

### HARDER TO HIDE

Peter Rost's public criticism of big pharma's pricing strategies raised the stakes considerably in the perennial pricing debate in the United States.

Until now, big pharma has largely spoken with one voice, and biotech has been able to quietly mind its business without needing to jump into the fray.

But the standard "the public doesn't understand how much innovation costs; it's really fair when you know all the facts" argument sounds more self-serving and unconvincing than ever now that a senior executive in a major pharmaceutical company has stood up and said otherwise.

The Manhattan Institute for Policy Research predicts that pharmaceutical R&D spending would plummet 40% if the US federal government leveraged its buying power to force down drug prices. But it isn't clear whom such predictions convince. Even the Competitive Enterprise Institute has been forced to admit that intellectual property rights and diversity pricing are becoming more difficult—if not yet quite impossible—to enforce in an era when the Internet makes it easy both for consumers worldwide to learn what people elsewhere pay for medicines and for people to buy medicines at cheaper prices from suppliers in other countries.

Meanwhile, in countries where the poor are more numerous and more destitute than anywhere in the developed world, reforms required to allow entire countries to participate in the global economy may threaten access to basic medicines. Officials in India say that patent reforms won't increase pharmaceutical prices because 97% of the drugs produced by Indian generics

companies are already off patent. But the Argentine government has allowed regulatory reforms to stall completely over protests that patent reform would negatively affect the poor.

It's time for the biotechnology industry to step out from big pharma's shadow in the pricing debates and explain how it proposes to ensure that vital medicines are available to those who need them while still turning a profit. This debate desperately needs new ideas. Who better to propose them than the most innovative and creative industry in the world? —CPS