Pharma and Loathing in New York City (and new ACSH report)

By ACSH Staff — September 13, 2005

Last night I attended a book party for a colleague here in New York. In the course of mixing with other guests, I met the host's best friend from college -- let's call the friend Joe. Joe told me he was a film producer, a graduate of an Ivy League school, and a long-term resident of New York City.

We talked about a variety of topics. He asked about ACSH [1] and our interest in issues relating to food safety, environmental quality, pharmaceutical issues, and beyond. Out of the blue, Joe made a passionate statement: "I despise pharmaceutical companies."

I saw this opening salvo as an opportunity for either debate or dialogue. Given the social nature of the occasion, it seemed that the latter was more appropriate. Given my general awareness of a widespread antipathy toward pharmaceutical companies today, I saw this as an opportunity to better understand where this contempt comes from.

"That is fascinating," I responded. "I actually greatly admire pharmaceutical companies."

Joe was horrified. "How much do they pay you to make statements like that?" he countered.

I explained that my admiration for the pharmaceutical industry stemmed from their incredible success in innovation, the development of life-saving and life-enhancing drugs, and the promise their efforts offer for our future.

"How can you say that after what happened with Vioxx??" Joe demanded. "They maimed and killed people just for profits. Vioxx was a dangerous drug and they did not care as long as they made money. They should pay dearly for what they did. I hope they [I think he meant Merck] go out of business."

I then calmly went into a discussion about the lengthy drug approval process, the reality of risks and benefits of drugs, and the fact that drugs like Vioxx (Cox-2 inhibitors) have enormous potential beyond pain relief -- including reducing the risk of colon cancer -- potential that may never come to fruition if drugs like Vioxx were banished.

Joe was bored and impatient. "I still feel they should be punished and fined -- and if it cripples the company, so be it. They will learn their lesson."

I then pointed out that the company that made Vioxx is on the verge of releasing a vaccine that will, in future years, literally eliminate cervical cancer. Did Joe want to throw out that advance as well?

He was dismissive, defensive, and getting angrier. "Are you sure you are not paid off by the drug
companies to say this? Why else would you have these views?"

Then came this outburst, one that characterized the rest of the dialogue: "Drug companies kill people -- hundreds of millions of people every year!" he exclaimed.

Now I was confused. How could that be? Joe explained: "Hundreds of millions of people around the world -- including those with AIDS -- are dying because they cannot afford the drugs that would keep them alive. Greedy pharmaceutical companies only care about profits -- not saving lives. They withhold these drugs from people who need them but cannot afford them. They are murderers -- they are killing people."

I was stunned. "Let me get this straight," I responded. "The companies you hate make extraordinary new and effective drugs to fight disease and death -- and because they do not immediately give these drugs away to anyone who might benefit from them, they should be held responsible for the deaths of the people who do not have the drugs?"

"Absolutely," he responded.

I then asked a few basic questions about incentives for innovation and rewards for success -- and queried him about why any company would spend billions to find new drugs if they had to give them away. "Profits are what keeps this process going. It is a win-win situation. The companies make lots of money -- and we get life-saving drugs. I want to ensure that there are new, life-saving drugs in my future. I know that if there are no profits to generate research, there will be no drugs."

Joe was irate. "The profits they make are obscene. They charge hundreds of dollars for pills that cost them a few cents to make. They only care about profits, not people. That is why I only buy my drugs in Canada. In Canada, drugs are cheap. In Canada, the drug companies are not greedy. Canadian drug companies limit their profits so that drug prices are affordable -- unlike those in the United States, which put profits over people."

I politely explained to Joe that the price of each pill may be low when the company is mass-marketing them but that it is those crucial first pills, generated by years of research and billions of dollars in investment, that are the extraordinarily costly ones, and those costs need to be recouped. And I noted that he had his facts wrong about the factors that determine the lower price of Canadian drugs. I told him that that in a simple sound-bite I could explain to him why drugs cost less in Canada -- and that my explanation would reveal that he did not understand the facts.

Joe thought for a minute and said, "Go ahead. Tell me. I won't believe you, but tell me anyway."

I then reviewed the basics about how the overwhelming majority of drugs sold in Canada are manufactured in the U.S. -- not in Canada. And that it was an international treaty that forced U.S. companies to meet the price control demands of countries like Canada -- and that if the companies didn't comply, Canada could legally steal the drug, violating the patent. Thus, under duress, American companies slashed prices for drugs sold to Canada (and other countries with price controls), with the understanding that other countries are not allowed to sell the drugs back to the U.S. (which, of course, is what they are doing now).

"I don't really care about that," Joe said, visibly shaken by my explanation (he really thought the
drugs were made more cheaply in Canada by Canadian firms). "I am still going to buy all my drugs from Canada -- and I encourage my friends to do the same."

"Don't you understand that that is the same as importing price controls here?" I asked.

"Well, maybe, but that's good. Prices are lower now and that is all that matters," he exclaimed.

"But what about tomorrow's blockbuster drugs? If companies don't make profits because of price controls, why would they spend money researching new drugs?"

"I don't care anything about that," he hissed. "I want cheap drugs now, and I want drug companies to stop killing people by withholding them."

Our "dialogue" was over. And I realized how much work those of us in the public health community -- those of us who understand market forces, incentives, profits, and production -- need to do to explain how the system works. If Joe's feelings about the pharmaceutical industry are representative of what is out there, the task before us is enormous.

Humanity needs new drugs to fight HIV, new vaccines against bird flu, malaria, maybe even cancer. We want a healthy pharmaceutical industry to help maintain the public health.

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See also: ACSH's new report, *Weighing Benefits and Risks in Pharmaceutical Use* [4].

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