

EDITORIALS

THE HILL

LETTERS TO THE EDITOR

Allen: Setting drug talking points straight

From Rep. Tom Allen (D-Maine):

Your Nov. 5 editorial ("Do real drug math") falls victim to several fallacies that routinely make drug industry talking points but are unsupported by facts and independent (meaning non-industry-funded) economic studies.

Your claim that "importation of price controls ... crush innovation" is not supported by verifiable evidence. To the contrary, drug research spending has been steadily increasing in Europe.

Your assertion that "government-sponsored medicine ... destroyed Canada's once-thriving domestic pharmaceutical industry" is undermined by the fact that the 79 research-based drug companies in Canada increased their research spending by more than 50 percent since 1995, even with the lower Canadian prices.

Your conclusion that "overseas prices are artificially low" presumes that prices in our distorted sellers' market, where companies use patent-provided monopolies to charge the highest price possible, are somehow normal.

The truth is that only with sufficient leverage on the buying side, as done overseas, can a fair-market environment be replicated.

Evidence that "drug makers will curb innovation" under price restraint is found only in their own threats. The fact is that drug makers spend less than 20 percent of their revenues on new drug research, yet spend almost twice as much on TV ads, marketing and administration. Before we ask the rest of the world to pay more of their money for developing new drugs, we should first ask why the pharmaceutical industry won't spend more of its money on developing new drugs.

Before the next editorial on prescription drugs, I hope The Hill will take the time to study the real-world facts on drug pricing practices.