



Conservatives
for
Property Rights

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Contact: Ryan Moy
rmoy@crcpublicrelations.com

Statement on Drug Price Controls Executive Order

(Washington, D.C.) — The following statement, commenting on the executive order directing “most favored nation” drug price controls in Medicare, may be attributed to James Edwards, Executive Director, Conservatives for Property Rights:

“The executive order directing ‘most favored nation’ drug price controls in Medicare Part B and Part D is even more radical than the reckless ‘international pricing index’ scheme. Neither MFN nor IPI does anything to force countries with government-run health systems to pay a fair market value-based rate for America’s newest medicines and vaccines.

“Instead, the IPI scheme has Medicare adopting the average drug price set by foreign bureaucrats. MFN doubles down by pegging Medicare payment to the socialistic-dictated price of the worst of the worst ‘foreign freeloader’ socialized medicine nation. This attacks American innovators who’ve stepped up admirably in the pandemic. We can’t afford to slow their progress in COVID-19 drug research and development. But that’s exactly what MFN and IPI will do.

“All Americans want other countries to pay their fair share for American-made medicines. But ‘foreign freeloader’ nations’ government-run health systems have bureaucrats, not the free market, dictating drug prices and imposing price controls. The pressure should instead be put on those countries to let free markets, consumer choice and competition set medical prices.

“Price controls harm private property rights and, in turn, the benefits to society. Private U.S. firms and investors risk their own money, \$2.6 billion on average, to develop a new drug. Nine out of ten will fall short. Price controls drive away investment and invention in this high-risk, high-reward sector.

“Foreign international reference pricing and other price controls already suppress worldwide private R&D investment by 11 percent to 16 percent a year. That translates into 8 to 13 fewer new medicines annually

“The White House Council of Economic Advisors’ 2018 report, ‘The Opportunity Costs of Socialism,’ discusses how assaulting private property rights harms, not helps. CEA exposes how European government-run health care backfires.

“Lowering prices by having a single payer for innovative healthcare technologies is analogous to reducing patent lives’ And CEA shows drug price controls’ lowering of 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.”

“Importing foreign price controls harms patients. It reduces quality of and access to treatments.”

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About Conservatives for Property Rights:

Conservatives for Property Rights is a coalition of conservative organizations that stand for private property rights for all forms of property. CPR believes property rights are divinely endowed to human beings on account of their humanity, and private property is essential to the functioning of free enterprise, investing one's resources in discovery and creativity, and the exercise of ordered liberty.