We negate.

Contention one is drug delays.

Atlas '17 reports that due to a lack of government regulation, the median time to approval for drugs in the United States is half of that of Europe. He continues that this has led to two-thirds of novel drugs being approved in the United States before any other country.

However, Spiegel '17 explains that with price controls, "pharmaceutical firms have to undergo a long, drawn-out negotiating process every time they want to sell a new medication in a controlled market."

The impact is deadly.

Forcing the US to slow drug approval rates decreases the number of drugs on the market, which Spiegel furthers would be deadly, as 600,000 European deaths are caused annually by the continent's complete lack of timely medical treatments.

Tabarrok '14 adds that allowing the FDA to efficiently approve only twenty-five more drugs would gain patients nearly four trillion dollars worth of enhanced life expectancy.

Contention two is tiered pricing.

Mello '18 writes that because of high US prices, pharmaceutical companies are able to grant price concessions elsewhere, sometimes outright donating critical medications to low-income countries in a process known as tiered pricing. As a result, Schweitzer '11 finds that developing countries on average pay less than 27% of the cost for US drugs.

These lower prices are essential as Dumoulin '01 explains that lowered prices have increased global access to drugs 7 fold. Problematically, De Felice '17 finds that 80% of pharmaceutical companies' profits stem from price increases in the United States, something which would be significantly decreased with price controls.

The impact is decreasing access.

Affirming would jeopardize access, as Mello concludes that price controls would be a zero-sum game, where any benefit to U.S. consumers would hurt those in the developing world. This would be devastating as Dumoulin confirms if drug companies had to raise prices in order to break even in the developing world, global access to drugs would decrease by 23 percent.

Contention three is innovation.

Easton '18 reports that America is spearheading international drug development, leading the world as a source for new drugs, while other countries fall behind by limiting their pharmaceutical industry with price controls. For this reason, he finds that every major international pharmaceutical company has instituted R&D operations within the U.S.

Problematically, price controls would end this production, as Easton furthers that with them, companies would have to reduce their R&D budgets by 80 percent. This is for two reasons.

First, cutting capital.

Bos '09 finds that companies in OECD countries with price controls have lost 18 to 27 billion dollars in revenue annually. Lackdawalla '15 writes that price controls cause innovators to spend less pursuing new drugs since they earn fewer rewards from them. As a result, Bos finds that OECD price controls resulted in a 5 to 8 billion dollar reduction of global R&D.

Second, reducing investment.

Francis '05 writes that drug development lasts an average of 15 years and costs nearly a billion dollars, but only 3 out of every 10 of drugs generate profits. As a result, Winegarden '15 explains that there is little incentive to invest in the pharmaceutical industry if after bearing all of the risks of development, revenues from drug sales are limited by price controls.

Kutyavina '10 quantifies that following the Clinton administration threatening lower drug prices, firms decreased their R&D investment by 5%, or $1 billion, in the following year.

Furthermore, Alsever '16 finds that small companies create 64% of new pharmaceutical innovations. Importantly, the DCF '17 writes that small companies rely on private investors to fund research into new innovative cures.

Unfortunately, Howard '16 writes that investors treat the pharmaceutical industry as 25 to 37 percent riskier than other industries and therefore require a higher rate of return. Decreasing profits from drugs severely reduces their investments into these small firms.

The impact is devastating.

Easton finds that pharmaceutical innovation resulted in the curing of childhood leukemia, hepatitis C, and melanoma, and allowed the death rate for AIDS to drop to zero percent.

However, **Francis** concludes that cutting drug prices by 50% would decrease the number of R&D projects in the early stages of developing new drugs by 60%.

Crucially, **Shepherd '16** finds that "each new drug brought to market saves 11,000 life-years annually and can eliminate $19 billion in lost wages by preventing lost work due to illness."

Thus, we negate.

Common Responses

1. **Forbes: Innovation is going down**
    a. Easton '18: innovation is really high right now, Easton post-dates
2. **Government funding**
    a. Funding can't cover all of R&D investment, Henry finds that R&D is made up of 70% of private companies and the government can't make that all up.
    b. Henry '16: government funding is dropping, it shows they don't have an interest in doing this
3. **Market size turn**
    a. Extend responses that price controls won't increase accessibility, so they won't increase market size
    b. C/A Innovation: decreasing the amount of companies making generics means higher prices and less accessibility

Turn: Revenue falls, **Danzon** finds that companies merge to avoid death, **Ashenfelter** finds that 80% of mergers result in higher drug prices