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

Contention 1: Delays

Price controls increase the amount of time that it takes for medicines to be approved. Spiegel of the Hill writes that Pharmaceutical firms have to undergo a long, drawn-out negotiating process every time they want to sell a new medication in a controlled market. In Europe, drugs are approved around one year later than compared to the US. The impact is critical because All the while, sick people aren't getting the medicines they need. Spiegel terminalizes the impact writing that 600,000 European deaths could be avoided each year if the continent's healthcare systems simply offered "timely and effective medical treatments".

Contention 2: Innovation

Imposing price controls hurts innovation by moving investors away from pharmaceuticals.

Sood of Health Affairs explains in 2009 that "introducing new regulations such as price controls in a largely unregulated market could greatly reduce pharmaceutical revenues by as much as 20.3%." Kessler of Stanford corroborates in 2014 that "lower expected profits translate into a reduced supply of external capital, which translates into reduced investment."
Even the thought of reform empirically reduces investment as Ellison of UC Berkeley reports that during the Clinton Administration, leaks about overall reforms toward drug prices resulted in the value of a portfolio of pharmaceutical stocks falling by over 40%. Even further, the ITIF found in 2005 that just the proposal of price controls reduced innovation spending by about $1 billion and caused firms to shift from producing breakthrough drugs to improving their manufacturing process.

This is why Harlan of the New York Times explains in 2015 that US price controls would reduce R and D spending by between 30% and 60%.

The impact of decreased innovation manifests itself in one important way.

New drugs. The Healthcare Institute explains in 2002 that "price controls will invariably harm millions of needy patients who are counting on drug manufacturers to develop the next generation of breakthrough medicines." These impacts ripple globally as The CEA reports in 2018 that the U.S. funds nearly half of the world's medical research and development. Thus, Lakdawalla of HealthAffairs runs the numbers in 2009 and finds that when comparing the economic and health benefits and costs of decreased prices versus decreased innovation, price controls on net cost more than $50,000 per person and would reduce US and European lifespans by nearly 3%.

Contention 3: Complacency

Implementing price controls would shut down alternative solutions to high pharmaceutical prices. Patashnick of the UVA writes in 2013 that "public issues are subject to an identifiable "issue-attention" cycle. Essentially, if we pass a major policy like price controls, the healthcare issue goes to the back of everyone's mind because it seems like the problem has solved. Critically, we only get one shot at healthcare reform.

Unfortunately, by implementing price controls, the government will lose the opportunity to pass other measures, likes the CREATES Act. Clancy of The Hill in 2018 reports that the CREATES Act, which promotes "drug price competition by making it easier for medicines whose patents have expired to be sold as less expensive generic versions" is a bill sponsored by senators across the aisle like Dianne Feinstein and Ted Cruz with 30 co-sponsors overall. In fact, US News reports in October that Democratic Representative David Cicilline will introduce the CREATES Act again in the next Congress."

Right now, the FDA requires generic drug makers to prove that their drug is chemically identical by obtaining the formula and samples from the original company, which original drug makers have refused to provide. Thus, no generic drug makers can reach the FDA's standards, making patents essentially infinite. This is why the FDA reports in 2017 that it fielded "over 100 inquiries from generic product developers who were unable to access samples of an innovator drug to compare and test their generic product." Davio of the AJMC in 2018 explains that CREATES directly combats this by allowing drug companies to "bring a civil action against an innovator drug company if the latter refuses to make available enough samples of a product for testing so that a biosimilar or generic can be developed."

The impact is comes from the FDA in 2005, where they report that just the introduction of one generic manufacturer cuts drug prices in half, and the Congressional Budget Office in 2018 who estimates the act to save $3.8 billion dollars over 10 years.

Thus, we negate.

Golec of the Journal of Financial and Quantitative Analysis explains in 2010 that there is a significant positive relation that we find between firms' stock price declines and subsequently unexpectedly low R and D spending.

Contention 1: Pharmaceutical Lobbying

According to McGreal of The Guardian in 2017, "pharmaceutical companies spend far more than any other industry to influence politicians" and have "poured close to 2.5 billion dollars into lobbying and funding members of Congress over the past decade." Furthermore, Pear of the New York Times in 2018 that "drug companies and their trade associations deployed 882 lobbyists last year" thanks to their "deep pockets and sophisticated lobbying. Congressional aides said that it was not unusual for the industry to dispatch 10 or 15 lobbyists to meet with two congressional aides." This is because, as Reddy of STAT explains in 2016, "the drug lobby … relies heavily on lobbying power with Republicans to block damaging legislation," making their contributions "represent a major play in the election of Congress." Luckily, Winegarden of Forbes explains in 2015 that "price controls, by definition, limit the revenues that can be earned" by manufacturers.

This has two impacts.

1. Pushing through dangerous drugs. Clarke of NBCNews writes in 2013 that the drug lobby has pushed for expedited FDA review, allowing for drugs to be approved on the condition of later follow-up trials that never occur or using lax standards to determine a drug's efficacy. Chen of ProPublica in 2018 gives an example of such a drug, Uloric, a gout drug, which increased chances of death by 34% that the FDA steamrolled through the approval process.
2. The opioid crisis. McGreal furthers that "big pharma's money - and its politicians - feed the US opioid crisis" by being "instrumental in blocking" laws that require doctors to be trained about the risks of opioids or the DEA's ability to shut down reckless drug distributors in order to ensure their own profits. This is dangerous because as Durkin of The Guardian reports in 2018, over 72,000 people were killed in the US last year as a direct result of the opioid crisis.

https://www.jstor.org/stable/pdf/25046244.pdf?refreqid=excelsior%3A07d89d34861f359f811c7e3f8d15452b

The public discussion about the need for health care reform started to gain momentum around 1990, with prices of prescription drugs at the center of the discussion. Concerns over prices prompted Merck to announce voluntary price restraints (amounting to a pledge not to raise prices faster than inflation) in 1990 and to publicly scold its competitors for large price increases in 1991. Harris Wofford, who ran on a health care reform platform, was elected to a vacated Senate seat in 1991, focusing the early stages of the 1992 presidential campaign squarely on health care reform. In September 1992, then-candidate Clinton gave a speech at Merck discussing the need for reform but offering few specifics. The speech was generally well-received by the industry.

After Hillary Clinton was appointed to be head of the Health Care Task Force in January 1993 and leaks about the task force's **attitude toward drug prices surfaced** later **in** the spring of **1993,** prospects for the pharmaceutical industry dimmed. As a result, **the market-adjusted value of a portfolio of pharmaceutical stocks fell sharply, over 40%** by one measure (Ellison and Mullin, 2001), over the year during which the health care reform plan was being formulated. The most precipitous decline occurred in the spring of 1993, after leaks surf

https://www.itif.org/files/2011-impact-regulation-innovation.pdf

Golec et al. (2005) show that policy uncertainty surrounding price controls can reduce market innovation well before the regulation is in effect. They also show that regulation may not reduce market innovation per se, but rather it may change the nature of innovation. Their study uses the **Clinton Administration's proposed 1993 Health Security Act (HSA)** as a natural experiment to study the effect of proposed drug price controls on biotech and pharmaceutical firms. They find that **the mere proposal of the HSA reduced firm R&D spending by about $1 billion** and caused firms to cut back on clinical trials; however, they find that the number of patent filings rose sharply. To explain this contradiction, they conjecture that firms used patents—which are relatively less expensive than R&D and clinical trials—to show investors that they were still active. This would imply that firms shifted resources **from developing expensive breakthrough drugs to "cheaper-to-develop supplemental … drugs and improved manufacturing"**—both patentable innovations that do not require heavy R&D investment (pp. 20-21).

Lakdwalla, "U.S. Pharmaceutical Policy In A Global Marketplace," No Publication, https://www.healthaffairs.org/doi/full/10.1377/hlthaff.28.1.w138

Exhibit 1 illustrates the impact of introducing U.S. price controls on the longevity of cohorts ages 55–59, using our baseline parameter values. It shows that the introduction of price controls would reduce life expectancy by two-tenths of a year for Americans ages 55–59 alive in 2010 and by one-tenth for Europeans ages 55–59 alive in the same year. In percentage terms, these correspond to 0.8 percent and 0.7 percent declines from the status quo. The longevity effects are larger for the older cohorts, because the effects of price controls take time to set in. The early cohorts are not exposed to innovation reductions for a number of years. This dampens the impact on their life expectancy. **By 2060, Americans and Europeans in this age group lose almost 0.7 years of life expectancy as a result of U.S. price-control implementation. These represent reductions of approximately 2.8 percent.** On the benefit side, U.S. price controls reduce spending on drugs and medical care. Exhibit 2 quantifies this effect. Price controls adopted in 2005 would reduce lifetime per capita health spending by $9,000 in the United States and $400 in Europe, for those ages 55–59 alive in 2010. Reductions in Europe come about as a result of reductions in life expectancy. The U.S. effects combine life expectancy reductions with direct reductions in cost. For those ages 55–59 alive in 2060, Americans can expect $14,400 less in lifetime spending; Europeans, $2,100 less. Exhibit 3 shows that U.S. price controls have very modest benefits in the present but substantial costs **in the long run.** For the 2010 cohort, **price controls produce** $1,100 of net per

capita benefit in the United States but $8,000 of net per capita cost to Europeans in that cohort. By 2060, the cohorts ages 55–59 **lose[s of] $51,000 and $54,000 in the United States and Europe, respectively.**

A second reason why prior reforms can be expected to crumble over time is that the focus of policy-makers, the media, and the general public will predictably shift to other matters. According to Anthony Downs, many public issues are subject to an identifiable "issue-attention" cycle. An initial sense of the pressing need to mitigate a given problem can be lost when the sense of an impending crisis fades, the costs of resolving the problem become apparent, and other matters arise that compete for the attention of policy elites and mass publics. As time passes, and the spotlight of the media (predictably) comes to focus either on alternative "framings" of reform issues or on completely different topics, the narrow interests that would profit from the unraveling of a pre-existing general-interest measure may find themselves well positioned to get their allies in government to do their legislative bidding. While Downs claims that this "issue-attention cycle" may kick in even before policy reforms are enacted, there is no reason to think it cannot begin afterward.