



Conservatives
for
Property Rights

For Immediate Release

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Statement on Pharmaceutical Price Controls Proposals

(Washington, D.C., October 27, 2018) — The following statement, commenting on proposed drug price controls under Medicare in reference to “foreign freeloaders,” may be attributed to James Edwards, Executive Director, Conservatives for Property Rights:

“All Americans would love to see other countries pay their fair share for American-made, new medicines. But ‘foreign freeloader’ nations have government-run health systems.

“Foreign bureaucrats, not the free market, dictate drug prices and impose price controls. That’s where the pressure should be placed, not on the necks of American innovators.

“Unfortunately, these proposals will harm private property rights. Private U.S. firms and investors risk their own money, to the tune of \$2.6 billion on average, to develop a new drug — knowing that nine out of ten tries will fall short along the way. Price controls will drive away investment and invention in this high-risk, high-reward sector.

“The proposed ‘international pricing index’ does nothing to force socialized-medicine countries to pay a value-based rate for our cutting-edge therapies. Instead, this index scheme has Medicare adopting the average price set by foreign bureaucrats. And proposing Obama retreads — really? It doesn’t make sense.

“Importing foreign price controls is unwise. It will only harm patients. It will reduce quality of and access to treatments. It will quash innovation — it’s especially counterproductive, given that America’s great competitive edge is our innovation.

“The folks at CMS should read the White House Council of Economic Advisors’ excellent report, ‘The Opportunity Costs of Socialism,’ that came out earlier this week. It holds important lessons for this situation. The main point is how assaulting private property rights harms, not helps.

“CEA discusses how socialist takeovers of farms from private owners resulted in less food. And Venezuela’s government takeover of the petroleum industry led to less oil. And, yes, how European government-run health care in some of these same countries backfires.

“CEA says, ‘Lowering prices by having a single payer for innovative healthcare technologies is analogous to reducing patent lives’ And CEA shows government diktat leading to less private R&D spending has ‘short-term benefits lowering prices for *existing* technologies, but at the cost of reducing the flow of *new* technologies that ultimately lower the real price of health.’”

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