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Abby and I negate Resolved: The United States federal government should impose price controls on the pharmaceutical industry.

Our Sole Contention is Stifling Innovation

The United States is the biggest contributor to pharmaceutical innovation. This is largely because of the lack of price controls. Arnum at the Drug, Chemical & Associated Technologies Association reports that a 2016 study examined the extent to which drug pricing policies of 56 countries proactively contribute to or detract from innovation. The report finds that the United States places first overall on a per-GDP basis, with policies that contribute the most to global biopharmaceutical innovation. The report also found that all of the top 5 countries in terms of innovation had low price controls, and countries with high price controls were all ranked much lower.

This is because high prices are needed to incentivize investment into research and development. Winegarden 17 at Forbes writes that The R&D process for innovative drugs is lengthy, requires an average of $2.6 billion, and is fraught with large risks. Price controls make it more difficult for manufacturers to recoup this cost of capital, diminishing the incentives to innovate and bring new medicines to market.

This would be especially bad, as most of this innovation is done by small startup companies, which depend on profits, as they lack the excess funding that big pharma companies have that allows them to take big risks. Ioannou 18 at CNBC writes that startups are driving pharma innovation. The majority of drugs approved in recent years originated at startups— 63 percent of them over the last five years. This is because small biotech start-ups are more nimble, and many can do research and product development faster.

Howard 16 at the Manhattan Institute writes that if America's medicines industry became significantly less profitable—the explicit aim of price controls, it would weaken financial incentives for supporting entrepreneurship and innovation among start-up biotech companies, which depend on venture funding to develop their

technologies. Even the threat of drug-price controls on a large scale can reduce incentives to invest in drug research and development by depressing expected returns to investors. For instance, firms responded to the specter of drug-price controls in the 1993 Health Security Act by reducing pharmaceutical research and development funding by $1.5 billion. Additionally, the National Bureau of Economic Research study found that a 40%–50% reduction in U.S. drug prices would slash investment in early-stage drug-development efforts by 30%–60%. The start-up community would bear the brunt of this decline in U.S. investment capital.

There are two impacts. First, Alzheimer's.

Lacey 14 at Truven Health Analytics writes that death rates due to HIV/AIDS have declined by nearly 85% since the introduction of revolutionary treatments.

This innovation can be directly attributed to high American drug prices. Goldman 18 at Brookings writes that high prices are currently benefiting patients who have HIV due to innovations financed by revenue generated, in large part, by high American drug prices.

Price controls would have a huge effect in deterring similar advancements. Easton 18 at STAT writes that while diseases such as Alzheimer's have huge patient populations, the extremely high cost of conducting the difficult research and the need for huge and complex clinical trials would dissuade all but the largest companies from pursuing a cure if potential pricing upside was to be significantly constrained.

A cure for Alzheimer's would save millions of lives. Goldman explains that the disease kills about 1.5 million people worldwide each year.

Second, antibiotic resistance.

Hu 18 at Business Insider writes that in July, pharma giant Novartis announced it would exit antibacterial and antiviral research. Novartis' retreat follows a growing trend of big pharmaceutical companies exiting this type of research because of a lack

of profit. Consequently, most active antibiotics used against bacteria actually come from small, startup-sized companies.

Thus, finding solutions to antibiotic resistant infections depends on these small startups, which price controls would devastate. Halting innovation in this area would have enormous consequences. Ioannou writes that more than 700,000 people die each year from infections resistant to most or all antibiotics, and the number is increasing by the day.

Hu writes that as many as 10 million people could die annually from superbugs by 2050 if nothing is done.

Thus, we proudly negate.