

## Why Hundreds Of Decades-Old Drugs Are Hard To Find

By Geoffrey Joyce

USC

Past public ire over high drug prices has recently taken a back seat to a more insidious problem – no drugs at any price.

Patients and their providers increasingly face limited or non-existent supplies of drugs, many of which treat essential conditions such as cancer, heart disease and bacterial infections. The American Society of Health System Pharmacists now lists over 300 active shortages, primarily of decades-old generic drugs no longer protected by patents.

While this is not a new problem, the number of drugs in short supply has increased in recent years, and the average shortage is lasting longer, with more than 15 critical drug products in short supply for over a decade. Current shortages include widely known drugs such as the antibiotic amoxicillin; the heart medicine digoxin; the anesthetic lidocaine; and the medicine albuterol, which is critical for treating asthma and other diseases affecting the lungs and airways.

What's going on?  
I'm a health economist who has studied the pharmaceutical industry for the past 15 years. I believe the drug shortage problem illustrates a major shortcoming of capitalism. While costly brand-name drugs often yield high profits to manufacturers, there's relatively little money to be made in supplying the market with low-cost generics, no matter how vital they may be to patients' health.

The problem boils down to the nature of the pharmaceutical industry and how differently the markets for brand and generic drugs operate. Perhaps the clearest indication of this is the fact that prices of brand drugs in the U.S. are among the highest in the developed world, while generic



drug prices are among the lowest.

When a drugmaker develops a new pill, cream or solution, the government grants the company an exclusive patent for up to 20 years, although most patents are filed before clinical testing, and thus the effective patent life is closer to eight to 12 years. Nonetheless, patents allow the drugmakers to cover the cost of research and development and earn a profit without the threat of competition from a rival making

an identical product.

But once the patent expires, the drug becomes generic and any company is allowed to manufacture it. Since generic manufacturers are essentially producing the same product, profits are determined by their ability to manufacture the drug at the lowest marginal cost. This often results in low profit margins and can lead to cost-cutting measures that can compromise quality and threaten supply.

One of the consequences of generics' meager margins is that drug companies outsource production to lower-cost countries.

As of mid-2019, 72% of the manufacturing facilities making active ingredients for drugs sold in the U.S. were located overseas, with India and China alone making up nearly half of that.

While overseas manufacturers often enjoy significant cost advantages over U.S. facilities, such as easy access to raw materials and

lower labor costs, outsourcing production at such a scale raises a slew of issues that can hurt the supply. Foreign factories are more difficult for the Food and Drug Administration to inspect, tend to have more production problems and are far more likely than domestic factories to be shut down once a problem is discovered.

In testimony to a House subcommittee, Janet Woodcock, the FDA's principal deputy commissioner, acknowledged that the agency has little information on

which Chinese facilities are producing raw ingredients, how much they are producing, or where the ingredients they are producing are being distributed worldwide.

The COVID-19 pandemic underscored the country's reliance on foreign suppliers – and the risks this poses to U.S. consumers.

India is the world's largest producer of generic drugs but imports 70% of its raw materials from China. About one-third of factories in China shut down during the pandemic. To ensure domestic supplies, the Indian government restricted the export of medications, disrupting the global supply chain. This led to shortages of drugs to treat COVID-19, such as for respiratory failure and sedation, as well as for a wide range of other conditions, like drugs to treat chemotherapy, heart disease and bacterial infections.

Manufacturing drugs to consistently high quality standards requires constant testing and evaluation.

A company that sells a new, expensive, branded drug has a strong profit motive to keep quality and production high. That's often not the case for generic drug manufacturers, and this can result in shortages.

In 2008, an adulterated version of the blood-thinning drug Heparin was recalled worldwide after being linked to 350 adverse events and 150 deaths in the U.S. alone.

In 2013, the Department of Justice fined the U.S. subsidiary of Ranbaxy Laboratories, India's largest generic drug manufacturer, US\$500 million after it pleaded guilty to civil and criminal charges related to drug safety and falsifying safety data. In response, the FDA banned products made at four of the company's manufacturing facilities in India from entering the U.S., including generic

(See DRUGS, P. 2)

## Biden Admin Takes Action To Increase Transparency, Eliminate Hidden Fees

By Stacy M. Brown

NNPA

Seeking to promote transparency and fairness for renters, major online real-estate marketplaces have joined the Biden administration's initiative to crack down on hidden apartment rental fees.

Companies such as Zillow, Apartments.com, and AffordableHousing.com have pledged to incorporate previously hidden costs, like application and convenience fees, into their upfront advertised pricing.

Acknowledging the need for clarity on additional charges that renters often face when securing an apartment, the administration's call for transparency has garnered support from prominent rental platforms.

Administration officials noted in a Fact Sheet that they know that many tenants have been surprised when encountering hidden fees amounting to hundreds of dollars during the application and finalization of rental agreements.

The White House further highlighted potential surprise fees that renters might encounter after securing their apartments, including convenience fees for online rent payment, fees for mail sorting, and unexplained "January fees" added at the start of a new year.

In response to these concerns, the administration has focused on tackling these so-called "junk fees."

As part of the latest measures announced on Wednesday, July 19, prospective renters can now expect a more straightforward rental process

on three major platforms – Zillow, Apartments.com, and AffordableHousing.com.

These marketplaces will display the total cost of apartments, encompassing all associated fees, unlike the previous practice of revealing only the base rent.

The White House said the change should offer a more accurate representation of the financial commitment of renting, providing renters with better tools to make informed decisions.

"At the front end of the apartment search, people often pay application fees of \$50, \$60, \$100 or more per apartment, and have to do it many times over," a White House official stated.

"If they're applying to multiple units, this can add up to hundreds of

dollars."

By exposing hidden fees and encouraging transparency, the administration hopes to empower renters to make more informed choices and foster a fairer rental market.

"Reducing housing costs is central to Bidenomics, and recent data show that inflation in rental housing is abating," White House officials stated.

"Moreover, experts predict that roughly 1 million new apartments will be built this year, increasing supply that will further increase affordability.

"The actions announced today will help renters understand these fees and the full price they can expect to pay, and create additional competition housing providers to reduce reliance on hidden fees."



### NORTH CAROLINA UNEMPLOYMENT RATE FALLS TO 3.3% IN JUNE

RALEIGH, N.C. (AP) – North Carolina's unemployment rate fell to 3.3% for June, the state Commerce Department said on Friday, continuing a slow decline that began late last year.

May's seasonally adjusted rate was 3.4%. The last month-over-month increase based on revised figures occurred last August, when the rate reached 3.9%. The U.S. rate in June was 3.6%.

The commerce office reported that the number of employed people in the state grew by 14,580 during June to almost 5.05 million, while those unemployed dropped by 3,060 to 172,680.

Based on another counting format from monthly worksite surveys, the department said seasonally adjusted total nonfarm employment grew by 4,900 to almost 4.91 million workers. The business and professional services sector and the manufacturing sector reported the largest numerical employment growth based on the surveys.

## S.C. Museum Pays New Respect To The Enslaved Africans

Before Congress ended the transatlantic slave trade in 1808, the Port of Charleston was the nation's epicenter of human trafficking.

Almost half of the estimated 400,000 African people imported into what became the United States were brought to that Southern city, and a substantial number took their first steps on American soil at Gadsden's Wharf on the Cooper River.

That location of once utter degradation is now the hallowed site of the International African American Museum. Pronounced "I Am" and opened in June 2023, the US\$120 million project financed by state and local funds and private donations was 25 years in the making and is a memorial to not only those enslaved but also those whose lives as free Black Americans affected U.S. history and society through their fight for full citizenship rights.

As a historian and founding director of the College of Charleston's Center for the Study of Slavery in Charleston, I served as the museum's interim executive director and know firsthand how difficult the road has been to build a museum focused on African American history.

The museum's mission is to honor the untold stories of the African American journey and, by virtue of

its location and landscape design, pay reverence to the ground on which it sits.

Many Americans don't know much about the nation or its history.

In the 2022 "Nation's Report Card," the National Assessment of Educational Progress revealed ongoing deficiencies in eighth grade students' knowledge of U.S. history and civics.

Only 20% of test-takers scored proficient or above in civics, and, for American history, only 13% achieved proficiency.

The adult population shows similar deficits.

A 2018 Woodrow Wilson National Fellowship Foundation survey shockingly revealed only 36% of people who were born in the U.S. knew enough basic American history and government to pass the citizenship test.

And conservative political candidates are working to prevent current students from learning key information about the country's founding and development by mischaracterizing the teaching of slavery and civil rights as critical race theory.

Though critical race theory is typically taught in graduate and



law schools, at least 36 states had banned or tried to ban lessons on Black history from public K-12 classrooms.

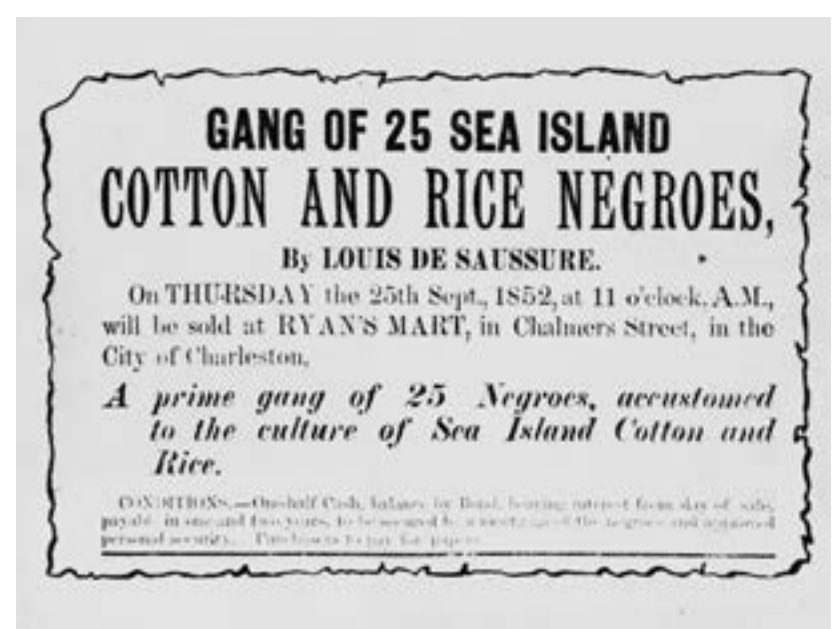
In this highly politicized environment, efforts to restrict how race can be discussed in public schools have led to widespread calls from parents and politicians for the censorship of certain books on race.

These new restrictions have had

an impact on public education, according to the National Council for History Education.

A 2022 survey of teachers conducted by the Rand Corp. showed the restrictions "influenced their choice of curriculum materials or instructional practices," as many "chose to or were directed to

(See MUSEUM, P. 2)



## DRUGS

Continued from page 1

versions of gabapentin, which treats epilepsy and nerve pain, and the antibiotic ciprofloxacin.

And while there may be multiple companies selling the same generic drug in the U.S., there may be only a single manufacturer supplying the basic ingredients. Thus, any hiccup in production or shutdown due to quality issues can affect the entire market.

A recent analysis found that approximately 40% of generic drugs sold in the U.S. have just one manufacturer, and the share of markets supplied by just one or two manufacturers has increased over time.

It is hard to quantify the impact of drug shortages on population health. However, a recent survey of U.S. hospitals, pharmacists and other health care providers found that drug shortages led to increased medication errors, delayed administration of lifesaving therapies, inferior outcomes and patient deaths.

What can be done?

One option is to simply find ways to produce more generic drugs in the U.S.

California passed a law in 2020 to do just that by allowing the state to contract with domestic manufacturers to produce its own generic prescription drugs. In March 2023, California selected a Utah company to begin producing low-cost insulin for California patients.

Whether this approach is feasible on a broader scale is uncertain, but, in my view, it's a good first attempt to repatriate America's drug supply.

# As Temperatures Rise, Mosquitoes, Malaria Are Also On The Move.

As the planet warms, mosquitoes are slowly migrating upward.

The temperature range where malaria-carrying mosquitoes thrive is rising in elevation. Researchers have found evidence of the phenomenon from the tropical highlands of South America to the mountainous, populous regions of eastern Africa.

Scientists now worry people living in areas once inhospitable to the insects, including the slopes of Mt. Kilimanjaro and the mountains of eastern Ethiopia, could be newly exposed to the disease.

Kulkarni led a study published in 2016 that found the habitat for malaria-carrying mosquitoes had expanded in the high-elevation Mt. Kilimanjaro region by hundreds of square kilometers in just 10 years. Lower altitudes, in contrast, are becoming too hot for the

bugs.

Similar occurrences have been found elsewhere. For example, researchers in 2015 also noticed native Hawaiian birds were squeezed out of lower elevation habitats as mosquitoes carrying avian malaria slowly migrated upward into their territory. But given 96% of malaria deaths occurred in Africa in 2021, most research on the trend is found there.

The region Kulkarni studied, which is growing in population, is close to the border of Tanzania and Kenya. Together, the two countries accounted for 6% of global malaria deaths in 2021.

Global deaths from malaria declined by 29% between 2002 and 2021, as countries have taken more aggressive tactics in fighting the disease. However, the numbers remain high,

especially in Africa where children under 5 years old account for 80% of all malaria deaths. The latest world malaria report from the WHO recorded 247 million cases of malaria in 2021 — Nigeria, the Democratic Republic of the Congo, Uganda and Mozambique alone accounted for almost half of those cases.

"The link between climate change and expansion or change in mosquito distributions is real," said Doug Norris, a specialist in mosquitoes at the Johns Hopkins Bloomberg School of Public Health, who was not involved in the research.

Despite this, uncertainty remains on the extent of how shifting mosquito populations will affect people in the future. A recent Georgetown University study investigating the movement of

mosquitoes across all of sub-Saharan Africa also found the vectors have moved upward in elevation at a rate of 6.5 meters (roughly 21 feet) each year.

Mosquitoes are picky about their habitat, Norris added, and the various malaria-carrying species have different preferences in temperature, humidity and amount of rainfall. Add on the fact that people are fighting malaria with bed nets, insecticides and other tools, and it becomes hard to pin any single trend to climate change, he said.

Jeremy Herren, who studies malaria at the Nairobi-based International Centre of Insect Physiology and Ecology, said there is evidence that climate change is already impacting where mosquito populations choose to live. But, he said, it is still difficult to predict how malaria will spread.

# School Board In Missouri Revokes Anti-Racism Resolution

O'FALLON, Mo. (AP) — In the national reckoning that followed the police killing of George Floyd three years ago, about 2,000 protesters took to the streets in a St. Louis suburb and urged the mostly white Francis Howell School District to address racial discrimination. The school board responded with a resolution promising to do better.

Now the board, led by new conservative board members elected since last year, has revoked that anti-racism resolution and copies of it will be removed from school buildings.

The resolution passed in August 2020 "pledges to our learning community that we will speak firmly against any racism, discrimination, and senseless violence against people regardless of race, ethnicity, nationality, immigration status, religion, sexual orientation, gender identity, or ability."

"We will promote racial healing, especially for our Black and brown students and families," the resolution states. "We will no longer be silent."

The board's decision follows a trend that began with backlash against COVID-19 pandemic policies in places around the nation. School board elections have become intense political battlegrounds, with political action groups successfully electing candidates promising to take action against teachings on race and sexuality, remove books deemed offensive and stop transgender-inclusive sports teams.

The Francis Howell district is among Missouri's largest, with 17,000 students, about 87% of whom are white. The vote, which came during an often contentious meeting Thursday, rescinded resolutions 75 days after "a majority of current Board of Education members were not signatories to the resolution or did not otherwise vote to adopt the resolution."

Kimberly Thompson, who is Black, attended Francis Howell schools in the 1970s and 1980s, and her two children graduated from the district. She described several instances of racism and urged the board to stand by its 2020 commitment.

"This resolution means hope to me, hope of a better Francis Howell School District," Thompson said. "It means setting expectations for behavior for students and staff regardless of their personal opinions."

The board's vice president, Randy Cook, said phrases in the resolution such as "systemic racism" aren't defined and mean different things to different people. Another board member, Jane Puszkar, said the resolution served no purpose.

"What has it really done," she asked. "How effective has it really been?"

Since the resolution was adopted, the makeup of the board has flipped. Just two board members remain from 2020. Five new members elected in April 2022 and April 2023 had the backing of the conservative political action committee Francis



Howell Families.

In 2021, the PAC described the anti-racism resolution as "woke activism" and drafted an alternative resolution to oppose "all acts of racial discrimination, including the act of promoting tenets of

the racially-divisive Critical Race Theory, labels of white privilege, enforced equity of outcomes, identity politics, intersectionalism, and Marxism."

Cook, who was elected in 2022 and sponsored the revocation, said

there is no plan to adopt that alternative or any other.

"In my opinion, the school board doesn't need to be in the business of dividing the community," Cook said. "We just need to stick to the business of educating students here and stay

out of the national politics."

Many districts are dealing with debates over topics mislabeled as critical race theory. School administrators say the scholarly theory centered on the idea that racism is systemic in the nation's institutions is not taught in K-12 schools.

Others assert that school systems are mispending money, perpetuating divisions and shaming white children by pursuing initiatives they view as critical race theory in disguise.

In 2021, the Ohio State Board of Education rescinded an anti-racism and equity resolution that also was adopted after Floyd was killed by a Minneapolis police officer in May 2020. It was replaced with a statement promoting academic excellence without respect to "race, ethnicity or creed."

Racial issues remain especially sensitive in the St. Louis region, nine years after a police officer in Ferguson, Missouri, fatally shot 18-year-old Michael Brown during a street confrontation. Officer Darren Wilson was not charged and the shooting led to months of often violent protests, becoming a catalyst for the national Black Lives Matter movement.

Revoking the Francis Howell resolution "sets a precedent for what's to come," St. Charles County NAACP President Zebina Looney warned.

"I think this is only the beginning for what this new board is set out to do," Looney said.

# Floods Devastate Farmers As Months Of Work Is Swept Away

Well before it was warm enough to plant seedlings in the ground, farmer Micah Barritt began nursing crops like watermelon, eggplant and tomatoes — eventually transplanting them from his greenhouse into rich Vermont soil, hoping for a bountiful fall harvest.

Within a few hours last week, those hopes were washed away when flood waters inundated the small farm, destroying a harvest with a value he

estimated at \$250,000. He still hopes to replant short-season crops like mustard greens, spinach, bok choy and kale.

"The loss of the crops is a very tangible way to measure the flood, but the loss of the work is hard to measure," said Barritt, one of five co-owners of Diggers' Mirth Collective Farm in Burlington, Vermont. "We're all grieving and heartbroken because of this."

That heartbreak was felt by farmers in several Northeast states after floods dealt a devastating blow at the worst possible time — when many plants were too early to harvest, but are now too late to replant in the region's abbreviated growing season.

Storms dumped up to two months' worth of rain over a couple of days in parts of the region, surpassing the amount that fell when Tropical Storm Irene blew through in 2011, causing major flooding. Officials have called last week's flooding Vermont's worst natural disaster since floods in 1927.

Atmospheric scientists say floods occurring in different parts of the world are fueled by climate change, with storms forming in a warmer atmosphere, making extreme rainfall more frequent. The additional warming scientists predict is coming will only make it worse.

Diggers' Mirth is one of seven commercial organic farms located at the Intervale Center, according to Melanie Guild, development director of the center, which manages 350 acres (142 hectares) in the heart of Burlington.

Operators of the center, located near the Winooski River, have long been aware of the threat of flooding. As the forecast called for heavy rains, the center reached out to hundreds of volunteers to harvest as much as possible.

"This is smack dab in the middle of the growing season so anything that was ready to harvest was pulled. Whatever was left was lost," Guild said. "There were cabbages just floating around in the flood."

All seven farms were washed out. Losses will likely run higher than Irene, where losses tallied about \$750,000, she said.

Not all farms that suffered losses



grew vegetables or flowers.

The Maple Wind Farm in Richmond, Vermont, which produces pasture-raised animals, was also struck.

Beth Whiting, who owns the farm with her husband, said even with predicted heavy rains they assumed their turkeys would be OK because they'd never seen flooding reach the area where they kept the birds.

Then at about 3:30 a.m. on July 10, the nearby Winooski River crested higher than they'd ever imagined, Whiting said. Workers in a canoe were able to rescue about 120 of 500 turkeys. Workers also saved about 1,600 chickens, but lost 700 at a second farm.

"We had no idea the flood was going to be so dramatic," she said.

The flooding forced many farmers into tough choices, according to Vermont Secretary of Agriculture Anson Tebbetts. Dairy farmers who found roads to processing plants impassable

were forced to dump milk.

Another problem is the loss of corn, a key source of food for the dairy industry. Thousands of acres were completely or partially underwater or flattened and unusable, he said. Flower farms were also destroyed.

"Some blueberry bushes are under water. That is very important for pick-your-own operations. Once produce is underwater it can't be used," he said.

As of Friday, about 200 Vermont farmers had reported more than 9,400 acres (3,804 hectares) in crop damage, Tebbetts said. He added that, as the state waits to hear on a requested flood-related disaster declaration from the U.S. Department of Agriculture, it's been granted a different one following a late-season frost that wiped out vineyards and orchards in May.

In Massachusetts, at least 75 farms have been hurt by flooding, with about 2,000 acres (809 hectares) in crop losses at a minimum value of \$15

million, according to the state Department of Agricultural Resources. That number is expected to climb as more damage is assessed and longer-term impacts set in.

Damaged farms ranged from community farms to a farm with 300 acres (121 hectares) of potatoes that were a total loss just weeks before harvest to a 230-member "community supported agriculture" farm only five weeks into a 30-week program.

Massachusetts Gov. Maura Healey said the disaster requires an unprecedented effort to chase federal, state and private money. On Thursday she announced a Massachusetts Farm Resiliency Fund, a partnership between philanthropic organizations and private foundations.

"It's just such a shame," Healey said after touring flooded farms this week. "Unlike Irene, this happened right on the cusp of harvest, so the crops are ruined for this year."

In Connecticut, Bryan Hurlburt, the state's agriculture commissioner, said the flooding impacted about 2,000 acres (809 hectares) of farmland, much of it in the Connecticut River valley.

The flooding is part of a larger environmental crisis, according to Connecticut Gov. Ned Lamont.

"What the hell is going on here?" Lamont said, speaking in front of a flooded farmer's field in Glastonbury. "Look behind us. We were irrigating that a couple of months ago, desperate for water in the middle of a drought. And today it's Lake Wobegon. And so what do you do?"

Kate Ahearn, who runs Fair Weather Growers along the Connecticut River in Rocky Hill, said the flood waters took a heavy toll.

# S.C. Museum Pays New — CONTINUED FROM PAGE 1

omit the use of certain materials" deemed "controversial or potentially offensive."

One of the first things visitors see at the museum is an African Ancestors Memorial Garden, which includes a graphic stone relief depicting captive Africans during the Middle Passage.

But the museum is not just a memorial site of enslavement.

Exhibits show how the lives of Black people and their resistance to enslavement helped shape state, national and international affairs.

For example, South Carolina's 1739 Stono Rebellion, in which fugitive slaves attempted to escape to Spanish Florida, precipitated

conflict between Spain and Great Britain.

Many Americans know about white abolitionist John Brown's 1859 attack against the federal arsenal at Harpers Ferry, Virginia, which led to the Civil War.

But few know that Shields Green, a South Carolina fugitive slave, assisted in the planning and execution of the fateful attack.

Even fewer know of South Carolina's role in the Civil Rights Movement.

Many know the name Rosa Parks, but it was Charleston's educator and activist Septima Clark who inspired Parks and led the Rev. Martin Lu-

ther King Jr.'s Southern educational and voting rights initiatives.

In fact, King once called Clark "the mother of the movement" and considered her to be a "community teacher, an intuitive fighter for human rights and leader of her unlettered and disillusioned people."

The museum's educational goals are ambitious.

It is an interdisciplinary history museum, where educators plan to work with teachers and administrators around the world to make sure students in American schools — and everyone who lives in the U.S. today and in the future — learns about South Carolina's significant role in

U.S. history.

In my view, that collaboration will likely be challenging, given the efforts to sanitize the nation's racial history and teachers' apprehensions about teaching supposedly controversial subjects.

"This is a site of trauma," Tonya Matthews, CEO and president of the museum, told CBS News. "But look who's standing here now. That's what makes it a site of joy, and triumph."

Indeed, the International African American museum is, by design, a monument to freedom — and an honest engagement with America's troubled racial past.

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# Business & Finance

## Tornado Damage To Pfizer Plant Unlikely To Cause Shortages

RALEIGH, N.C. (AP) — Most of the destruction from a tornado that tore through eastern North Carolina Wednesday and struck a large Pfizer pharmaceutical plant affected its storage facility, rather than its medicine production areas, the company said Friday.

The drugmaker's ability to salvage production equipment and other essential materials could mitigate what experts feared would be a major blow to an already strained system as the United States grapples with existing drug shortages.

"We do not expect there to be any immediate significant impacts on supply given the products are currently at hospitals and in the distribution system," U.S. Food and Drug Administration Commissioner Robert Califf said Friday.

An EF3 tornado touched down Wednesday near Rocky Mount, rip-

ping the roof off a Pfizer factory responsible for producing nearly 25% of the American pharmaceutical giant's sterile injectable medicines used in U.S. hospitals, according to the drugmaker.

Pfizer said Friday that a warehouse for raw materials, packaging supplies and finished medicines awaiting release had endured most of the damage to its 1.4 million square foot plant. An initial inspection by the company found no major damage to its medicine manufacturing areas, and all 3,200 local employees are safe and accounted for.

Pfizer Chairman and CEO Dr. Albert Bourla said staff are rushing products to nearby sites for storage and identifying sources to rapidly replace raw materials lost in the storm. The drug company says it is also exploring alternative manufacturing locations across its U.S. network to fill gaps in

production while the North Carolina site remains closed for repairs.

The FDA's initial analysis identified fewer than 10 drugs for which Pfizer's North Carolina plant is the sole source for the U.S. market, Califf said.

The Rocky Mount plant produces anesthesia and many other drugs needed for surgeries but does not make or store Pfizer's COVID-19 vaccine or the Comirnaty and Paxlovid treatments. Medications produced at that facility alone account for nearly 8% of all sterile injectables used in U.S. hospitals, Pfizer said on its website.

The FDA said it will complete in the coming days a more extensive evaluation of the products that might be affected and the current domestic supply of those medications. "Many weeks' worth" of the destroyed drugs should be available in Pfizer's other warehouses, Califf said.



## Why Russia Pulled Out Of Its Grain Deal With Ukraine

Ukraine has been called the breadbasket of Europe and is a major supplier of wheat, barley, sunflower products and corn to Europe as well as to developing countries such as in the Middle East, Northern Africa and China.

More than 400 million people relied on foodstuffs from Ukraine before Russia invaded Ukraine in February 2022.

One key reason for that is Ukraine has approximately one-third of the world's most fertile soil, which is known as chernozem, or black soil. And before the war, Ukraine was able to rely on its year-round access to ice-free harbors in the Black Sea to ship grains to nearby markets in the Middle East and Africa.

Even before the war, famine was increasing across the globe. Russia's invasion made it a lot worse.

From 2019 to 2022, more than 122 million people were driven into hunger by a combination of the impacts

of climate change, the COVID-19 pandemic and the war in Ukraine, the United Nations said in a recent report. Other researchers have suggested global hunger is the highest it's been since at least the early 2000s.

From February to June 2022, at least 25 million tons of Ukrainian grain intended for global markets got trapped in Ukraine because of Russia's naval blockade, causing food prices to jump.

The U.N. and Turkey brokered what is officially known as the Black Sea Grain Deal with Ukraine and Russia on July 22, 2022.

The agreement allowed for the secure passage of agricultural products from Ukraine from three ports on the Black Sea, including its largest port, Odesa. While the original agreement was to last 120 days, it has been extended several times since.

Ukraine has exported more than 32 million tons of food products through the Black Sea since August

2022. The World Food Program, the world's largest humanitarian agency, purchased 80% of its wheat from Ukraine. Ethiopia, Yemen, Afghanistan and Turkey have been the biggest recipients of humanitarian shipments.

The U.N. has estimated that the grain deal has reduced food prices by more than 23% since March 2022.

The amount of grain shipped per month had already been falling before the deal fell apart in July 2023, from a peak of 4.2 million metric tons in October to about 2 million tons in June. This is primarily because of slowdowns in the number of inspections Russians had been conducting before ships could exit the Black Sea.

Another problem generally is falling production. Ukraine is expected to produce 31% less wheat, barley, corn and other crops during the current season that it did before the war. And this estimate came before the

destruction of a key Ukrainian dam flooded fields.

Colleagues at UMass Amherst and the Kyiv School of Economics and I published a study in May 2023 that showed just how vital the Black Sea ports are to ensuring Ukrainian grain gets out to the world. Before the war, 90% of Ukraine's agricultural exports were transported on the Black Sea.

While Ukraine also ships its grain and other food over land through Europe, doing so costs a lot more and takes more time than sea exports. And transportation costs over land were rising because of the war as a result of mines, the destruction of agricultural infrastructure and other challenges.

Russia has threatened to exit the deal before, but each time it has chosen to stay in.

But on July 17, 2023, it said it's unwilling to stay in the deal unless its demands are met to ship more of its own food and fertilizer. Over the

following two days, it attacked Odesa with drones and missiles in one of the largest sustained assaults on the port. Russia also said it would deem any ship in the Black Sea bound for a Ukrainian port to be a legitimate military target.

This caused the price of critical commodities such as wheat and corn to soar and created vast uncertainty and global concern around hunger. Chicago wheat futures, a global benchmark, are up about 17% since

Russia left the deal.

While Russia has extended the deal after previous threats, this time may be different. Russian strikes caused extensive damage to Odesa, which may severely limit Ukraine's ability to export through the port in the future — deal or no deal.

I believe Russian leader Vladimir Putin is weaponizing food at a time of growing hunger. I only hope goodwill prevails and somehow Ukraine's vital exports are allowed to continue.

## UPS Rift Could Deliver A Costly Strike

Before the talks collapsed, both sides had been negotiating extensively on a new five-year agreement that would cover about 340,000 unionized UPS workers.

The delivery company has agreed to some of the Teamsters' demands, pledging to:

End a two-tiered wage system in which part-time workers earn an average of about US\$5 per hour less than full-time workers;

Make Martin Luther King Jr. Day, the third Monday of January, a paid holiday;

Stop requiring UPS employees to work overtime hours on their days off; Add fans and install air conditioning in many trucks to improve cooling.

The primary remaining sticking points concern part-time workers. The Teamsters dispute UPS's claim that part-time workers earn an average of \$20 per hour. Teamsters President Sean O'Brien instead says they're paid "poverty wages."

The Teamsters further want part-time workers to have earlier access to health insurance coverage and pension plans and a clearer pathway to full-time employment. The union also seeks to resolve safety and health concerns and "better pay for all workers," as well as obtaining "stronger protections against managerial harassment."

The impasse comes after two years in which UPS posted record profits. The company cleared \$12.9 billion and \$11.5 billion, respectively, in 2021 and 2022. The company nearly tripled its net income from the levels seen in 2018 and 2019 of \$4.8 billion and \$4.4 billion.

The Teamsters argue that these record profits mean UPS can afford to pay higher wages.

If unionized UPS workers do go on strike, many U.S. consumers will surely fear delays in the delivery of their online purchases. In my view, that's a reasonable concern, given that UPS handles roughly 25% of all U.S. package deliveries.

The 1997 strike, which lasted 16 days, took place when e-commerce was in its infancy. The Census Bureau only began to track that slice of the economy in 1999, when online shopping amounted to about 0.6% of all retail sales. Today, consumers spend about 15% of their shopping dollars on e-commerce purchases.

If a strike were to happen, UPS competitors, including FedEx Ground and the United States Postal Service, would likely be able to handle about 20% of UPS's deliveries because the industry currently has some excess capacity.

That's due to delivery workers clocking fewer hours per week today compared to the height of the CO-

VID-19 pandemic. Parcel delivery demand peaked in 2021, when millions of Americans were still social distancing.

If a prolonged strike happens, UPS could lose up to 30% of its business, experts warn, as customers switch to rival services.

The risk of losing market share is leading many industry experts to believe that if a strike were to occur, it wouldn't last long.

Roughly 57.3% of the packages UPS delivers are shipped straight to consumers. The rest go to retailers and other businesses. Based on my years of researching transportation operations and supply chain disruptions, I believe Americans should recognize that the impact of a UPS strike would stretch far beyond delayed delivery of everything from pet food to tennis rackets that they buy online.

A UPS strike could disrupt the availability of spare parts for cars and wholesale medical supplies, just to name a few essentials. Consumers will also find it harder to get clothing and shoes in stores, as retail locations are typically replenished by parcel carriers.

The supply chain for manufacturing computer and electronics products would probably be disrupted too, according to my analysis of data from the Census Bureau and the Bureau of

Transportation Statistics that tracks how different industries transport products to their customers. Farmers and construction companies trying to get spare parts for heavy equipment would see delays in those shipments, which might result in downtime that costs tens if not hundreds of thousands of dollars.

Consequently, a strike would leave many businesses scrambling to fulfill customers' orders, which may force them to spend more money on higher-priced air freight shipping.

Even a 10-day strike could cost the U.S. economy an estimated \$7.1 billion, according to Anderson Economic Group — a research firm — making it potentially the costliest strike in U.S. history. These costs stem from the 340,000 striking workers losing an estimated \$1.1 billion in wages and UPS losing \$816 million in earnings. The balance of this estimate would result from the disruptions incurred by UPS customers.

Unlike the threatened railroad strikes of 2022, there is no system in place for the federal government to prevent a UPS strike. On that occasion, Congress had the option of intervening, but a deal was reached before the government had to step in.

However, it seems likely that there will be calls for the White House to get both parties back to the negotiating table.

## More Homeowners Tap Equity Juiced By Soaring Prices

LOS ANGELES (AP) — Homeowners are increasingly tapping their equity, taking advantage of big gains following years of soaring housing prices.

Some 333,537 home equity loans were taken out by homeowners in the third quarter last year, according to data from TransUnion.

That's about a 47% increase from the same quarter in 2021, the most home equity loans on records going back to 2010, the credit bureau said.

Banks also granted some 405,646 home equity lines of credit, or HELOCs, to borrowers in the third quarter, up 41% from a year earlier, TransUnion said.

"HELOCs and home equity loans continue to grow at unprecedented levels as homeowners increasingly take advantage of the record levels of tappable home equity they have built in their homes," said Joe Mellman, mortgage business leader at TransUnion.

The change is part of a broader uptick in the use of credit as higher prices for food, gas and other necessities squeezes household budgets.

Credit card balances climbed to a record-high \$931 billion in the last three months of 2022, a nearly 19% increase from a year earlier, TransUnion said. Unsecured personal loan balances reached a record \$222 billion.

Homeowners use the equity available to them mainly to consolidate debt, finance home improvement projects and pay for big-ticket purchases.

Years of rising home values have made home equity a tempting option. Tappable homeowner equity jumped 18% in the third quarter from a year earlier to an all-time high of \$20.2 trillion, TransUnion said.

In 2021 and 2022, when mortgage rates were near historic lows, many homeowners drew upon their big home equity gains via cash-out refinancing. But that all changed last year.

A sharp rise in mortgage rates knocked the housing market into a nearly yearlong slump in 2022. As rates on a 30-year home loan soared to the highest level since 2008, home sales cratered and demand for mortgage refinancing slowed to a crawl.

By the end of the third quarter, refinancing was down 84% from a year earlier to a record-low, TransUnion said.

"This overall demand to tap home equity has been around for a few years now, it's just shifting from cash-out refi into HELOCs and (home equity loans)," Mellman said.

## Taylor Hired Back To Lead Wake Schools

RALEIGH, N.C. (AP) — North Carolina's largest school district has hired a longtime local and statewide education administrator to become its next superintendent.

The Wake County Board of Education voted 8-1 on Tuesday for Robert Taylor to begin serving in the role on Oct. 1, news outlets reported.

Taylor was chosen in fall 2022 to be state education superintendent in his home state of Mississippi, but his time at the job was cut short after the state Senate voted against his confirmation in March.

Taylor succeeds Catty Moore, who retired as Wake superintendent after a five-year tenure leading a district with close to 200 schools, over 159,000 students and an annual budget of more than \$2 billion.

Taylor's 30-year education career includes stints as Bladen County Schools superintendent and as North Carolina's deputy state superintendent of public instruction in 2021 and 2022.

Taylor, who will earn a base salary of roughly \$327,000, stood out for his knowledge of North Carolina and his vision of where the Wake schools need to go, board Chairwoman Lindsay Mahaffey said.

from 28 candidates, from which several were interviewed.

"I have the utmost confidence that he will do an outstanding job," board member Sam Hershey said. "This is a fantastic human being, this is an outstanding educator and leader and we are so darn lucky."

Taylor had been working as Mississippi's superintendent since January but he stepped down after the Republican-controlled Senate voted against him. He had been the unanimous choice of the state's education board members.

Some Black Democrats said the

rejection was at least partly because Taylor is Black and wrote years ago about the state's racist history. One Republican who voted against his confirmation said he wanted a superintendent who had a better resume on improving low-performing schools.

In a news release Tuesday, Tay-

lor said the Wake school system "stands at the forefront of innovative education, and I welcome the opportunity to provide the leadership that continues this work provided by all of its high-quality educators."

The Wake County Public School System, which ranks among the

## American Express Profit Rises, But It Sets Aside Money For Possible Defaults

American Express saw its profit and revenue climb in the second quarter and credit card use is rising, but the company's stock slipped before the market open as it set aside more money for possible defaults on payments.

The card issuer earned \$2.17 billion, or \$2.89 per share, topping Wall Street expectations for \$2.80, according to analysts surveyed by Zacks Investment Research. A year earlier the company earned \$1.96 billion, or \$2.57 per share.

Total provisions for credit losses were \$1.2 billion. In the prior-year

period it was \$410 million, the New York company said, citing higher net write-offs and a net reserve build of \$327 million, compared with a net reserve build of \$58 million a year ago.

Shares fell nearly 4% before the market opened Friday.

Revenue, net of interest expense, climbed to \$15.05 billion from \$13.4 billion, mostly due to higher average loan volumes and increased card member spending. That was short of Wall Street projections for \$15.42 billion.

Card member spending rose

8%, on a constant currency basis, driven by double-digit growth in U.S. consumer and international card member spending. People continued to spend on travel and entertainment, with the category up 14% in the quarter.

Millennial and Gen Z consumers made up more than 60% of new accounts acquired worldwide. Their spending increased 21% in the U.S. from a year earlier.

Consumer spending has remained strong despite elevated inflation and the job market remains strong.

The Commerce Department reported this week that retail sales rose 0.2% from May to June. Economists Tuesday focused on data that excludes volatile autos, gas, building materials and food services, which rose a solid 0.6% in June. That 0.6% figure is used to help calculate overall economic growth in the U.S., and it was a pretty strong showing in June.

American Express Co. maintained its full-year forecast for earnings of \$11 to \$11.40 per share and revenue growth of 15% to 17%.

