La Dernière Danse

Ridge WR Affirms **(Resolved: The United States federal government should impose price controls on the pharmaceutical industry.)**

Hour Soul Contention is Economics

American medicine is broken - and only price controls can fix it. **Lokke 18 of Wired** contextualizes that in America today the cost of drugs are incredibly high. Indeed, **The Associated Press** writes that we are seeing an average of a 10% increase in medicine costs across the industry, every single year. The situation has become so bad that **Wine 18 of Harvard University** writes that 26 million Americans cannot afford the medicine they need which **Brody 18 of the New York Times** reports leads to the death of 125,000 Americans every year.

With that, <u>Subpoint Ayy is Halting Monopolization.</u>

Crow 18 of the Financial Times writes that the first 2 months of 2018 has seen over 30 billion dollars corporate mergers and acquisitions within the pharmaceutical industry due to the large boost of revenue spurred by tax cuts, which the **IHSP** finds follows the trend of growing corporate consolidation in pharma.

However, industry expert **Robert Neirinck** writes that excessive profit margins drive these mergers, as the more money a company has the more able it is to buy out another company. Luckily, **Goldman 09 from RAND** finds in a meta analysis that direct price controls on pharmaceuticals decrease annual corporate profit margins by 22.5% - disincentivizing mergers. In fact, **Hamilton 18 of Forbes** writes that even the mere threat of price controls is enough to deter mergers. Because mergers decrease the amount of competitors, allowing for corporate consolidation, **Angel 16 of the NCBI** finds 1 acquisition can increase a drug price by 1000%.

<u>Subpoint Bee is Direct Action</u>

Affirming directly decreases the prices of medicine for 2 reasons, of which the first and most direct way comes from Krugman 18 of The New York Times who writes that Wen a company makes a new drug it has almost exclusive control over it, allowing for prices to be kept high without worrying about competition, but, price controls would force companies to abide by clear restrictions. **Secondly, an affirmative ballot sends a powerful message to big pharma, as Pear 18 from The New York Times** writes that while Trump has begun advocating for regulations on drugs, there is a lot of skepticism over whether he's serious, or if he could even pass anything. Affirming puts words into action, pitting the government against the industry. Critically, **Ellison 06 of MIT** writes that Wen perceived political pressure is exerted on pharmaceutical companies, they dramatically drop prices to appease politicians.

<u>The impact of both Subpoint Ayy and Subpoint Bee is Recession.</u>

Lopez 16 from Columbia University writes that as pharmaceutical drug prices keep rising and siphoning off more and more consumer spending, eventually American spending on other sectors will be forced downward due to the immense cost of healthcare, sparking a recession - concluding that the only solvency for this coming crisis is government intervention. **<u>This would be devastating as</u>** Tufts University reports that the last recession wiped out 6 trillion dollars of household wealth and put 100 million people around the world into poverty.

<u>Subpoint See: Preemptive Control</u>

Nisen 16 of Pomona College writes that pharmaceutical startups are seeing billions upon billions of dollars of investment poured into them and skyrocketing growth. However, he explains that the problem with all of this is that these investments are based upon *predictions* that these pharma companies will be profitable - even though they haven't made any money, or even put any drugs on the market yet. He continues that these investments are incredibly dangerous as 97% of drugs fail during testing, meaning that the vast majority of these companies' main products will never even make it onto the market. As a result he concludes that these corporations will just keep getting bigger and bigger off of investment money until they inevitably collapse because they are unsustainable.

Thus we strongly urge an affirmative ballot.

Aff Extensions

Sub A: Monopolization (15 seconds)

Currently, according to **Crow 18** there are a lot of corporate mergers in the pharma industry. The **Neirinck** evidence indicates these mergers require high profit margins. However, **Goldman** finds price controls decrease profits by 22.5%. This is good, because **Angel 16** reports each merger increases drug prices by 1000%.

Sub B: Direct Action

1. Setting clear restrictions (7 seconds)

Krugman 18 finds that though companies have exclusive control over their new drugs, price controls forces them to clearly set lower prices.

2. Sending a powerful message (12 seconds)

Pear 18 describes how there is a lot of doubt over whether Trump will actually regulate pharma. Aff puts his threats into actions. **Ellison 06** finds that as a result, companies will decrease prices to appease politicians.

Impact: Accessibility (8 seconds)

There are 26 million Americans who can't afford their medicine and as a result, 125,000 of them die annually. That's **Wine and Brody 18**.

Impact: Recession (9 seconds)

Lopez 16 writes, as pharma prices rise exponentially, consumer spending in other sectors dwindle, causing recession. Gov intervention solves. **Tufts** finds the last recession put 100 million into poverty.

Sub C: Preemptive control (30 seconds)

Nisen 16 indicates that pharma companies get billions in investment now. But, these investments are just speculation. Since 90% of drugs fail during testing, most of these companies' main products won't even make it on the market, so these companies will fail. The aff solves. **Nisen** continues that price controls make investors jump ship because biotech is less profitable. Collapsing these firms now is better, since **Dyl 16** finds that a continuation of the status quo causes the sector to become so inflated from speculative investment that the entire economy comes down Wen the industry inevitably crashes.

Impact: Recession (3 seconds)
Tufts finds the last recession put 100 million into poverty.

Slap that Aff

Ridge WR Negates the aforementioned resolution

Contention 1: Eastern Medicine

Torrey 18 of The Diplomat writes that China is looking towards becoming a major pharmaceutical hub and a leader in production and innovation.

Luckily, **Xueqiao 18 of The Financial Times** writes that due to the recent influx of money, Chinese biotech startups are now out innoating and outcompeting big corporations, however, China needs to keep this money flowing in order to continue its progress.

Affirming destroys this for 2 reasons. First --- Leveling Investment. XinhuaNet 18 writes that US pharmaceutical corporations have been pouring billions upon billions of dollars into the Chinese startups scene in order to potentially develop their market.

However, **Goldman 09 from RAND** finds in a meta analysis that direct price controls on pharmaceuticals decrease annual corporate profit margins by 22.5%. **Danzon 07 of Upenn** implicates that companies will respond to this by focusing on projects at home, destroying investment into the Chinese Pharma sector.

Second --- Locking Out The Market. Hancock 18 of The Financial Times writes that the vast majority of revenue flowing into Chinese companies comes from the US market - as companies intend to use the profit made in the US to then develop and grow back at home.

Unfortunately, a price cap would dramatically reduce the amount of money that Chinese companies can make on the US market, which is why **Kyle 18 from MIT** writes that price caps would decrease the chance that a company from a foreign country like China would export to America by 75% - destroying the profit of Chinese biotech.

The Impact is developing prosperity. The Development of China's pharmaceutical industry is critical to save lives in developing countries as **Ying 18 of the CGTN** writes that China and Africa have been pursuing close cooperation in the pharmaceutical industry, with Chinese companies very focused on the African market. This is critical as the **World Atlas 18** reports that 5 million Africans die every year due to major diseases.

Contention 2: Innovation Nation

Price controls on the pharmaceutical industry destroys innovation for 3 key reasons.

First --- Reducing Investment. Winegarden 18 of Forbes writes that the process of creating new medicine is lengthy, costly, and fraught with risk - however investors still invest in it due to the high profitability. However, price controls undercut this profit which is why **Easton 18 of STAT** writes that price controls would destroy investment into the pharma industry.

Second --- Reluctancy to produce. Nisen 15 of Forbes writes that because the cost of developing new drugs is so high, drugmakers need big profits in order to justify the amount of money that they invest into innovation. However, because price controls reduces profit by so much, they reduce the perceived benefit of making new medicine. As a result, **a Department of Commerce Study** found that price controls reduce the amount of money spent on drug development by 5-8 billion dollars per year.

Third --- Stock Collapse. The Mckinsey Institute reports that the pharma industry is becoming incredibly diverse with new startups popping up and competition at an all time high.

Indeed, **Ioannou 18 of CNBC** writes that startups are leading the charge in the growing pharma sector accounting for 63% of all innovation within the industry. However, political circumstances can ruin all of this, as **Watson 18 of Forbes** writes that back in the 90s biotech was growing very rapidly, however, after President Clinton signaled his intent to restrain the industry biotech stock prices dropped 50%.

Pharma is on the brink of facing this same scenario as **Pear 18 from The New York Times** writes that while Trump has begun advocating for regulations on drugs, there is a lot of skepticism over whether he's serious, or if he could even pass anything. Affirming puts words into action, pitting the government against the industry. This would be disastrous as Kovak 18 of NYU writes that the last time this happened in the 90s, many startups went bankrupt within weeks, destroying competition within the industry.

All in all, Lichtenburg of Columbia University finds that a 10% decline in pharmaceutical prices leads to a 6% decline in Pharmaceutical innovation.

Lanjou of the CGD concludes that price controls would decrease the chance of any high quality drug being released by 33%. Lichtenburg quantifies that every 1 new drug saves 19,000 lives, and the NBER concludes that pharmaceutical innovation has increased life expectancy in both developed and developing countries by 73%.

Neg Extensions

Con 1: Eastern Medicine

Inherency: (8 seconds)

China wants to be a leader in pharma innovation according to **Torrey 18**. **Xueqiao 18** finds that with a recent surge of money, Chinese biotech startups have been innovating a lot.

First warrant: leveling investment (11 seconds)

XinhuaNet 18 finds that US pharma has invested billions into Chinese startups to develop the market. But, **Goldman 09** reports that price controls limit this investment because it decreases profit margins by 22.5%.

Second warrant: locking out the market (12 seconds)

Hancock 18 writes that most Chinese firms' make their money from the US market. However, the price cap reduces their profits, so **Kyle** quantifies that price caps decrease the probability of Chinese pharma exports to America by 75%.

Xueqiao 18 = Chinese firms need to keep up current money flow to be able to keep innovating.

Impact: Africa (8 seconds)

Ying 18 reports that Chinese pharma cooperates closely with the African market, which is good since **World Atlas 18** finds every year 5 million Africans die from major disease.

Con 2: innovation

Reason 1: Reducing Investment (7 seconds)

Winegarden 18 finds investors support new drugs because of high profits, so **Easton 18** reports price controls destroy investment into pharma.

Reason 2: Hurting Return (9 seconds)

Nisen 15 writes that firms product new drugs despite costs because of high profits, so the **Department of Commerce** concludes that price controls decrease drug development by 5-8 billion $ every year.

Reason 3: Stock Collapse (17 seconds)

The pharma industry currently is extremely diverse and competitive as the **McKinsey Institute** finds. **Ioannou 18** reports that startups are responsible for 63% of all pharma innovation. **Pear 18** finds that affirming turns Trump's threats on pharma regulation into reality, which **Kovak 18** believes will trigger the same impact as in the 90s with clinton, where many startups went bankrupt.

Impact: Reduced Innovation (16 seconds)

Lichtenburg finds a 10% decline in pharma prices decreases innovation by 6%. According to **Lanjou**, price controls decrease the chance of the release of a high quality drug by 33%. Critically, **Lichtenburg** continues that every new drug saves 19,000 lives.

NBER concludes that pharma innovation has increased life expectancy worldwide by 73%.

1. Hais of The Heritage Foundation = because price controls would limit revenues for hospitals who make their own drugs = doctors will have to increase how much they charge for treatment = overall healthcare becomes more expensive; Goldberg of NCAP = every 1 dollar spent on drugs = 4 less dollars spent on hospital.

2. Wayne of Forbes = limited medical revenue onset by price controls = doctor salaries go down = less ppl becomes doctors = shortage. ACP = every 1 less doctor per 10k ppl increases mortality by 6%.

The WHO explains that
Americans won't be the only ones affected: The WHO explains that pharmaceutical companies "licens[e] medicines to be manufactured by developing countries[, which have lower labor costs and can produce drugs for cheaper]. In exchange, [companies sell] lower-priced pills [in developing countries, enabling billions more to access these medicines]."

http://apps.who.int/medicinedocs/documents/s17815en/s17815en.pdf
Licensing of products and/or processes must be voluntary and mutually beneficial if it is to be sustained. Voluntary licensing is a win-win for pharmaceutical companies and the least developed countries. By voluntarily licensing medicines to be manufactured by third parties in developing countries, research-based pharmaceutical manufacturers do not have to incur distribution costs, while they retain their proprietary rights and help improve health outcomes among the most needy of the world's inhabitants. In exchange, the lower-priced pills are required to be sold in distinctly different shapes, sizes, and/or colours, dramatically lowering the possibility that they will be exported back into developed countries through black market channels to compete against full-price medicines. A collateral benefit to the developing country in which the production occurs is the addition of high-value employment, tax revenue, and wealth creation opportunities.

This report identified there being 91 voluntary licences for brand-name medicines, two-thirds of which have been initiated within the past three years (see figure below).

A2 Drug Shortages

1. Alt Cause. Sullivan of PolicyMed finds that drug shortages in other countries occur not because of price controls, but because of disruptions in manufacturing supply chains. Specifically, because globalization has extended supply chains, many substances necessary for medicines are now located in countries with unstable political systems and are prone to natural disaster.
    a. For example, the 2011 tsunami in japan

https://www.policymed.com/2013/02/the-european-medicines-agency-mitigating-drug-shortages-in-europe.html

The European Medicines Agency (EMA) recently released a proposal for how it can help mitigate potential and real **drug shortages stemming from manufacturing problems,** reported FiercePharmaManufacturing. The six-page proposal notes that "Recent unexpected **disruptions to the manufacturing supply chain** due to manufacturing/GMP (good manufacturing practices) compliance problems have resulted in acute and chronic shortages of important medicinal products in the European Union (EU) requiring changes to prescribing information, and initiation of patient allocation programs."

The **globalisation of manufacture has** continued to increase in importance so that many medicinal products have **extended** manufacture and **supply chains, which increases the risk of supply disruption including new vulnerabilities. Many sources of active substances for life-saving medicines, e.g. antibiotics, are now wholly located outside the EU, some located in countries that have uncertain political and regulatory systems and which may be prone to natural disaster.** The 2011 tsunami in Japan illustrated how natural disasters can impact the supply chain of pharmaceuticals.

2. On the evidence about there being a shortage of 267 generic drugs right now- Fox '17 of Harvard Business Review[1]→ Generics cannot reach the market because they were recalled due to quality issues. These 267 recalls on generic drugs were because they do not work, are contaminated, or counterfeits- not because companies decided to export them to other countries.

[1] Fox, Erin "How Pharma Companies Game the System to Keep Drugs Expensive", Harvard Business Review, 6 April 2017, https://hbr.org/2017/04/how-pharma-companies-game-the-system-to-keep-drugs-expensive

Although makers of a branded drug are using a variety of tactics to create barriers to healthy competition, generic drug companies are often not helping their own case. In 2015, there were 267 recalls of generic drug products—more than one every other day. These recalls are **for quality issues such as products not dissolving properly, becoming contaminated, or even being outright counterfeits.** A few high-profile recalls have shaken the belief that generic drugs are truly the same. In 2014, the FDA withdrew approval of Budeprion XL 300 — Teva's generic version of GlaxoSmithKline's Wellbutrin XL. Testing showed the drug did not properly release its key ingredient, substantiating consumers' claims that the generic was not equivalent. In addition, concerns about contaminated generic Lipitor caused the FDA to launch a $20 million initiative to test generic products to ensure they are truly therapeutically equivalent."