***We oppose price controls on the pharmaceutical industry on the basis of two contentions.***

**Contention One is Generic Shortages.**

*Right now, generic drugs, which are cheap alternatives to patented brand-name drugs, are becoming more prevalent, increasing accessibility to medications.*

Sean Williams18 of the Motley Fool writes that the use of generics is rapidly expanding, concluding that by 2020, 92 percent of prescriptions will be generic drugs. Generic drugs allow for robust competition, leading the Government Accountability Office16 to determine that generics drug prices have fallen by 59 percent since 2010. This has resulted in real benefits to consumers, as the IQVIA18 reports that out-of-pocket drug costs decreased by 17 percent over the past five years.

However, imposing price controls would hamper manufacturing investment by generic companies, thus creating a supply shortage. Jill Wechsler16 of PharmTech Magazine writes that manufacturing failures are the number one cause of drugs shortages. Fortunately, she continues that recently, the number of shortages has decreased due to investment in manufacturing.

*However, imposing price controls would reverse this trend.*

Under a price control, manufacturers cannot increase the price of their drugs to make up for dynamic changes in the market. Thus, Scott Gottlieb11 of the American Enterprise Institute writes that generic manufactures won’t make long term investments into improving manufacturing technology without being able to raise prices in the future to recuperate those costs.

Thus, Emma Dean18 of Emory University writes that price controls reduce the market share of generics by 14.5 percent.

*Generic drug shortages deprive millions of access to medication.* For example, Kathryn Nix11 of the Heritage Foundation writes that when the US imposed price controls under medicare, generic suppliers of cancer treatment left the market leaving half a million people without life saving treatment.

**Contention Two is Helping the Developing World.**

According to Neeraj Sood08 of the Health Affairs Journal, because price controls would lower drug prices, they would decrease overall revenues for pharmaceutical companies by 26 percent. This hurts developing countries in two ways:

**Subpoint A is reducing donations.**

Right now, Keith Speights18 of the Motley Fool reports that pharmaceutical companies donate 19 percent of their profits. Indeed, Wayne Taylor10 of the Cameron Institute quantifies that 90 percent of projects to aid developing countries were led by the pharmaceutical industry, with the US specifically responsible for 26 percent of efforts, the most out of any country. Drug donations are crucial, as the Global Alliance for Patient Access18 concludes that millions in developing countries depend on them. Unfortunately, Michelle Mello18 of Stanford writes that imposing a price control and decreasing pharmaceutical profits would make companies less willing and able to donate critical medicines.

**Subpoint B is increasing prices.**

Stuart Schweitzer11 of UCLA writes that high drug prices in the US allow for low drug prices in the developing world. Specifically, drug sales in America market alone generate enough profit to allow companies to charge low, humanitarian prices in poorer countries. Thus, Schweitzer quantifies that due to high American prices, developing countries pay just 6 percent of what America pays for essential medicines, and less than 20 percent for patented drugs.

Fortunately, Patricia Danzon03 of the University of Pennsylvania finds that this system of tiered pricing, where companies offer discounted prices to poor countries, increases global access to drugs by 4 to 7 times. Unfortunately, Mello writes that restricting prices in the US would cause companies to increase prices abroad to make up for the lost profit. Specifically, Sean Flynn18 of American University explains that, because of high levels of economic inequality, drug companies would maximize profits in developing countries by charging excessive prices to the rich and depriving the poor of any access.

This would be disastrous. The World Health Organization01 reports that if drug companies began to charge prices that would allow them to break even in the developing world, access to drugs would decrease by 23 percent.

**Thus, we negate.**