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C1: Innovation

Price controls decrease innovation in two ways.

First is by decreasing profitability

Shepherd of Emory Legal Studies in 16 finds while the cost to bring each drug to market is 2.6 billion dollars, companies can offset this with high prices. However, under price controls, **Shepherd** continues companies will not spend billions of dollars on new drugs if they can't recoup the costs. **The OECD** quantifies price controls would diminish the returns on investment by 27 billion dollars annually. They conclude no company would continue their current level of innovation under price controls. Indeed, **Vries of NCBI 13** concludes each 1 percent reduction in pharmaceutical revenues in the United States would reduce the annual number of new chemical entities by 3.5 percent.

Second is through venture capital

Balakrishnan of CNBC in 15 writes biotechnology's high risk nature means investors flee at the first sign of harmful policy. Empirically, **Kessler of Stanford in 14** observes the 1992 Clinton Price Control Plan caused pharmaceutical stock prices to drop 52% as investors immediately pulled out. This drop in investment is devastating as **Andrea of Biotech Canada in 18** confirms continuous investment is necessary for innovation. **BIO** continues changes in capital flow are particularly harmful to small firms who rely on outside investment. As a result, **Dean of the Emory University '18** empirically finds after India imposed price controls small drug companies lost 15% of their market share. This devastates innovation as **Lori of CNBC in 18** reports small businesses are responsible for 63 percent of new drugs.

There are two impacts

First is domestic, Lichtenberg in 05 quantifies each new drug created saves 11,200 life years annually. Furthermore, **Yamada of University of New Jersey 10** concludes the production of new chemical entities saves 108,000 lives annually.

Second is international, Boustany of Fortune in 2018 finds the United States market funds half of the worlds medical research and development. The **Healthcare Institute of New Jersey 17** reports new therapies created by research and development account for 73% of increased life expectancies across the globe.

C2: Developing countries

Large pharmaceutical companies engage in philanthropy throughout the world. **Sachs of the Guardian 12** contextualizes this impact, writing that expanded funding has allowed for progress against worldwide diseases like AIDs, TB, and malaria, and an almost complete eradication of polio in some of the world's poorest countries. Crucially, this progress is being funded by high US prices as **De Felice of the Harvard Business Review 18** confirms 80% of corporate pharmaceutical profits are from domestic price increases. However, **Sood of USC 05** finds US price controls would decrease revenues of US pharmaceutical companies by 23%.

Decreasing American companies' profits hurts the developing world in two ways.

First is triggering price hikes,

Currently, **Mankad of the Guardian in 16** writes high American prices allow companies to discount drugs in the developing world. In fact, **Comanor of Health Affairs 11** quantifies such countries on average pay less than 27% of the cost for US drugs. These lower prices are essential as **Dumoulin of the International Journal of Biotechnology 01** quantifies they've increased global access to drugs 7 fold. Unfortunately, affirming jeopardizes access as **Mello of the Minnesota Law Review 18** writes lost revenue under price controls would force companies to raise prices in the developing world. This would be devastating as **Dumoulin** confirms if drug companies raise prices to start breaking even in the developing world, global access to drugs will decrease by 23 percent.

Second is decreasing donations

Lamattina of Forbes 15 reports all Big Pharma companies have some sort of philanthropic program in the developing world. For example, **Kelland of Reuters 12** confirms 13 of the largest drug companies have each donated an average of 1.4 billion treatments per year to the developing world. These donations have lasting effects, as the **Global Alliance for Patient Access 17**, concludes they strengthen health systems, secure supply chains, and foster public services that increase access. Price controls threaten these donations by decreasing revenues which **Andreassen of Developing World Bioethics 15** finds is what allows companies to donate in the first place.

Berezow of the American Council on Science and Health 16 continues this philanthropy has been instrumental in saving lives. Without big pharmacy funded vaccines, roughly 1.5 million people would die every year from measles alone.

Thus we negate