
THE POLITICS OF THE DRUG INDUSTRY

This article is intended as a working paper on the drug industry and does not in any way constitute the final word on the subject.

The Pharmaceutical Manufacturer's Association in the US characterizes its industry as "an outstanding system of discovery, production and distribution of drug products...the most dynamic and innovative in the world".

As we look at the drug industry in North America, we can see that this description fits very well. However, we are forced to ask: "Outstanding for the discovery, production and distribution" of what sort of drug product? For whom? And for what purpose? "Dynamic and innovative" to what end? And for whose primary benefit? (By the way, when we speak of the North American drug industry, we are referring to the US industry--there is virtually no Canadian drug industry separate from that of the US. 75% of the Pharmaceutical Manufacturers Association of Canada (PMAC) consists of subsidiaries of foreign firms, 80% of which are American.

As we researched this paper, two things became very clear: first, that the activities of the drug industry are motivated not out of concern for our health as we may have been led to believe, but by the desire for and the pursuit of profit. **And drug companies do profit.** In fact, in 1976, pharmaceutical manufacturing yielded the second highest rate of return on sales of all US industry. In Canada, drug company profits on sales are twice the average for all manufacturing industries. **It also became clear to us that drug companies, along with other large multi-national corporations, financial institutions, governments, etc., play a major role in a well-organized and powerful system that works to control the lives of many of us for the benefit of a few.**

HOW THE DRUG INDUSTRY FUNCTIONS

The drug industry is organized in a way that discourages competition. A great deal of power is concentrated in the hands of a few large corporations. The market for pharmaceutical products has been divided up amongst established drug companies so that one company's product will not cut into another company's market. In other words, **an individual company will generally manufacture only certain types of products.** (The maker of a new antibiotic, for example, is no threat to the manufacturers of tranquillizers).

The number of companies producing and/or selling a drug is limited primarily by patent laws and licensing practices. Patents provide exclusive rights to a particular company to produce a drug or to license another company to do so. Patent protection on drugs is valid for 17 years but a patent can be extended even longer if the manufacturer makes slight changes to the product (changing the proportions in which the ingredients are combined, adding or taking out ingredients, changing the form in which the drug is marketed, and so on). Patenting a drug formula means that not only does the patent holder alone get to decide under what conditions the drug is produced and marketed but also, by eliminating competition and, therefore, any incentive to keep prices low, it leaves the controlling company free to charge for that product whatever the market will bear.

In Canada, by a process called "compulsory licensing" other companies can get licenses to produce a patented drug. This allows for cheaper generic equivalents to a patented drug to be made. Currently, the major patent-holding pharmaceutical companies are undertaking a massive lobbying attack on compulsory licensing. This involves threats by the multi-nationals to move their production plants out of Canada, causing loss of Canadian jobs, if the law is not changed. As a result, the Ministry of Consumer and Corporate Affairs is "reviewing" the part of the patent act that deals with compulsory licensing.

DRUG PROMOTION

Although prices on over-the-counter drugs are controlled to some extent by competition (the consumer can choose the cheapest brand to buy), prices on prescription drugs, which comprise 70% of drugs sold in North America, come under no such controls. It is doctors who decide on the type and dosage of drug to be used in the case of prescription drugs—the consumer has little or no say in the matter.

The demand that creates a market for a drug, under normal circumstances, is relatively fixed and drug producers would lose money if a drug was marketed for only one purpose. Because of this, drug companies spend millions of dollars expanding the market for drugs beyond actual medical need by means of promotion and advertising. In their desire to expand their industry and increase profits, drug companies actively encourage physicians to prescribe a given drug for as many conditions as possible. (Consequently, of course, drugs are often misprescribed or over-prescribed).

Although the drug industry cites quality control, research and advertising as the three main contributing factors to the high cost of production and, therefore, the high cost of drugs, it is important to note that, in Canada, less than 2% of net sales is spent on research and development and quality control accounts for 2.4% of sales, while 25% of net sales is spent on advertising. An average of \$4000 per doctor per year is spent on advertising.

The largest portion of the advertising dollar is spent on detailmen. Detailmen make up about one-fifth of drug company employees. It is their job to visit doctors' offices, medical schools, conventions, etc., and influence doctors' prescribing practices. Detailmen are often young, handsome (by traditional standards), well-dressed, white and have learned to be very "persuasive".

They take a friendly, personal, yet firm approach to doctors, leaving them with a "healthy" supply of free drug samples, as well as note pads, engagement calendars, and other things printed with their company's name--a not-so-subtle reminder of their visit.

But drug companies don't limit themselves to advertising in order to make money or maintain their controlling position in the North American medical system. There is a strong alliance that has developed over the last several decades, between drug companies, doctors and pharmacists that not only assures the drug industry its exorbitant profits but also works in the interests of doctors and pharmacists.

Drug companies frequently "buy off" the medical community by contributing money to medical societies and institutions. (They can also use these contributions to write off millions of dollars in taxes). Sometimes the control exerted by this drug company financing is fairly indirect (medical journals, because they are supported by drug company money, reflect only a drug-oriented approach to the treatment of disease). At other times, control can be much more direct (a study that is poorly done producing doubtful results, that would not normally be publishable, is published by a journal financed by the same company that financed the study). Many medical societies and institutions are largely dependent on drug company revenue to pay their operating cost, publication expenses or for research grants. Most medical journals receive at least 50% of their income from drug company advertisements.

The influence that drug companies exert over doctors prescribing practices starts in training. In medical schools, pharmacology classes are often taught by representatives from drug companies. Medical students are regularly given "free gifts" in the form of stethoscopes or leather bags with the drug company's name inscribed on them. Free product samples, trips to drug symposiums around the world, and volumes of literature continue to influence doctors throughout their working lives.

As well, doctors can have a vested interest in drug company profits by purchasing drug company shares. Doctors and representatives of medical institutions often sit on the boards of directors of drug companies and, conversely, drug company executives have been known to participate in the administration of medical boards and institutions.

PHARMACISTS AND THE DRUG INDUSTRY

Pharmacists can also play a role in maintaining drug industry profits and monopoly at the same time as they themselves derive benefits from the system.

Pharmacists can make a great deal of money as a result of the lack of consumer choice about drugs that are prescribed. Prescriptions can be written in two ways: either using the generic (chemical) name or by using the brand (drug company) name. Both US and Canadian studies have shown that there is no difference in quality between the two. Drug companies, of course, would have us believe that the more expensive brand name product is preferable.

A survey showed that 62% of prescriptions written using the generic name for a drug were filled by pharmacists with the brand name one. The reason for this might be that instead of marking up products a certain amount, most pharmacists add on a percentage of the wholesale cost of the drug. The higher their wholesale cost, in other words, the higher their profit.

The difference between the wholesale cost of generic and brand name drugs is amazing. For example, Graval costs \$70 per 1000 while its generic equivalent costs about \$6.12 per 1000.

Through financial interdependence, direct investment and executive connections, physicians, medical institutions and pharmacists have identified their material interests with those of the drug industry and its huge profits. Over the years a system has developed in which professional prosperity takes priority over people's health.

DRUG TESTING

Drug testing is an issue that is extremely controversial. Because only about 2.4% of most companies' sales go into quality control and about 2.12% into research (as opposed to 25% that goes into advertising), consumer groups and other concerned individuals argue that drug testing is shoddy, inadequate and deceiving. In fact 80-90% of so-called research consists of companies' merely altering molecular structures of drugs and combining existing preparations in order to prolong patents.

Most drugs are inadequately tested when they are introduced onto the market. Often drugs are tested and found to have adverse effects on animals and are put on the market in spite of the fact that they will likely cause similar adverse effects in humans. Drug companies try hard to convince us that animal studies don't count, particularly if problems arise. As an advocate of the drug "Depo Provera" once said: "Not until millions of women have used this drug over several decades will we be able to fully assess its effects!". DP was found to cause breast and uterine cancer in animals. Although Depo Provera was banned for use as a contraceptive in the US, it is widely used as birth control in the Third World. Essentially, then, many available drugs that are still in the experimental stages are being tested on human subjects, often without their consent or knowledge.

But drug companies do use humans in actual experiments. It is considered ethical in drug company circles to prescribe inadequately tested drugs to populations of Third World countries, to women on welfare, and to people in prisons or mental institutions for the purposes of research.

Women are commonly victims of this practice. In a recent study done in Ontario Government institutions for the mentally retarded, several researchers were testing Depo Provera to see whether it would effectively cause amenorrhea (loss of menstrual period) in the women inmates. Loss of menstruation is one of the common effects of Depo Provera and it was thought that the staff's job would be easier if they didn't have to deal with menstruating women (heaven forbid!). After the study was completed, it came to the attention of the researchers that

3 women had died of breast cancer during the course of the study. It wasn't until someone became suspicious about these women's deaths and began making inquiries, that serious concern about the possible link between Depo Provera and breast cancer in women was expressed. The 3 deaths in this small group of women were 25 times the expected rate of death from breast cancer in the general population.

Conditions under which studies are done are often poorly controlled and the resulting statistics are, therefore, questionable. A study on spermicides completed in 1981 near Seattle showed an increased rate in the number of birth defects in infants born to women who had bought spermicide up to 3 months before conception. Many factors that could have affected the results of this study (such as diet or environmental pollutants) were not taken into account. It was not even totally clear that the women had used the spermicide. This study was eventually thrown out as being poorly executed and, therefore, useless but not before some rather alarming statistics had been made public.

Drug companies often hire supposedly independent agencies to do research with the express purpose of obtaining results that will support the use of their product. Altering statistics, substituting well animals for sick ones (and vice versa) in experiments in order to bias the results, offering bribes and payoffs to investigators are all practices that have been uncovered from drug company files.

Thalidomide, DES, various brands of oral contraceptives are amongst the examples of drugs that have been banned and/or taken off the market after they have been available to the public for years, because they were eventually found to be too dangerous for human use. There are countless dangerous drugs still on the market that have not actually been banned even though the list of precautions about their use keeps growing. Sometimes, drugs are banned for particular uses only. In this case, it is up to the individual doctors not to prescribe a drug for a reason for which it has been "contraindicated". DES was banned for use in pregnancy (although it is still available to women as a morning-after pill.) However, we know that some pregnant women still received DES after 1971 when it was banned for use to prevent miscarriage. Although it is extremely difficult to remove drugs once they are available to the public, some products do eventually get removed from the North American market.

THE THIRD WORLD MARKET

There are several ways in which the drug industry uses Third World nations to enhance its profit margin. One is by making use of so-called cheap labour in those countries—paying people extremely low wages to work in drug company plants. This is acceptable practice and is done in many countries around the world. The manufactured products are then either sold in those countries at often grossly inflated prices or shipped back to North America or Europe to be sold there. In either case, the greatest percentage of revenue from sales goes back to the parent company, the patent holder. Over the years, large drug corporations have developed many devious schemes for using subsidiary companies to increase their already outrageous profits.

It is impossible to talk about drug company activities without talking about

"dumping". Dumping is a slang expression commonly used for a process by which dangerous chemicals, ineffective devices or hazardous drugs that have been , for one reason or another, taken off the North American market are shipped to other countries for use there. There are many examples of such practices.

Some of the most innovative and ruthless dumping schemes have been dreamed up by drug companies, often with the co-operation or encouragement of the US (or the Canadian) government and/or with financial assistance from well-established corporations and foundations.

Take contraceptives, for example. High dose estrogen birth control pills sequential birth control pills, dalkon sheilds, Depo Provera, contraceptives that are illegal or undesirable in North America can be bought cheaply by the US Agency for International Development (AID) and shipped to countries all over the world as part of so-called Family Planning programs in the name of health care development. Countries are often forced to accept these population control programs with the threat that refusing to do so will mean an end to US financial aid. Consequently, women are injected with hormones, and inserted with devices that have been found to be too dangerous to be used in North America. These women are seldom warned about the side effects or told what they should expect. They are often completely lost to any kind of follow-up care once they have been "treated".

It is not only illegal or banned drugs that are dumped on Third World countries. Drug companies also seek out foreign markets for products that are merely not showing a high enough margin of profit on the North American market. In order to ensure that these drugs will sell in the Third World, they are often pushed for conditions for which they have not been approved in the first place or in situations where they have been proved to be unsafe. Often little or no information is included about side effects. Sometimes, there are package inserts but they are misleading or incorrect or written in a language that the people of those countries don't understand. Many deaths have occurred in cases where products have been incorrectly labelled--sometimes children have been given lethal doses of a drug by unknowing adults.

Drug companies who unload their obsolete products on other countries often have solid connections in governments to ensure that they can continue to do so without being stopped. As a reporter from Mother Jones magazine put it: "Dumping is like smuggling narcotics, only the goods are usually moving in the opposite direction.

WHAT DO WE DO?

There are several conclusions to be drawn from all this. The first is that the main priority of the drug industry is profit. This means that when we look for ways to better our own health, along with the health of other people, we cannot rely on the drug industry for help. In fact, they are a force to be overcome. Given the association of interest between the medical profession and the drug industry, we cannot put alot of trust in doctors either, even in the "good doctor" many of us have sought. Instead we need to recognize the basic cause of ill health as social conditions (polluted air, nutritionally deficient food, hazardous work places, alienating jobs and stressful lives). We need to work both on improving our own lives and on changing society as a whole in order to better our health.

Most of the information presented in this paper was obtained from books in our library and articles that we have collected for our files over the last 10 years. Please feel free to come into our resource centre to look through other material.

Vancouver Women's Health Collective

SOME OTHER READING

Melrose, Dianna; Bitter Pills: Medicines and the Third World Poor; OXFAM, 274 Banbury Road, Oxford OX2 7DZ, England.

Seaman, Barbara and Gideon; Women and the Crisis in Sex Hormones; Bantam Books, New York, 1978.

Silverman, Milton; The Drugging of the Americas; University of California Press; Berkley, California, 1976.

Silverman, Milton and Lee, Philip R; Pills, Profits and Politics; University of California Press; Berkley and Los Angeles, California; 1974.

Articles

Dowie, Mark; The Corporate Crime of the Century; Mother Jones; November 1979.