Spate of massive recalls highlights failure of the free market

Naomi Spencer
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The recall announcements by global toy company Mattel earlier this month involving some 19 million items are only the latest in a string of such actions by major corporations.

On August 14 Mattel announced the recall of 436,000 toy cars manufactured in China between May 2007 and July 2007 because the car was covered in lead paint. Additionally, the toy giant recalled 18.2 million Chinese-made toys (63 different types) containing small, powerful magnets, manufactured between January 2002 and January 31, 2007.

In addition to children's toys, international human and animal food supplies, pharmaceuticals, infant care products and tire and cell phone markets have all been affected by wide recalls in the past few months. All of these underscore the unsettling fact that aggressive "free market" deregulation and privatization measures have exposed the world population to countless potential disasters.

Mattel's 436,000 die-cast cars were decorated with enough lead paint to cause toxic blood lead levels in children. In the US, where lead paint has been banned since 1978, the resurfacing of such an elementary health hazard as lead exposure among children through mass-produced toys represents a significant deterioration in the conditions of life.

How did these toys make it to the market, and how did they remain on shelves before the dangers were acknowledged by the company? Where were the federal and international regulatory agencies?

Following the recall announcement, executives at Mattel issued press statements claiming that a Chinese subcontractor had substituted lead for non-lead paint without the company's knowledge, or the knowledge of its major supplier in China. The media headlines obediently played up the Chinese angle. Hardly anyone in the media took note of or at least emphasized the fact that the 18.2 million toys recalled with magnets that could be too easily dislodged were made according to Mattel's specifications.

Assuming that Mattel's version of the toy car story is correct, that a Chinese subcontractor switched one type of paint for another against strict orders, the question remains: Under what economic pressures was this done? What role did Mattel's relentless pursuit of lower costs from its Chinese suppliers play in the whole affair?

The immediate culprit is secondary—the fault lies with the entire global capitalist set-up. With so much at stake, and the continual threat of a firm like Mattel changing supplier or even location, the conditions are created under which cutting corners, or worse, becomes that much more likely at some point in the production process.

This is not an issue of Chinese quality standards, but of international trends spearheaded by US business interests. Product and labor standards in China are lax, rarely enforced and easily evaded—which is precisely why American companies choose Chinese subcontractors in the first place.

National markets are compelled by the logic of globalization to deregulate and reduce legal and labor standards. As the World Bank approvingly noted in its *Doing Business 2007: How to Reform* report, 43 countries enacted sweeping deregulations of business registration processes in 2005-06, including vastly curtailing border inspections, legal codes and other protections.

The same process that encourages highly exploitative and corrupt conditions in developing countries finds expression in the degradation of safety and health standards in the US, where regulatory agencies have been steadily undermined and co-opted through the appointment of "free market" ideologues, funding cuts and lobbying by the industries they are charged with overseeing.

In the case of the Consumer Product Safety

Commission, the US federal body responsible for monitoring toys and a wide range of other products, budget cuts and limited authority cripple industry oversight. Meanwhile, the sheer volume of products on the market has increased exponentially. The agency has no authority to test any of the 15,000 products it regulates before they go to market, and can only ask a company to issue a voluntary recall, no matter how serious the hazards a product may pose.

CPSC spokesperson Julie Vallese told *Washington Post* readers in a question and answer session August 14, "It is the obligation of the importer to make sure that the product it is importing meets the US safety standards. It is also the importer's obligation to report to the CPSC any time it learns a product is in violation of safety standards."

According to Perry Gottesfeld, executive director of Occupational Knowledge International, the CPSC allows recalled products that are returned to offending companies to be exported to countries with weaker consumer protections.

Even more than the CPSC, the US Food and Drug Administration has been subjected to drastic budget cuts and staff reductions in recent years. Since 2003, the agency's food safety division budget has been cut in half. Only 625 employees are responsible for inspecting 80,000 domestic food processors and the exploding import market. At present, the FDA estimates it inspects less than one percent of all food and medical imports to the United States.

Like the CPSC, the FDA lacks the authority to impose mandatory recalls in either its food or drug oversight. The consequences have been amply demonstrated in the past few years with hundreds of outbreaks, dozens of major but grossly belated recalls and millions of people made seriously ill.

Most notably in the past year, outbreaks involving tainted spinach and peanut butter sickened hundreds of people and resulted in at least 3 deaths. In both of these cases, the contamination problems that led to the outbreaks were known by the FDA and the producers for years in advance, but no preventive measures were undertaken.

In spite of these massive failures, the FDA has been under pressure to close seven of its thirteen food testing laboratories and four of its twenty district offices, as well as to cut 250 employees this summer. After proposing the closures in July, FDA commissioner Andrew von Eschenbach postponed them pending the findings of a White House-appointed working group on imported food safety.

The FDA's record on pharmaceutical industry oversight is hardly better. The pharmaceutical lobby, through its nearly 1,300 registered lobbyists in Washington and hundreds of millions of dollars in handouts to officials, dominates every aspect of drug regulation, from pricing and Medicare benefits to drug labeling and approval. With more than $260 billion in North American revenues each year, fully half the global total, the drug industry exercises a preponderant influence over its nominal regulators.

In 2004, the Vioxx scandal exposed this arrangement. Drug giant Merck received FDA approval in 1999 for its anti-inflammatory arthritis drug, despite a lack of research on long-term risks and little evidence it was more effective than over-the-counter pain relievers such as aspirin. For years, the agency allowed the company to exaggerate the benefits of the drug in its advertising campaigns and did not recommend a recall even after studies linked the drug to a drastically increased risk of heart attack or stroke.

Similarly, on July 30, an FDA committee reached a 20 to 3 agreement that GlaxoSmithKline's type 2 diabetes drug Avandia increases heart attack risk. Dr. Sidney Wolfe, director of the consumer advocacy group Public Citizen's Health Research, testified that those taking Avandia suffered irreversible vision damage at 35.3 times and heart failure at 15.2 times the rate than for those on an older diabetes drug.

Dr. David Graham, an FDA drug safety officer, warned the panel that Avandia would be responsible for between 1,600 to 2,200 heart attacks and strokes for every month the drug continued to be sold. Graham argued that from 1999 to 2006 Avandia had caused an estimated 205,000 heart attacks and strokes, some fatal. Nevertheless, the committee voted 22 to 1 to allow the drug to stay on the market.