government auspices during the 1970s were almost \$100 billion, eight times greater than in the previous two decades combined.¹⁷⁸ During the 1980s, military aid became the largest category of US foreign aid.¹⁷⁹ And a disproportionate amount of US military aid has gone and continues to go to repressive governments with poor human rights records.¹⁸⁰ Examples include El Salvador, Honduras, Guatemala, Colombia, Peru, Israel, Egypt, Saudi Arabia, Pakistan, South Korea, the Philippines, Thailand, Taiwan, and Turkey. As part of its relentless drive to destabilize progressive governments and movements through the strategy of “low-intensity conflict,” Washington also has supplied covert military assistance and training to a number of paramilitary groups which routinely commit human rights violations against civilians, including the Contras in Nicaragua, the death squads in El Salvador, Guatemala, and elsewhere in Latin America, UNITA in Angola, RENAMO in Mozambique, and the Khmer Rouge in Cambodia.

Massive supplies of arms from northern countries, armed violence, and militarization are increasing in the Third World. Not surprisingly, this increased violence is having an escalating impact on health. According to the Stockholm International Peace Research Institute, the number of major wars—those that kill at least 1,000 people—rose to 34 in 1993, after having dropped from 36 in 1987 to 30

in 1991.¹⁸¹ Moreover, due to technological advances and changes in strategy, warfare has taken an increasing toll on the civilian population as this century has progressed. Whereas there were only a few noncombatant casualties in the First World War, civilians made up half the killed and wounded in the Second World War, and they account for 80%–90% of those killed, maimed, or traumatized in today’s conflicts.¹⁸² At least three times as many people are injured as are killed. Many more die or suffer as a result of secondary, indirect effects that make themselves felt after the fact.

One frightening trend in warfare is an increasing tendency to conscript children for active military duty, essentially using them as cannon fodder. One author reports that

Thousands of children are currently bearing arms in at least 20 ongoing conflicts. Even children as young as nine years old are used as frontline combatants in unwinnable battles, as decoys to lure opposing forces into ambush and as human mine detectors to explode bombs in front of advancing adult troops.¹⁸³

Those children who survive such ordeals often emerge physically and psychologically scarred.¹⁸⁴

Rehabilitation International found that the war in Afghanistan has resulted in 100,000 disabled children, and that conflicts in Mozambique and Angola are responsible for 50,000 and 20,000 amputees, respectively, many of them civilians.¹⁸⁵ Many of the injuries in Afghanistan and Angola have been inflicted by land mines; fifteen million mines have been sown throughout the former country and hundreds of thousands in the latter.¹⁸⁶ They will continue to disable civilians long after the wars in these nations are officially over. Globally, land mines are responsible for killing or maiming more than 20,000 persons each year, many of them children.¹⁸⁷ Yet mines are still being laid 25 times faster than they are being removed, with up to 2 million new mines being planted each year.¹⁸⁸ Resisting international pressure to ban the use of mines, the United States and other countries insist that they need these indiscriminate killers.¹⁸⁹

Another example of the impact of the arms industry is the effect of the Gulf War on Iraqi civilians. As devastating as the pounding that Iraq withstood was, it pales in contrast to the economic pummeling of Iraq’s population in the years since. Iraq’s infant mortality rate increased by some 330% in 1991, and its under-5 mortality rate rose 380%, from 27.8 to 104.4 deaths per thousand live births.¹⁹⁰ William M. Arkin, a former Army intelligence

officer who works with Greenpeace International, estimates that 70,000–90,000 Iraqi civilians had died as of December 1991 as a result of conditions caused by the war.¹⁹¹

Even so, one could scarcely have guessed that by 1995, a study in Baghdad by the United Nations Food and Agriculture Organization (FAO) would reveal that severe malnutrition in 1 to 5-year-old children is rampant, with 28% stunting, 29% underweight, and 12% wasting as a result of food shortages due to prolonged sanctions. From 1990 to 1995 the mortality rate for children under five increased six times over pre-war levels. This can be regarded as the result of two major detrimental factors: malnutrition of mothers and children, and the widespread prevalence of infectious diseases, especially diarrhea, interacting with each other. According to conservative estimates, more than 1 million people, most of them children, have died in Iraq because of the sanctions. Today, 4 million people, half of them children, are starving to death in Iraq.¹⁹² The US government's own Census Bureau reported that the war had reduced the life expectancy for Iraqi men from 66 to 46 years and the life expectancy for Iraqi women from 68 years to 57 years.¹⁹³

Former attorney general Ramsey Clark calls the blockade

a crime against humanity ... a weapon of mass destruction [that] attacks infants and children, the chronically ill, the elderly and emergency medical cases. Like the neutron bomb it takes lives, it kills people, but it protects property, it doesn't destroy property. So when you look at the effect of what we generally call the sanctions on Iraq, you see hundreds of thousands of deaths caused by those sanctions, far more than all the deaths caused by the military assault by the US, which included 110,000 aerial strikes in 42 days; one every 30 seconds night and day that dropped 88,500 tons of bombs, the equivalent of seven and a half Hiroshima bombs. But the sanctions have killed more than four times the number of people than the bombings killed.¹⁹⁴

The United States' overpowering military might—largely the result of an overzealous arms industry promoting their products in a free market—seems to have engendered audacious cruelty on the part of its leadership while intimidating the rest of the world's leaders into a conspiracy of silence. How else can one explain carnage on this scale?

Conclusion to Chapter 12

This chapter has provided a glimpse into the ways in which interests and actions of three transnational industries can conflict with public interest and compromise the health and survival of children. Corporate power has grown to planetary proportions, too often placing aspirations of private profit before the common good. The powerful lobbies have spurred the free market paradigm of global development, with its trend to deregulate international trade and to champion unbridled pursuit of inequitable economic growth. As the triumvirate of big government, big business, and the international financial institutions (IMF and World Bank) increasingly find ways to maneuver the United Nations and other international agencies, the needs and wishes of common people are side-lined. It is now up to nongovernmental organizations, activists, watchdog groups, consumers unions, and grassroots movements to try to make the corporate world—and big government—more accountable.

Fortunately, around the world, watchdog and consumer organizations are helping to monitor and rein in the abuses of big industry. Actions and boycotts organized by IBFAN, La Leche League, and other networks have raised public awareness and put pressure on Nestle and other breast milk substitute producers to conform more closely to the Code of Conduct. Likewise, Health Action International (HAI)—with all its national and regional affiliates such as the Buko Pharma Campaign in Europe, Public Citizen in the US, and HAIN in the Philippines—has helped reduce the transgressions of the giant drug companies. But it is an up-hill battle. And the arms industry is thriving. In the present conservative world climate, new and more united grassroots efforts are needed to prevent backsliding.

Clearly, any serious attempt to enhance child survival and well-being must address the abuses committed by these unscrupulous businesses and by the other killer industries. But we must remember that beneath the health-damaging activities of transnational corporations lies an entire global economic system and power structure, of which the TNCs are only one part. In the last two decades the international financial institutions, whose lending policies and guidelines for economic development closely adhere to the interests of the corporate world, have gained overarching global power and influence. In the next chapter we will see how the World Bank has, to a large extent, taken over the role of the World Health Organization in health policy planning for the Third World, and how this has further weakened and distorted the implementation of comprehensive primary health care.