

We negate,

Our sole contention is the Nature of the Market.

Price controls are unlikely to tangibly hurt Big Pharma, [Yeoh of the University of Nottingham](#) describes that price controls fall overwhelmingly on small companies who do not have the resources or infrastructure to adapt quickly to or absorb regulatory costs. Thus, [Gitis of AAF](#) confirms that for every 10% increase in regulatory costs 400 small businesses pull out of an industry.

Specifically, price controls would decimate two critical components of the pharmaceutical industry.

Sub-point A is a Biotech Collapse.

[Vanderbyl of the University of Phoenix](#) explains that because small biotech firms focus on high risk innovation with high failure rates, risky investment in these firms is driven and sustained by high -profits. Thus, [Nisen of Quartz](#) writes that biotech companies are extremely reliant on high drug prices to recuperate investment costs for drug development. However, [Easton of Stat News](#) continues that because price controls make the pharmaceutical industry less profitable, investors would shift investments into other industries like high technology. Thus, [Nisen](#) concludes that price controls would “bring investments crashing down.”

Less investment prevents the development of necessary novel drugs, as [Ioannou of CNBC](#) finds that two-thirds of drug innovation has come from small biotech. Thus, [Vernon of the University of North Carolina](#) quantifies that imposing price controls would reduce the number of new drugs in the coming decades by 30%.

This downsizing of innovation will end the lives of millions.

[Easton of Stat News](#) writes that there remain huge unmet needs for better treatments against drug-resistant infections. Fortunately, he continues that with sustained investment flowing into biotech companies, advances in these areas will continue to come. However, without innovative drugs, [Simpkin of the Journal of Antibiotics](#) writes that antibiotic resistant diseases will kill 10 million people annually by 2050.

Furthermore, new innovative drugs save money. [Shepherd of New York University](#) outlines that because innovative drugs reduce medical spending on doctor visits, hospitalizations, and other medical procedures, every additional dollar spent on innovative drugs reduces total medical spending by seven dollars.

Sub-point B is a Generics Shortage.

Despite high-profile price hikes, generic drugs are becoming more prevalent, greatly improving access for patients. This is critical, as [Solan of the Harvard Medical School](#) writes that on average generics cost 85% less than brand names.

[Indxx](#), a research and analytics firm, writes that as more drug patents expire, more generics are entering the market, accounting for more than half of pharma growth globally. The [Investor's Business Daily](#) writes that the current administration has increased efforts to speed up the approval process of new generics to increase competition. Thus, [King of the Washington Examiner](#) writes that for the second year in a row, the FDA has approved a record number of new generics to enter the market. [Indxx](#) concludes that by 2020, 92% of prescriptions will be filled by generic drugs. As these drugs enter the market, they drive competition, which is why [The Government Accountability Office](#) continues that generic drug prices have fallen by 59% since 2010. Because of this trend, [Aitken of the Institute for Human Data Science](#) writes that out-of-pocket drug costs are declining by 17% for consumers.

However, imposing price controls would hamper manufacturing investment by generics companies, creating a supply shortage.

[Wechsler of PharmTech](#) writes that the number one cause of supply shortages of drugs is because of manufacturing failures. However, she continues that in recent years, the number of shortages has decreased due to recent investment into manufacturing.

However, imposing price controls would reverse this trend. [Gottlieb of the American Enterprise Institute](#) writes that generic manufacturers won't make long-term investments into improving manufacturing efficiency without being able to raise prices in the future to recuperate those costs. Problematically, [Federgruen of the Wall Street Journal](#) writes that price controls dramatically lower profit margins of generics companies, leaving less money to make necessary investments to match demand.

Thus, [Dean of the American Society of Health Economics](#) writes that price controls reduce the market share of generics by 14.5%. When generic manufacturers stop producing, people are left without critical medication. For example, [Nix of the Heritage Foundation](#) writes that when the U.S. imposed price controls under Medicare, generic suppliers of cancer treatment left the market, leaving half a million people without life-saving treatment.

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Price controls are unlikely to tangibly hurt Big Pharma, as [McGreal '17 of the Guardian](#) writes that 90% of representatives and all but 3 senators have taken massive donations from the pharma lobby to influence legislation. However, the [Nature Biotechnology Journal '07](#) describes that the pharma lobby exclusively represents large multinational companies because they can best afford to provide resources for the lobby. Thus, [Yeoh '17 of the University of Nottingham](#) describes that price controls fall overwhelmingly on small companies who cannot adapt as quickly and cannot voice their concerns to policymakers.

Specifically, price controls would decimate two critical components of the pharmaceutical industry.

Sub-point A is a Biotechnological Collapse.

Imposing price controls would trigger capital flight from the biotech industry. [Nisen '15 of Quartz](#) writes that biotech companies are extremely reliant on high drug prices to recuperate investment costs for drug development. However, [Easton '18 of Stat News](#) continues that because price controls make pharma less profitable, venture capitalists would shift investments into other industries like high technology instead. Thus, [Nisen '15](#) concludes that price controls would “burst the biotech bubble and bring investments crashing down.”

Less investment prevents the development of necessary novel drugs. [Ioannou of CNBC](#) warrants that the biotech sector develops 65% of high priority drugs. Thus, [Vernon '03 of the University of North Carolina](#) quantifies that imposing price controls would reduce the number of new drugs in the coming decades by 30%.

This downsizing of innovation would have two catastrophic impacts.

First, an antibiotic-resistant nightmare.

[Easton '18 of Stat News](#) writes that there remain huge unmet needs for better treatments against drug-resistant infections. Fortunately, he continues that with sustained investment flowing into biotech companies, advances in these areas will continue to come. However, without novel, innovative drugs, [Simpkin '17 of the Journal of Antibiotics](#) writes that antibiotic-resistant diseases will kill 10 million people annually by 2050.

Second, hiking overall medical costs.

Shepherd '16 of New York University outlines that because innovative drugs reduce medical spending on doctor visits, hospitalizations, and other medical procedures, every additional dollar spent on innovative drugs reduces total medical spending by seven dollars.

Sub-point B is a Generics Shortage.

Despite high-profile price hikes, generic drugs -- cheap, off-patent alternatives to name-brand drugs -- are becoming more prevalent, greatly improving access for patients. This trend is primarily driven by two factors.

First, a patent cliff.

Indxx '16, a research and analytics firm, writes that as more drug patents expire, more generics are entering the market, accounting for more than half of pharma growth globally. The Government Accountability Office '16 continues that generic drug prices have fallen by 59% since 2010 due to the increased competition from more generics.

Second, a new political approach.

The Investor's Business Daily '18 writes that the current administration has increased efforts to speed up the approval process of new generics to increase competition. Thus, King '18 of the Washington Examiner writes that for the second year in a row, the FDA has approved a record number of new generics to enter the market.

Ultimately, Indxx '16 concludes that by 2020, 92% of prescriptions will be filled by generic drugs. Because of this trend, Aitken '18 of the IQVIA Institute for Human Data Science writes that out-of-pocket drug prices are declining by 17% for consumers.

However, imposing price controls would drive out generic manufacturers from the market, creating drug shortages across the board.

Gottlieb '18 of the Wall Street Journal writes that price controls remove manufacturer flexibility to raise prices to cover inevitable rising production costs. He continues that while large pharma companies have the profit margins to cover these costs, generic firms have much thinner profit margins because of the number of sellers in the market, which is why these firms exit the market when they can't raise prices. Thus, Shepherd '17 of Emory University writes that countries with price controls have significantly less generic competition than America.

When suppliers exit the market, people are left without critical medication. Nix '11 of the Heritage Foundation writes that when the U.S. imposed price controls under Medicare, generic suppliers of cancer treatment left the market, leaving half a million people without life-saving treatment.

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