Junk-Science Reporting: Marcia Angell Does a Hatchet Job on Big Pharma.

By ACSH Staff — September 8, 2004

America's pharmaceutical industry is under scrutiny and attack more than ever before. Critics have pejoratively nicknamed the industry "Big Pharma" (to associate it with "Big Tobacco"); they characterize it as uncaring, duplicitous, profit-hungry, and manipulative; they claim that the industry excels in price-gouging while at the same time delivering very few products of any real value. The resentment of the industry is palpable from my own conversations with relatives and friends (particularly elderly or infirm ones) to Congress, where advocates are demanding the legalization of drug importation from Canada and elsewhere in a desperate (and, in the long run, futile) attempt to bring drug prices down.

Perhaps nowhere does strident criticism of the industry come together in a "perfect storm" as much as in Dr. Marcia Angell's new book, *The Truth About Drug Companies*.

Angell comes to this attack with seemingly impeccable credentials: She spent years as editor of the prestigious *New England Journal of Medicine*, and for that reason alone she is a force to be reckoned with. Her latest book is something of a puzzle to those of us who have been following her career. For example, given her extensive background on medical issues, it is astonishing how off-base she is on some fundamental facts related to the pharmaceutical industry and how out of touch she is with the mechanism of the free market in general. After reading this scathing diatribe with its dubious premises and claims, I had to wonder for a moment whether this was the same Marcia Angell who wrote the excellent book *Science on Trial*, which decried the "junk science" behind litigation against breast implants.

BIG VILLAIN

The take-home message in *The Truth About Drug Companies* is this: Big Pharma is depriving poor and middle-class citizens of the life-saving, life-enhancing drugs they deserve by charging exorbitant fees and making people choose between having food in the refrigerator, or medicine in the cabinet.

Beyond that, she opines that the industry, which describes itself as innovative and research-and-development oriented, is a case of the emperor having no clothes. Her view is that the successful drugs being marketed today are really the result of taxpayer-funded government research, which are then picked up and packaged by pharmaceutical companies who rip off the consumer a second time by charging sky-high prices. Angell believes that radical measures are justified here to accelerate the discovery of new pharmaceuticals and make drugs more accessible to everyone. In essence, she suggests the government take over the industry and treat it as a public utility.

Addressing the distortions, misstatements, and the surprising naivetÃ© of some of Angell's

statements would take another book in itself. So I will here focus on two basic contradictions and misperceptions, and then move on to briefly correct the record on seven of her main points.

NOT YOUR AVERAGE CONSUMER GOOD

First, she claims that essential life-saving medications are withheld from needy people by greedy companies, while at the same time arguing that people are unnecessarily medicated, that drugs do not work, and that those drugs that do are just copies of the ones that have been around for years.

Which is it? Are Rx companies saving lives with spectacular new drugs or not?

Second, she (like most consumers, according to national surveys) thinks drugs are different from other consumer products that they are "entitlements." If they exist, people have a right to them at whatever cost they can afford, if any. Angell argues, "If prescription drugs were like ordinary consumer goods, all this might not matter very much. But drugs are different. People depend on them for their health and even their lives." She aligns herself with the views of a U.S. senator who states, "it's not like buying a car or tennis shoes or peanut butter."

But why are pharmaceuticals not like other consumer products? Housing and food are essential for life is it the right of everyone to have these at below-market prices? What entitles people to expensive pharmaceuticals? How many older Americans, for example, would not think twice about discretionary spending annually at the rate of $10,000, $20,000, or more for cruises, golf, clothes, dining out, or other non-essential fare but are outraged when they have to spend $5,000 per year on drugs that keep them alive and healthy? Surely years of employer-sponsored health insurance programs where medicines were "free" or had a small co-pay have conditioned consumers to believe that access to cheap drugs is their "right," and when asked to pay full freight (as they are when they book a cruise), they balk and become outraged.

DUBIOUS ARGUMENT

As to Angell's specific points:

- **Drug-company profits are too high, and companies are "awash" with cash.**In making this argument, the author seems to miss the importance of economic incentives for innovation: The "pot of gold" prospect is what fuels research and development. What is wrong with the industry being "awash" in cash while it produces drugs that prolong and enhance our lives? It is a win-win scenario.Part of Angell's argument here is that "profits" make drugs too expensive. Too expensive compared to what? Premature death? Weeks or months of hospitalization that can be avoided through the use of pharmaceuticals? Lifestyle dysfunction for example, debilitating pain from osteoarthritis?
- **There are no new drugs coming to market they are all copycat drugs.**This simply is not true. Over the past decade, pharmaceutical companies have conducted hugely sophisticated research at the molecular and cellular levels to uncover many new treatments for disease. In the past ten years, over 300 new drugs have been approved by FDA including vaccines, medicines to treat AIDS, modest steps toward treating Alzheimer's, a spectrum of antidepressants, and of course miraculous cholesterol-lowering drugs.
- **The copycat or "me-too" drugs offer no benefits over existing drugs.**This is false as

well: It is in the consumer's interest to have a variety of drugs to choose from when looking to treat a condition. Some will work better than others for various individuals and afflictions; some will be tolerated more, with fewer side effects. Can you imagine if only one statin (cholesterol-lowering) drug were available for your physician to prescribe for you and you were allergic to it?

- **The industry spends too much on consumer advertising. They should stop those ads and pass the savings on to consumers as lower prices.**Actually, most observers familiar with "direct to consumer" advertising say it plays an essential role in consumer education. Many people who have serious diseases or risk factors like hypertension, elevated cholesterol, asthma, and depression are not being treated. These ads can prompt consumers to discuss medication with their physicians.Yes, we all could do with fewer ads for Viagra, Cialis, and Levitra. But the reality is that those companies are vying for market share on popular erectile-dysfunction drugs (often characterized as "lifestyle drugs") as do makers of other competing consumer products, such as different companies who produce what is essentially the same car.
- **Tax dollars support the basic research on drugs, so consumers have to pay twice.**In a report issued to Congress in 2001, the National Institutes of Health dismissed the contention that government pays for most of the research for the best-selling drugs. Indeed, statistics indicate that the research-based drug companies spend more on research and development than NIH does, develop the vast majority of U.S. medicines, and are responsible for over 90 percent of the entire world's new drugs each year.Along these lines, Angell challenges the widely regarded estimate that the cost of developing one new drug is approximately $802 million (this number comes from a peer-reviewed scientific journal). Instead she quotes a non-peer-reviewed study by Ralph Nader's Public Citizen organization, which claims that the real number is only $l00 million (an odd and shaky citation for the former editor of a prestigious, peer-reviewed medical journal).
- **Importing drugs is safe: "There is absolutely no reason to think counterfeiting is more likely with drugs imported from Canada ... and some reason to think it is less likely."**At best this is simply naÃ¯ve. Just last week, there was a warning from acting FDA Director Lester Crawford about the possibility of terrorists using contaminated pharmaceuticals as a weapon against us. That should cause everyone to reflect on the real risks associated with importing less expensive prescription drugs from Canada. But the problem of counterfeit drugs is even more complex and scary.First, given the enormous increase in the volume of U.S. purchases from Canada, pharmaceutical companies are wising up. Many American companies are limiting the supplies they send to Canada to a level appropriate for the needs only of Canadians. This move leaves very little left to "import" back to the U.S., but the demand from Americans is growing steadily. The Canadians now find they have a supply problem: a huge demand for pharmaceuticals but no products to offer. The logical thing for Canadian suppliers to do is find a new source of supply, so they turn to countries around the world that will agree to sell them drugs. But how would the Canadian vendors or the American purchasers know exactly what they are getting? This is a perfect opportunity for counterfeiters to step in to meet the demand. Both the FDA and Canadian officials have acknowledged that they do not have the resources to ensure the safety of imported

drugs.Second, and related, while it is true that we have no hard data that contaminated or fake drugs from Canada to date have caused injury or death, the reality is that, when you purchase on the Internet, you really have no idea whether the drug you are getting is coming from Canada or somewhere else.
The FDA recently ordered three medicines from "Canada." According to facts presented in a GlaxoSmithKline ad about the FDA investigation (the source for which was a U.S. Senate hearing before the Committee on Health Education, Labor, and Pensions about "Importation of Prescription Drugs," May 20, 2004), after receiving a spam e-mail from a website offering to sell cheaper drugs from Canada, the FDA ordered Ambien, Lipitor, and Viagra.

The medicines arrived with a postmark from Dallas, Texas, and a return address in Miami. The FDA then called the website company twice to find out where they were based. First they were told the United States. Next they said they were based in Belize. The FDA then checked the computer server for the website and discovered it was in China. Finally, the FDA checked with the credit card company it had used to purchase the drugs and found that the company that received their payments was in St. Kitts.

This left the FDA wondering: Where did these medicines really come from? What exactly was in them? Does Angell know? And if not, why is she so sure imported drugs are safe?

- **We would all be better off if pharmaceutical research and development were taken over by the government, or if we at least put in national price controls, to keep prices down.**Price controls or nationalization of the industry would morph the current energetic, innovative, productive private-sector drug industry (think FedEx) into the Rx equivalent of the U.S. Postal Service.What would be the incentive for the government to create drugs under a nationalized plan or one with mandatory price controls? The answer is quite apparent when you reflect upon how many new drugs a country like Canada with its price controls has brought to market recently. The answer is none.Financial incentives fuel energy and activity. The end result is that everyone is a winner the companies that make money for their investors and the consumers who reap the benefit of new (or improved) drugs that make our lives happier and more productive.
Tom Perry, the director of publicity for Random House which published *The Truth About Drug Companies* has declared it a "deeply unsettling book."

I agree. Its potential for destroying the goose laying the golden eggs is enormous. On the other hand, the radical nature of this book provides an opportunity for the industry to respond and improve their communications skills so that Americans have a better idea than they do now about where drugs come from and what economic and regulatory factors will determine whether we will enjoy the benefits of blockbuster drugs in our future.

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