Drug Companies Under Attack

By ACSH Staff — September 21, 2004

This review of Marcia Angell’s new book, an attack on drug companies, first appeared in the Washington Times.

THE TRUTH ABOUT THE DRUG COMPANIES: HOW THEY DECEIVE US AND WHAT TO DO ABOUT IT
By Marcia Angell, M.D.
Random House, $24.95, 336 pages

America’s pharmaceutical industry is under attack. Critics have pejoratively nicknamed the industry "Big Pharma" (to conjure up an image of it in a line-up next to "Big Tobacco") and characterize it as uncaring, duplicitous, profit-hungry and manipulative. The resentment of the industry is palpable -- whether in my own conversations with relatives and friends (particularly elderly and/or infirm ones) or in 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 prices down.

Perhaps nowhere does the strident criticism of the industry come together in a "perfect storm" as it does in Marcia Angell's new book, "The Truth About the Drug Companies: How They Deceive Us and What to Do About It."

Dr. Angell comes to this attack with 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 take-home message 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.

Further, she opines that the industry, which describes itself as innovative and research- and development-oriented, actually produces few new drugs, only pumping out "me too" or copycat versions. Dr. Angell recommends radical measures: in effect, that the government take over the industry and treat it as a public utility.

Her arguments, however, are contradictory, inconsistent and often in error. For example:

She claims in the same breath that a) essential life-saving medications are withheld from needy people by greedy companies, and b) people are unnecessarily medicated, that drugs do not work, and there are no truly innovative drugs out there. Which way is it? Are drug companies saving lives with spectacular new drugs or are they not?

She (like most consumers) thinks drugs are different from any other consumer product -- they are an "entitlement" -- because they are essential to life and health. But so are housing and food -- is it
the right of everyone to have these at below-market prices? (Certainly our society has a "safety net" for people who truly cannot afford these basics.)

What entitles people to expensive pharmaceuticals? How many older Americans 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?

Dr. Angell argues that drug company profits are too high and drugs cost too much. But in making this argument, she overlooks the importance of economic incentives for innovation. The "pot of gold" prospect is what fuels research and development. What is wrong with big profits if companies are producing drugs that prolong and enhance our lives? It is a win-win scenario.

When she states that drugs are too expensive, the logical follow-up is: Compared to what? Premature death? Weeks or months of hospitalization? Pain and suffering, say, from osteoarthritis?

She claims that no new drugs are coming to market -- they are all copycat drugs. This simply is not true. In the past 10 years, over 300 new drugs have been approved by the Food and Drug Administration, including vaccines, medicines to treat AIDS, modest steps toward treating Alzheimer's, a spectrum of anti-depressants and of course miraculous cholesterol-lowering drugs.

Most incredible, perhaps, Dr. Angell maintains that importing drugs from Canada and elsewhere poses no health risks. At best this is just plain naive. Only last week, there was a warning from the acting FDA director, Lester Crawford, about the possibility of terrorists using contaminated pharmaceuticals as a weapon against us.

Her final rallying call is that 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. I wonder if Dr. Angell knows how many new drugs countries with price controls, like Canada, put on the market each year. The answer is none. Price controls or nationalization of the industry would morph the current energetic, innovative, productive private-sector drug industry (think FedEx) into the prescription-drug equivalent of the U.S. Post Office.

Random House, Dr. Angell's publisher, has declared this to be a "deeply unsettling book." I agree. It has great potential for destroying the goose laying the golden Rx eggs.