

2/91

Eric DE KEULENEER
28, Avenue des Phalènes
1050 BRUXELLES

Brussels. 15.04.1991

To the Editor
Economist Newspaper Ltd
25, St James's Street
LONDON SW1A 1 HG.
Great Britain

Sir,

I am sending you the little note hereunder, ... just as a reaction to the article on the "ethics of marketing drugs". You underline dangerous trends which we should not suppose regulators are presently equipped to cope with, as the experience of financial markets has illustrated.

Drugs are usefull at the appropriate dose, well applied. They can be lethal if used in excessive amounts, which recipients and relatives mainly notice when it is too late. The cost of the abuses is borne not only by the recipients, whose health suffers, but also by the community at large. A financially powerfull Drug industry produces products, marketing techniques, lobbying skills at a pace which the regulators can hardly cope with, in an environment where "regulation" is turned into a nasty word, and regulators are made to feel guilty of standing in the way of progress.

Replace the word "Drug" by "Debt" in the previous paragraph and it will look pretty familiar too. Countries, companies, even individuals have been made massively victims in the last 20 years of "financial marketing" and many cannot recover, despite massive suffering, and support from taxpayers.

Let us not be the victims of those who now plead for the same type of approach to Drug marketing. The logic of Drug marketing is ultimately to sell Drugs to people whom it makes sick ("creating a market"), as applies to financial marketing.

We need a clear and strong regulatory approach to the Drug industry, a prohibition of advertising, and probably a limit or an end to Drug companies' sales forces. After all, many countries and States in the U.S. felt necessary to limit the sale of alcohol to State Stores, and alcohol is less dangerous than many drugs.

It is noteworthy to see in the same edition of the Economist, an article boasting commodity futures funds in Japan.

.../...

I think we should not kid ourselves into believing that savings are usefully allocated when they are used to speculate on commodities; rather, one could say they are then wasted in an activity that :

1. wastes bright people's energy
2. often increases the fluctuations of commodity prices, which is economically costly.

When commodity traders, backed by commodity futures funds money, turn over an amount of oil amounting to 3-5 times the physical trade, driving the price to 35-40 USD a barrel when physical stocks were plentiful in September-October 1990, I do not believe decent people's welfare was improved.

Let us not feel shy about advocating regulation. A deregulated financial market turns into a casino, as surely as a deregulated drug store turns into a drug dealer. I read the Economist with attention and respect every week, and feel you are a bit too confident about the supposed advantages of financial deregulation, while regularly denouncing its consequences (third world debt, S & L disaster, the LBO wave, absurd stock prices at times, ...).

Best regards,



E. DE KEULENEER.