

The Crimes of the Pharmaceutical Industry

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“The history of medicine is littered with wonderful early results which over a period of time turn out to be not so wonderful – or in fact even adverse...there are a whole string of recent examples where preliminary data led to a lot of excitement and caused changes in clinical practice and then eventually we realised they had done more harm than good. Why is it we never learn these lessons?” (Richard Horton, editor The Lancet)(1)

The pharmaceutical industry makes drugs for medical purposes. The industry campaigns hard for stronger patents throughout the world. Even mainstream economists are highly critical of patents in medicine. In some cases, patented drugs sell for thousands of times as much as they would cost if there were no patents. The industry illustrates some of the points discussed in earlier posts about corporate power and corporate crimes.

Researching The Wrong Problems

Most drug research has focused on rich-world problems. The aid agency, Medecins Sans Frontieres, (MSF) said that only 21 of the 1,556 drugs brought onto the global market from 1975 to 2004 were aimed at fighting ‘neglected’ diseases, meaning diseases mostly found in poor countries. Drug companies spend much more time researching lifestyle drugs, such as Viagra, rather than tuberculosis, because that is where the profits are. Yet we could treat many of the major health problems in poor countries for a relatively low cost.(2) In 2006 the World Health Organization (WHO) began to address this problem, but current funding is still inadequate.(3)

Social Costs, Private Profits

The early stages of drug research and development are often funded publicly, with universities and governments throughout the world paying much of the costs.(4) Corporations often become involved only after early tests show promise. As one commentator pointed out:

“The whole ecosystem in which innovation is housed – patents, copyright, finance, universities, research, knowledge transfer, ownership rules, regulation to ensure common standards – is co-created between the public and the private.”(5)

However, the companies that receive the patents keep the profits. Once they have a patent for a drug, companies can charge whatever will maximize their profits. In other words, whatever richer people can afford to pay. In an extreme case, a drug called Cerezyme cost over \$200,000 for a year's treatment, even though almost all of the development had been funded publicly.(6) Healthcare systems in rich countries end up rationing drugs because of their cost.

Under these circumstances, allowing private companies to keep all of the profits from patented drugs makes no sense. It is yet another way in which the whole economy is rigged to transfer immense wealth into the hands of executives and shareholders of big companies.

Depriving Poor Countries of Medicines

Where a medicine could benefit millions of people in poor countries, it needs to be made available as cheaply as possible. However, the big pharmaceutical companies who have the patents for these drugs want to control their availability and charge the highest prices.

The World Trade organization (WTO) enforces patents through an agreement called TRIPS (Trade Related Aspects of Intellectual Property).(7) However TRIPS does allow poor countries to make cheap copies of important medicines, and there have been some important legal rulings in countries such as India to enable this.(8) Despite that, pharmaceutical companies are still blocking access to medicines throughout the world.(9) Most poor countries are forced to submit to high prices due to threats from the US, Britain, and other advanced nations.

The South African leader, Nelson Mandela, tried to obtain lower-price HIV drugs to treat AIDS. Western companies wanted to charge \$15,000/year, whereas an Indian company could make the same medicines for \$300/yr. Mandela was threatened with sanctions after drug companies lobbied the US government.(10) Millions of people died in Africa because they were unable to afford over-priced medicines.

“The real issue for the multinationals (drug companies) is not the poor-country markets, which are financially small, but the poor-country examples. How will thousands of people in rich countries, especially the U.S., be persuaded to accept death from cancer and other diseases because they cannot pay the tens of thousands of dollars a year that a new generation of treatments will cost, if companies in India could manufacture and sell the same medicines for a small fraction of the price?”(11)

Many Medicines Are Overpriced Junk

A large proportion of new drugs are no more effective than existing drugs.(12) The US National Institute of Health (NIH) carried out a large study published in 2002 to see if existing drugs for high blood pressure worked. Some of the drugs were among the world's biggest sellers, yet the study found that old-fashioned diuretics worked as well or better than anything else. The diuretics cost \$37 per year. The other drugs tested cost \$230 - \$715 dollars per year, yet doctors were mostly prescribing the more expensive drugs.(13)

Huge amounts of money have been spent on diabetes drugs, such as Avandia, that turned out to be ineffective.(14) When they were first introduced, they were initially promoted as lifesaving. The flu drug, Tamiflu, had minimal value, but massive stockpiles were purchased against H1N1 influenza in 2009 due to misleading research data and corporate lobbying.(15)

The manufacturer, Roche, withheld data to mislead everyone. This should be considered a serious crime, but is not actually illegal.

More Spent on Marketing Than on Research

If a drug is really effective, it requires no marketing. Proper scientific studies demonstrate the benefits, and doctors and healthcare networks all over the world will use it. However, because most drugs are not very effective, companies need to spend huge amounts 'persuading' doctors to prescribe them. This includes gifts, holidays and other inducements (a euphemism for bribes). Many doctors are happy to go along with this. In some countries there is also a great deal of more general advertising. In total, more is spent on marketing than on research. This marketing is ultimately paid for by the people who buy the drugs, making them much more expensive.

Many new drugs are copycat drugs. In other words, variations of existing drugs. Good examples are Cialis and Levitra, which are variations of Viagra. Huge sums are spent on marketing these drugs, but if they did not exist, nobody would miss them.

Fraud and Deception are Widespread

The pharmaceutical industry is one of the most corrupt industries in the world. All big pharmaceutical companies have been convicted of selling harmful, sometimes fatal drugs.(16) The industry has been fined over \$50 billion during the last twenty years.(17) In 2012, the pharmaceutical company Glaxo Smith Kline (GSK) was fined £3 billion in the US for misselling drugs; for fraud, bribery and overcharging; for paying lavish inducements to doctors; for covering up negative research evidence; and for making false claims about medicines. GSK has also been fined in India, South Africa and the UK.(18) Although these figures sound large, they are not enough to deter the companies from continuing to commit these crimes. The sales of a single drug can be worth many times these amounts, so as far as the companies are concerned, crime pays.(19) No individual is prosecuted for criminal offences. In 1997 some pharmaceutical companies were fined for operating a global price-fixing cartel.(20) One author has gone so far as to say that the official definition of organized crime closely describes the activities of the drug companies.(21)

The industry has a long history of exaggerating the benefits of their drugs, understating the downsides, and hiding negative results. A recent study showed that in the real world, medicines tend to be 4 times more harmful than the manufacturers claim.(22) Adverse effects hospitalise a quarter of a million people in the UK and 2 million in the US each year. There were 55,000 deaths from the pain-relief drug, Vioxx, but the data was withheld by the manufacturer, Merck.(23) Large numbers of heart attacks, strokes and deaths were caused by the diabetes drug, Avandia.(24) One expert commentator stated that:

“Until more meaningful penalties and the prospect of jail time for company heads who are responsible for such activity become commonplace, companies will continue defrauding the government and putting patients' lives in danger.”(25)

Numerous studies have found that when corporations foot the bill, research is more likely to come up with results that support new drugs. In other words, there is now overwhelming evidence that drug companies manipulate the research.(26) Companies test their own medicines, so testing is cleverly designed to emphasize benefits and understate harms. Negative trials have not always been published. They can get away with this because of

inadequate regulation.

Regulatory Capture

The pharmaceutical industry spends more than any other industry on lobbying the US government, spending \$280 million in 2018.(27) The purpose of this is to ensure that there is very little regulation of the industry. The US regulator is called the Food and Drug Administration (FDA). It is underfunded, has shown little interest in safety, and has no ongoing, long-term safety analysis.(28) It also has serious conflicts of interest, with many staff connected to the industry. The former FDA chief went to work for the drug company, Pfizer.(29) Many former members of the US congress have taken jobs as lobbyists for the pharmaceutical industry.

Astonishingly, the regulatory situation in Britain is even worse. The UK regulator (MHRA) has not successfully prosecuted a single firm, and the fines total just £73,300. The regulator boasted in 2012 of having given 467 warnings and 151 cautions(30) but these have no effect. Laws and regulations are not enforced, and conflicts of interest exist throughout the whole drug approval system.(31)

Not Fit For Purpose

Most people in Britain, and other countries that have something similar to a National Health Service, are unaware of how appalling the pharmaceutical industry is, because they don't have to pay for medicines themselves. The media rarely discuss the extra costs incurred by the health service because of corporate profiteering. The focus of the drugs system is on corporate profit, not on medical need. The pharmaceutical industry is a glaring example of an industry that is 'not fit for purpose'. It fails most people in both rich and poor countries. One leading expert, Ben Goldacre, has said that "medicine is broken."

A nationally run system could provide the same medicines for a fraction of the price. There would be no copycat drugs, no expensive marketing, no lobbying, no legal battles over patents, and no depriving poor countries of medicines. A proper international system could focus on medicines needed in poor countries and make them available as widely as possible, at the lowest possible price. If we want to deal with global poverty we will have to devote significant resources to those diseases where there will be little profit.

The propaganda surrounding pharmaceuticals has not been totally successful, due to media discussions about the need for cheap medicines in poor countries. However, the propaganda around patents for medicines in rich countries has been very successful. The mainstream media rarely challenge the patent system, or discuss the scale of fraud by the industry, or explain that medicines could be researched and produced far more cheaply by other means. The possibility of a government-run pharmaceutical industry is something that is never discussed.

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Notes

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