# 1

#### Pharmaceutical innovation is key to protecting against future pandemics, bioterrorism, and antibiotic resistance.

**Marjanovic and Fejiao ‘20** Marjanovic, Sonja, and Carolina Feijao. Sonja Marjanovic, Ph.D., Judge Business School, University of Cambridge. Carolina Feijao, Ph.D. in biochemistry, University of Cambridge; M.Sc. in quantitive biology, Imperial College London; B.Sc. in biology, University of Lisbon. "Pharmaceutical Innovation for Infectious Disease Management: From Troubleshooting to Sustainable Models of Engagement." (2020). [Quality Control]

As key actors in the healthcare innovation landscape, pharmaceutical and life sci-ences companies have been called on to develop medicines, vaccines and diagnostics for pressing public health challenges. The COVID-19 crisis is one such challenge, but there are many others. For example, MERS, SARS, Ebola, Zika and avian and swine flu are also infectious diseases that represent public health threats. Infectious agents such as anthrax, smallpox and tularemia could present threats in a **bioterrorism con-text**.1 The general threat to public health that is posed by **antimicrobial resistance** is also **well-recognised** as an area **in need of pharmaceutical innovation**. Innovating in response to these challenges does not always align well with pharmaceutical industry commercial models, shareholder expectations and compe-tition within the industry. However, the expertise, networks and infrastructure that industry has within its reach, as well as public expectations and the moral imperative, make pharmaceutical companies and the wider life sciences sector an **indispensable** partner in the search for solutions that save lives. This perspective argues for the need to establish more sustainable and scalable ways of incentivising pharmaceu-tical innovation in response to infectious disease threats to public health. It considers both past and current examples of efforts to mobilise pharmaceutical innovation in high commercial risk areas, including in the context of current efforts to respond to the COVID-19 pandemic. In global pandemic crises like COVID-19, the urgency and scale of the crisis – as well as the spotlight placed on pharmaceutical companies – mean that contributing to the search for effective medicines, vaccines or diagnostics is **essential** for socially responsible companies in the sec-tor.2 It is therefore unsurprising that we are seeing indus-try-wide efforts unfold at unprecedented scale and pace. Whereas there is always scope for more activity, industry is currently contributing in a variety of ways. Examples include pharmaceutical companies donating existing com-pounds to assess their utility in the fight against COVID-19; screening existing compound libraries in-house or with partners to see if they can be repurposed; accelerating tri-als for potentially effective medicine or vaccine candidates; and in some cases rapidly accelerating in-house research and development to discover new treatments or vaccine agents and develop diagnostics tests.3,4 Pharmaceutical companies are collaborating with each other in some of these efforts and participating in global R&D partnerships (such as the Innovative Medicines Initiative effort to accel-erate the development of potential therapies for COVID-19) and supporting national efforts to expand diagnosis and testing capacity and ensure affordable and ready access to potential solutions.3,5,6 The primary purpose of such innovation is to **benefit patients** and wider **population health**. Although there are also reputational benefits from involvement that can be realised across the industry, there are likely to be rela-tively few companies that are ‘commercial’ winners. Those who might gain substantial revenues will be under pres-sure not to be seen as profiting from the pandemic. In the United Kingdom for example, GSK has stated that it does not expect to profit from its COVID-19 related activities and that any gains will be invested in supporting research and long-term pandemic preparedness, as well as in developing products that would be affordable in the world’s poorest countries.7 Similarly, in the United States AbbVie has waived intellectual property rights for an existing com-bination product that is being tested for therapeutic poten-tial against COVID-19, which would support affordability and allow for a supply of generics.8,9 Johnson & Johnson has stated that its potential vaccine – which is expected to begin trials – will be available on a not-for-profit basis during the pandemic.10 Pharma is mobilising substantial efforts to rise to the COVID-19 challenge at hand. However, we need to consider how pharmaceutical innovation for responding to emerging infectious diseases can best be enabled beyond the current crisis. Many public health threats (including those associated with other **infectious diseases**, **bioterror-ism** agents **and antimicrobial resistance**) are **urgently in need of pharmaceutical innovation**, **even if their impacts are not as visible** to society **as COVID**-19 is in the imme-diate term. The pharmaceutical industry has responded to previous public health emergencies associated with infec-tious disease in recent times – for example those associated with Ebola and Zika outbreaks.11 However, it has done so to a lesser scale than for COVID-19 and with contribu-tions from fewer companies. Similarly, levels of activity in response to the threat of antimicrobial resistance are still **low**.12 There are important policy questions as to whether – and how – industry could engage with such public health threats to an even greater extent under improved innova-tion conditions.

#### The biopharmaceutical industry is uniquely reliant on IP protections – undermining them would kill innovation by making an already expensive process completely unfeasible.

Kristina M. Lybecker, PhD, 17 [PhD Economics, Associate Professor of Economics @ Colorado College], “Intellectual Property Rights Protection and the Biopharmaceutical Industry: How Canada Measures Up,” Fraser Institute, January 2017, <https://www.fraserinstitute.org/sites/default/files/intellectual-property-rights-protection-and-the%20biopharmaceutical-industry.pdf> C.VC

The unique structure of the innovative biopharmaceutical industry necessitates a variety of intellectual property protection mechanisms. In particular, the industry is characterized by a research and development (R&D) process that is lengthy, expensive, uncertain, and risky. According to DiMasi and colleagues, the estimated cost of developing a new medicine is US$2.6 billion (DiMasi, Grabowski, and Hansen, 2016).2 In addition, the time required to develop a new drug is also significant, averaging 10 to 15 years without any guarantee of success (PhRMA, n.d.). While these figures are highly controversial, biopharmaceutical innovation is unquestionably an expensive and lengthy undertaking.3 For the biopharmaceutical industry, innovation and its protection are essential and the source of both profits and growth. As such, patent protection is disproportionally more important for ensuring that the innovator appropriates the returns to R&D for the biopharmaceutical industry than virtually any other. Extending the findings of the 1987 “Yale Survey” (Levin, Klevorick, Nelson, and Winter, 1987), the “Carnegie Mellon Survey” established that while patents are again considered “unambiguously the least effective appropriability mechanisms,” the drug industry and other scholars regard them as strictly more effective than alternative mechanisms (Cohen, Nelson, and Walsh, 1996). The industry’s disproportionate reliance on patents and other forms of intellectual property protection is confirmed in numerous other studies.4 In essence, IPR protections provide innovative biopharmaceutical firms with an assurance of some return on their investment, thus creating incentives for the development of new technologies that could otherwise be easily replicated and sold by competitors. Due to the tremendous fixed costs required to develop new treatments and cures, a significant potential exists for free riding by follower firms, a market failure that would prevent investment in innovation were it not for the patents and other forms of intellectual property protections that provide a limited period of market exclusivity or other such incentives. Fundamentally, patents amount to an efficiency tradeoff. Society provides innovators with a limited period of market exclusivity to encourage innovation in exchange for public access to this knowledge. In exchange for the temporary static loss from market exclusivity, society gains complete knowledge of the innovation through disclosure, a permanent dynamic gain. Through this tradeoff, the existing patent system corrects the market failure that would stymie innovation. In its Apotex Inc. v. Wellcome Foundation Ltd. finding, Justice Binnie wrote for the Supreme Court of Canada, “A patent, as has been said many times, is not intended as an accolade or civic award for ingenuity. It is a method by which inventive solutions to practical problems are coaxed into the public domain by the promise of a limited monopoly for a limited time. Disclosure is the quid pro quo for valuable proprietary rights to exclusivity which are entirely the statutory creature of the Patent Act” (para. 37). The biopharmaceutical industry is characterized by a number of legal and economic issues that distinguish it from other research-intensive industries. Danzon (1999) describes three features that are particularly noteworthy. First, given that the biopharmaceutical industry is characterized by an unusually high rate of R&D, intellectual property protection provides for the potential for significant market power and monopoly pricing that raises numerous public health policy questions surrounding prices and profits. Second, virtually every aspect of the industry is heavily regulated, from safety and efficacy to promotion and advertising, to pricing and reimbursement. Danzon describes the impact of these regulations as “profound and multidimensional even within a single country, affecting consumption patterns, productivity, R&D and hence the supply of future technologies” (Danzon, 1999: 1056). Lastly, while research and development costs are borne solely by the innovator, the resulting product is a global public good. “Each country faces an incentive to adopt the regulatory policies that best control its pharmaceutical budget in the short run, free-riding on others to pay for the joint costs of R&D and ignoring cross-national spillovers of national regulatory policies through parallel trade and international price comparisons” (Danzon, 1999: 1056). The combination of these characteristics defines a set of unique economic and legal challenges for the innovation of new drugs and the public health policies that surround their production, marketing, and distribution. Innovative companies make far greater investments in time, resources, and financial support than do generic firms. Notably, innovation-based companies spend more than 200 times that which generic companies spend on the development of a particular drug (CIPC, 2011: 10). In addition, the investment of time, from laboratory to market, is also close to double for innovative companies relative to generic producers. Table 1 highlights the differences in the drug development processes of innovative and generic companies. For innovative biopharmaceutical companies, the development process is expensive, risky, and time consuming, all of which points to the need for strong IP protection to encourage investment and ensure companies are able to recover their investments. The risk involved in biopharmaceutical development is starkly illustrated in a recent report by Biotechnology Innovation Organization (BIO), which reports that less than one of every 10 drugs that enter clinical trials is ultimately approved by the Food and Drug Administration in the United States. The report finds a success rate of merely 9.6%, a calculation that is significantly smaller than the widely-cited 11.8% figure from a 2014 study by the Tufts University’s Center for the Study of Drug Development.5 The International Federation of Pharmaceutical Manufacturers and Associations (2012) estimates that more than 3,200 compounds were at different stages of development globally in 2011, but only 35 new medicines were launched (Dawson, 2015). Fundamentally, research-based biopharmaceutical companies incur greater expenses and risk in the development of their products than do generic manufactures. These investments of time and financial resources should be recognized and the effective patent life should be sufficient to recoup these investments. Continued investment and innovation are contingent upon strong, effective intellectual property protection and the ability of innovative firms to recoup their investments. Patents and other forms of intellectual property protection are disproportionally important to the research-based biopharmaceutical industry. Consequently, the legal architecture necessary to foster a robust innovation-based industry is multifaceted and is a powerful force shaping the biopharmaceutical industry, its profitability, productivity, and innovative future.

#### Pharmaceutical innovation is accelerating now – new medicines are substantially better than existing treatments.

Wills, MBA, and Lipkus, PhD, 20 – Todd J. Wills [Managing Director @ Chemical Abstracts Service, MBA from THE Ohio State University] and Alan H. Lipkus [Senior Data Analyst @ Chemical Abstracts Service, PhD Physical Chemistry from the University of Rochester], “Structural Approach to Assessing the Innovativeness of New Drugs Finds Accelerating Rate of Innovation,” ACS Medicinal Chemistry Letters, Vol. 11, 2020, <https://pubs.acs.org/doi/pdf/10.1021/acsmedchemlett.0c00319> C.VC

Despite recent concerns over an innovation crisis, this analysis shows pharmaceutical innovation has actually increased over the last several decades based on the structural novelty of approved NMEs. The higher proportion of Pioneers over the most recent decade is a sign that innovation within the industry is accelerating rather than slowing. It is also an encouraging sign for the state of innovation in drug discovery that these Pioneers are significantly more likely to be the source of promising new therapies that are expected to provide substantial clinical advantages over existing treatments. Drug hunters are discovering Pioneers in newer and less explored regions of chemical space as they are increasingly found on scaffolds first reported in the CAS REGISTRY five or less years prior to their IND year or on scaffolds populated with 50 or less other compounds at the time of IND. As scale becomes less of a strategic advantage, Big Pharma’s share of Pioneers has decreased even though the number of Big Pharma originated Pioneers has increased. This has created a structural innovation gap between Big Pharma and the Rest of Ecosystem which has widened over the last two decades as the Rest of Ecosystem is now responsible for originating almost 3 out of every 4 Pioneers. Pioneers originated by the Rest of Ecosystem are increasingly on new scaffolds, while a majority of Big Pharma originated Pioneers have historically been on new scaffolds. The work presented here was intended as a study of drug innovation at a macro level. As a result, it included substances of various sizes with different degrees of complexity belonging to a range of functional and drug classes. Even though it was outside the scope of the present work to study specific subsets, such focused studies could yield additional insights into how innovation at a more micro level has changed over time. Other interesting subsets of our data set are the shapes and scaffolds of the Settlers and Colonists. Many of these shapes and scaffolds are privileged in the sense that they are seemingly capable of serving as ligands for a diverse array of target proteins. A separate study of the Settlers and Colonists as well as their side chains could provide insights into possible target-specific innovation trends. As it often takes more than 10 years after initial discovery for an experimental drug to gain FDA approval, any measure of drug innovation that relies on the time of approval incorporates a significant time lag between initial discovery and ultimate approval. However, characterizing drug innovation based on structural novelty provides a means to assess the forward-looking innovation potential of an experimental drug at the time of initial discovery by comparing its framework information (at the scaffold and shape level) with prior FDA-approved drugs. Therefore, a separate study of drug candidates with publically disclosed structures currently in clinical development could provide additional insights into innovation trends at an FDA regulatory review level and serve as a leading indicator of innovation trends at an FDA approval level. Given the tremendous opportunity represented by the vast amount of chemical space yet to be explored, drug-hunters of all types will continue pushing the boundaries to find promising new therapies in previously unexplored areas of chemical space. The race to discover these new drugs will be fueled by further advancements in screening approaches and in-silico methods (including innovations related to machine learning algorithms and molecular representations). However, comprehensive data on known shapes and scaffolds can fast track the identification of meaningful open areas of chemical space (shapes or scaffolds that are potentially important but have never been used as the basis for a molecule) to further explore.

#### Ill concede superbugs extinction but this disad is a link turn

# 2

#### Counterplan: At least three-quarters of WTO member nations, excluding the United States, should reduce intellectual property protections for medicines by implementing a one-and-done approach for patent protection.

#### Entirely solves while avoiding politics

Siripurapu 21 Anshu Siripurapu covers economics, energy, and geopolitics, BA in political economy from the University of Southern California. "The Debate Over a Patent Waiver for COVID-19 Vaccines: What to Know." Council on Foreign Relations, May 26, 2021, [www.cfr.org/in-brief/debate-over-patent-waiver-covid-19-vaccines-what-know](http://www.cfr.org/in-brief/debate-over-patent-waiver-covid-19-vaccines-what-know).

WTO negotiations are notoriously slow, and it could take months before countries reach an agreement, particularly over the scope and duration of a waiver. Decisions are normally made unanimously, and though a TRIPS waiver could be granted by a three-quarters vote of WTO members, it is unlikely that members would break precedent.

# 3

#### Drug price reform coming now – fight is ramping up but Biden has the opportunity

Cancryn 9/9 Cancryn, Adam. Adam Cancryn is a health care reporter for POLITICO Pro, graduate of Washington & Lee University."Biden admin backs direct government drug price negotiations." POLITICO, 9 Sept. 2021, www.politico.com/news/2021/09/09/biden-drug-price-negotiations-510828.

A new Biden administration plan aimed at lowering prescription drug prices endorses giving the government sweeping power to directly negotiate the cost of medicines, calling it one of the key steps Congress could take to make drugs “more affordable and equitable” for all Americans. The plan — developed by the Department of Health and Human Services and released on Thursday — largely backs Democrats’ ongoing efforts to lower drug prices as part of a $3.5 trillion reconciliation proposal, and mirrors a range of legislative options that both House and Senate lawmakers have floated in recent years. Those include capping out-of-pocket costs in Medicare Part D, limiting how quickly pharmaceutical companies can hike prices on existing drugs and banning so-called pay-for-delay agreements aimed at blocking generic competition to brand-name drugs. But the HHS report’s embrace of broad price negotiation is the administration’s latest signal that it’s siding with progressives who have pushed for a far more aggressive approach to slashing pharmaceutical costs. Under the HHS plan, the government would directly negotiate prices for drugs in Medicare parts B and D, with those prices also being available to private insurance plans and any employers who want to participate. House Democrats passed a similar provision as part of a major drug pricing bill in 2019. But it never made it into law, and some in the party’s centrist wing have since vowed to oppose drug price negotiation. Notably, the plan stops short of supporting the use of “march-in rights” that progressives argue empower the government to pull patent rights from a drug that is deemed too expensive. Sen. Elizabeth Warren has long advocated for the approach, and urged HHS to utilize it in an August letter with Sen. Amy Klobuchar and Rep. Lloyd Doggett. “The Biden Administration has the opportunity to lower the prices of key drugs using these authorities,” the lawmakers wrote to HHS Secretary Xavier Becerra. The department in its report acknowledged that it has been petitioned to use march-in rights, saying only that it would give them “due consideration.” The HHS plan also lays out a series of administration actions that the department could take to fulfill what it identified as three “guiding principles:” making drugs more affordable, improving competition within the industry and encouraging innovation. Those options included testing value-based payment models and boosting cost-sharing support to certain low-income Medicare beneficiaries. It also suggests that improved data collection from insurers and pharmacy benefit managers could give the government better insight into drug pricing, as well as rebates and out-of-pocket spending on prescription medications. HHS developed the report in response to an executive order that President Joe Biden issued earlier this year aimed at improving competition across a range of industries, including the drug sector.

#### Biden’s PC is key to wrangle democrats and counter pharma lobbying

Johnson 8/12 Johnson, Jake, writer for Alternet . "Joe Biden throws support behind bold reforms to slash drug prices." Alternet, August 12, 2021, www.alternet.org/2021/08/biden-medicare-negotiate-prices.

The powerful industry's public and behind-closed-doors lobbying push is likely to grow more aggressive as congressional Democrats' reconciliation package begins to take shape. On Wednesday, the Senate approved a $3.5 trillion budget resolution setting the boundaries for the package, and the House is expected to take up and pass the resolution later this month. Once both chambers have passed an identical resolution, congressional committees will begin crafting legislative text. "We will save taxpayers hundreds of billions by requiring that Medicare negotiate prescription drug prices with the pharmaceutical industry and we will use those savings to expand Medicare by covering the dental care, hearing aids, and eyeglasses that seniors desperately need," Sen. Bernie Sanders (I-Vt.), the chief architect of the budget resolution, said in a statement earlier this week. But it's far from certain that a Medicare negotiation provision will survive the process of developing the final reconciliation bill, particularly given that a number of Big Pharma-backed House Democrats—including Reps. Scott Peters (D-Calif.) and Jake Auchincloss (D-Mass.)—have recently voiced skepticism about the proposal. With Republicans unanimously opposed to the reconciliation package, Democrats can afford just a handful of defections in the House and none in the Senate. Larry Levitt, executive vice president for health policy at the Kaiser Family Foundation, told HuffPost on Thursday that "it's not yet clear how the Democratic leadership will corral the necessary votes for a drug pricing plan, but there's no sign they're backing off." "An epic battle with the pharmaceutical industry is coming," said Levitt. In a series of tweets responding to Biden's prescription drug agenda, Levitt wrote that while the president's "proposal doesn't break new policy ground," it "is significant in that he is now using his political capital to push for congressional action at a pivotal moment in the debate."

#### WTO waiver takes time, energy, and political capital away from domestic legislation – big pharma and EU allies

Bhadrakumar 5/9 M K Bhadrakumar is a former Indian diplomat. "Biden’s talk of vaccine IP waiver is political theater." Asia Times, May 9, 2021, asiatimes.com/2021/05/bidens-talk-of-vaccine-ip-waiver-is-political-theater.

On the other hand, Biden, whose political life of half a century was largely spent in the US Congress, is well aware of the awesome clout of the pharmaceutical companies in American politics. From that lobby’s perspective, the patent waiver “amounts to the expropriation of the property of the pharmaceutical companies whose innovation and financial investments made the development of Covid-19 vaccines possible in the first place,” as a senior scholar at the Johns Hopkins Center for Health Security puts it. The US pharmaceutical industry and congressional Republicans have already gone on the offensive blasting Biden’s announcement, saying it undermines incentives for American innovation. Besides, the argument goes, even with the patent waiver, vaccine manufacturing is a complex process and is not like simply flipping a switch. Senator Richard Burr, the top Republican on the US Senate Health Committee, denounced Biden’s decision. “Intellectual property protections are part of the reason we have these life-saving products,” he said. “Stripping these protections only ensures we won’t have the vaccines or treatments we need when the next pandemic occurs.” The Republican senators backed by Republican Study Committee chairman Jim Banks propose to introduce legislation to block the move. Clearly, Biden would rather spend his political capital on getting the necessary legislation through Congress to advance his domestic reform agenda rather than spend time and energy to take on the pharmaceutical industry to burnish his image as a good Samaritan on the world stage. Conceivably, Biden could be counting on the “text-based negotiations” at the WTO dragging on for months, if not years, without reaching anywhere. The US support for the waiver could even be a tactic to persuade pharmaceutical firms to back less drastic steps like sharing technology and expanding joint ventures to boost global production quickly. So far Covid-19 vaccines have been distributed primarily to the wealthy countries that developed them, while the pandemic sweeps through poorer ones such as India, and the real goal is, after all, expanded vaccine distribution. Biden is well aware that there will be huge opposition to the TRIPS waiver from the United States’ European allies as well. The British press has reported that the UK has been in closed-door talks at the World Trade Organization in recent months along with the likes of Australia, Canada, Japan, Norway, Singapore, the European Union and the US, who all opposed the idea.

#### Drug price controls massively reduce healthcare costs across the board – even assuming conservative models

Gamba 6/9 Gamba, Tyler. Author at the AJMC. "Adoption of the Lower Drug Costs Now Act May Lead to Billions in Savings." AJMC, 9 June 2021, www.ajmc.com/view/adoption-of-the-lower-drug-costs-now-act-may-lead-to-billions-in-savings.

H.R.3, the Elijah E. Cummings Lower Drug Costs Now Act would improve efficiency and produce billions in savings for the commercial health care market’s employers and end consumers if fully implemented, according to a new study from Milliman commissioned by the West Health Policy Center. Among its goals, the act’s provisions seek to reduce prescription drug costs, increase drug price transparency, lower member out-of-pocket spending, and increase potential coverage eligibility. Costs for the most expensive brand drugs in the United States would be negotiated between the manufacturers and the HHS secretary. Significant drug cost increases over the rate of inflation would need to be issued back as rebates to CMS. To predict the effects of such reforms, the Milliman study sought quantitative estimates for the scope of these changes. Milliman’s models incorporated several variables, including current trends and projected spending based on different percentage adjustments to drug prices, rebates, and public vs private cost rates from 2023 through 2029. The study estimates 46% of drug spending would be subject to negotiation under the legislation’s Title I by 2026, with an average 2.5% reduction in total commercial market claims by 2029.Overall, successful implementation of H.R. 3 means employers may reduce their health care expenditures by $195 billion while employees would save $61 billion. Of this latter amount, reduced premiums would account for $53 billion and out-of-pocket costs, $8 billion. Overall, the market covered by the Affordable Care Act (ACA) could see savings of $58 billion, comprising $34 billon in reduced beneficiary premiums, $21 billion in federal savings by reduced Advance-Premium Tax Credits, and $2 billion in lower cost-sharing. The estimates assume manufacturers could make such increases to the prices at a faster rate than the current yearly trends. This possibility still leads to stronger total savings via H.R. 3’s Title I. The study does not factor in further limitations on increases by plan sponsors and pharmacy benefit managers, which could improve savings for employers and employees, because it mainly applies to Medicare. Under the most conservative pricing model—where manufacturers hypothetically increase supply costs to unprecedented highs to minimize revenue loses—$250 billion in lower costs are still passed on to employers and employees. Additionally, the study notes that although end consumers are generally responsible for most of their plan premiums, and thus would get most of the savings, the federal government also would save on the significant portion it pays toward member premiums in the individual marketplaces.

**Healthcare costs will cause massive crowd out, collapsing the economy**---**historical data confirms rising trends**

Howrigon, 16 — Ron Howrigon, M.S. in Economics with a focus on Health Economics from North Carolina State University, President and Founder of Fulcrum Strategies, 18 Years of Experience in Healthcare, 12-30-2016, “Flatlining: How Healthcare Could Kill the U.S. Economy,” Greenbranch Publishing, 1st Edition, Accessed via Minnesota Libraries, Date Accessed: 8-10

Ok, let’s shift from looking at individuals to looking at the big picture—from micro- to macroeconomics. It’s important to understand where healthcare **fits into the big picture** when it comes to the economy at large. Most people who don’t work in the industry don’t clearly understand how much of the U.S. economy healthcare makes up. In fact, given the size of the economy, healthcare in the U.S. can be impactful on the ***world* economy**. This is important to understand because future changes in healthcare not only affect ow we get care and how much we pay for it, but could also significantly affect things like **unemployment**, the **national debt**, and **interest rates**. The influences on the U.S. economy will have **a ripple effect** on other countries around the world. In 1960, healthcare as a market accounted for only 5% of the U.S. economy. For every dollar transacted, only 5 cents were spent for healthcare. The entire U.S. economy was $543 billion, and healthcare accounted for about $27 billion. By itself, in 1960, the U.S. healthcare market would rank as the 15th largest world economy, putting it just in front of the GDP (Gross Domestic Product) of Australia and just behind the GDP of Italy. Think about that for a minute: the U.S., **spent more money on healthcare** than the Australians did on everything! To put this further into perspective, in 1960, the U.S. Department of Defense was twice as large as healthcare. The Defense Department consumed 10% of the U.S. economy, which means it would rank as the 11th largest world economy just in front of Japan and just behind China. Now fast-forward 50 years. In 2010, the United States GDP was $15 trillion. The total healthcare expenditures in the United States for 2010 were $2.6 trillion. At $2.6 trillion, the U.S. healthcare market has moved up from 15th and now ranks as the **5th largest world economy**, just behind Germany and just ahead of both France and the United Kingdom. That means that while healthcare was only 5% of GDP in 1960, it has risen to over 17% of GDP in only 50 years. Over that same time, the Defense Department has gone from 10% of GDP to less than 5% of GDP. This means that in terms in terms of its portion of the U.S. economy, defense spending has been reduced by half while healthcare spending has more than tripled. If **healthcare** continues to trend at the same pace it has for the last 50 years, it will consume more than **50% of the U.S. economy** by the year 2060. Every economist worth their salt will tell you that health-care will never reach 50% of the economy. It’s simply not possible because of **all the other things** it would have to **crowd out to reach** that point. So, if we know healthcare can’t grow to 50% of our economy, **where is the breaking point?** **At what point does healthcare consume so much of the economy that it breaks the bank**, so to speak? This is the big question when it comes to healthcare. If something doesn’t happen to reverse the 50-year trend we’ve been riding, when will the healthcare bubble burst? How bad will it be and how exactly will it happen? While no one knows the **exact answers** to those questions, economists and healthcare experts agree that something needs to **happen**, because we simply **can’t continue on this trend** forever. Another way to look at healthcare is to study its impact on the federal budget and the national debt. In 1998, federal healthcare spending accounted for 19% of the revenue taken in by the government. Just eight years later, in 2006, healthcare spending had increased to 24% of federal revenue. In 2010, the Affordable Healthcare Act passed and significantly increased federal spending accounted for almost one-third of all revenue received by the government and surpassed Social Security as the largest single budget category. What makes this trend even more alarming is the fact that revenue to the federal government double from 1998 to 2016. That means healthcare spending by the federal government has almost quadrupled in terms of actual dollars in that same time period. If this trend continues for the next 20 years, healthcare spending will account for over half the revenue received by the government by the year 2035. Again, the simply can’t happen without causing significant issue for the financial wellbeing of out country. In recent history, the U.S. economy has experienced the near catastrophic failure of two major market segments. The first was the auto industry and the second was the housing industry. While each of these reached their breaking point for different reasons, they both required a significant government bailout to keep them from completely melting down. What is also true about both of **those market failures** is that, looking back, it’s easy to see the warning signs. What happens if health care is the next industry to suffer a major failure and collapse? It’s safe to say that a **health care meltdown** would make both the **auto**motive and **housing** industries’ experiences **seem minor** in comparison. While that may be hard to believe, it becomes clear if you look at the numbers. The **auto industry** contributes around 3.5 percent of this country’s GDP and employs 1.7 million people. This industry was deemed **“too big to fail”** which is the rationale the U.S. government used to finance its bail out. From 2009 through 2014, the federal government invested around $80 billion in the U.S. auto industry to keep it from collapsing. Health care is five times larger than the auto industry in terms of its percentage of GDP, and is ten times larger than the auto industry in terms of the number of people it employs. The construction industry (which includes all construction, not just housing) contributes about 6 percent of our country’s GDP and employs 6.1 million people. Again, the health care market dwarfs this industry. It’s **three times larger** in terms of GDP production and, with 18 million people employed in the health care sector, it’s three times larger than construction in this area, too. These comparisons give you an idea of just how significant a portion health care comprises of the U.S. economy. It also begins to help us understand the impact it would have on the economy if health care melted down like the auto and housing industries did. So, let’s continue the comparison and use our experience with the auto and housing industries to suggest to what order of magnitude the impact a failure in the health care market would cause our economy. The bailout in the auto industry cost the federal government $80 billion over five years. Imagine a similar failure in health care that prompted the federal government to propose a similar bailout program. Let’s imagine the government felt the need to inject cash into hospital systems and doctors’ offices to keep them afloat like they did with General Motors. Since health care is five times the size of the auto industry, a similar bailout could easily cost in excess of $400 billion. That’s about the same amount of money the federal government spends on welfare programs. To pay for a bailout of the health care industry, we’d have to eliminate all welfare programs in this country. Can you imagine the impact it would have on the economy if there were suddenly none of the assistance programs so many have come to rely upon? When the housing market crashed, it caused the loss of about 3 million jobs from its peak employment level of 7.4 million in 1996. Again, if we transfer that experience to the health care market, we come up with a truly frightening scenario. If health care lost 40 percent of its jobs like housing did, it would mean 7.2 million jobs lost. That’s more than four times the number of people who are employed by the entire auto industry — an industry that was considered too big to be allowed to fail. The loss of **7.2 million jobs** would increase the unemployment rate by 5 percent. That means we could easily top the **all-time high unemployment rate** for our country. OK, now it’s time to take a deep breath. I’m not convinced that health care is fated to **unavoidable failure** and economic catastrophe. That’s a worst-case scenario. The problem is that at even a fraction the severity of the auto or housing industry crises we’ve already faced, a health care collapse would still be devastating. Health care **can’t be allowed** to continue its current inflationary trending. I believe we are on the verge of some major changes in health care, and that how they’re **implemented** will determine their impact on the overall **economic picture** in this country and around the world. Continued failure to recognize the truth about health care will only cause the resulting market corrections to be worse than they need to be. I don’t want to diminish the pain and anguish that many people caught up in the housing crash experienced. I think an argument can be made, though, that if the health care market crashes and millions of people end up with no health care, the resulting fallout could be could be much worse than even the housing crisis.

#### Economic decline causes nuclear war

Tønnesson, 15 — Stein Tønnesson, Leader of East Asia Peace program at Uppsala University, Research Professor at the Peace Research Institute Oslo, “Deterrence, Interdependence and Sino–US Peace” International Area Studies Review, Review Essay, Volume 18, Issue 3, Pages 297-311, SAGE Journals, Minnesota Libraries, Date Accessed: 8-4

Several recent works on China and Sino–US relations have made substantial contributions to the current understanding of how and under what circumstances a combination of nuclear deterrence and economic interdependence may reduce the risk of war between major powers. At least four conclusions can be drawn from the review above: first, those who say that interdependence may **both inhibit and drive conflict** are right. Interdependence raises the **cost of conflict** for all sides but asymmetrical or unbalanced dependencies and **negative trade expectations** may generate tensions leading to trade wars among inter-dependent states that in turn increase the risk of military conflict (Copeland, 2015: 1, 14, 437; Roach, 2014). The risk may increase if one of the interdependent countries is governed by an inward-looking socio-economic coalition (Solingen, 2015); second, the risk of war between China and the US should not just be analysed bilaterally but include their allies and partners. Third party countries could drag China or the US into confrontation; third, in this context it is of some comfort that the three main economic powers in Northeast Asia (China, Japan and South Korea) are all deeply integrated economically through production networks within a global system of trade and finance (Ravenhill, 2014; Yoshimatsu, 2014: 576); and fourth, decisions for war and peace are taken by very few people, who act on the basis of their future expectations. International relations theory must be supplemented by foreign policy analysis in order to assess the value attributed by national decision-makers to economic development and their assessments of risks and opportunities. If leaders on either side of the Atlantic begin to seriously fear or **anticipate their own nation’s decline** then they may blame this on **external dependence**, appeal to anti-foreign sentiments, contemplate the use of force to gain respect or credibility, adopt protectionist policies, and ultimately **refuse to be deterred by** either **nuclear arms** or prospects of socioeconomic calamities. Such a dangerous shift could happen **abruptly**, i.e. under the instigation of actions by a third party – or against a third party. Yet as long as there is both nuclear deterrence and interdependence, the tensions in East Asia are unlikely to escalate to war. As Chan (2013) says, all states in the region are aware that they cannot count on support from either China or the US if they make provocative moves. The greatest risk is **not** that **a territorial dispute** leads to war under present circumstances but that **changes in the world economy** alter those circumstances in ways that render **inter-state peace** more precarious. If China and the US fail to rebalance their financial and trading relations (Roach, 2014) then a trade war could result, interrupting transnational production networks, provoking social distress, and exacerbating nationalist emotions. This could have **unforeseen consequences** in the field of security, with nuclear deterrence remaining the only factor to **protect the world from Armageddon**, and **unreliably so**. Deterrence could **lose its credibility**: one of the two great powers might gamble that the other yield in a cyber-war or conventional limited war, or third-party countries might engage in conflict with each other, with a view to obliging Washington or Beijing to **intervene**.

# Shells

For both shells, what I do not what I justify – only impacts that happened in this round matter, not impacts that could have potentially happened – this debate isn’t going to be the end-all-be-all rule for all theory shells going forward, so when evaluating theory, only vote on whether the aff suffered IN THIS ROUND rather than potential abuse in future rounds

First shell – CI – I don’t have to have contact info

Second shell – I only have to disclose before the next aff round

Ghill ev just says as soon as possible – ididnt have itme

# Case

#### Evergreening is uniquely OK in pharma

1 – there’s always market demand for innovation – new germs and viruses are appearing all the time, which means its functionally impossible for evergreening to “kill innovation” since people will always want innovation

2 – CA innovation DA – eternal patents are key to the profit motive – otherwise companies just wont innovate

innovation high vs low – their only ev says

On superbugs – the disad link turns

#### The WTO is downright terrible – it’s a dead institution with no influence over member nations

**Quiggins 19**

John Quiggin, 10-20-2019, "Arrogance destroyed the World Trade Organisation. What replaces it will be even worse," Conversation, https://theconversation.com/arrogance-destroyed-the-world-trade-organisation-what-replaces-it-will-be-even-worse-125321

As in other areas of policy, Trump’s tariff wars are often characterised as a radical break with the past, but they can also be seen as a continuation of long-standing trends. Trump’s attempts to exploit the greater size of the US economy to extract concessions isn’t new. The problem is that his chosen targets, China and the European Union, have been big enough to resist, using the WTO. His response has been to cripple the WTO by refusing to appoint new judges to its appellate panel. By December only one judge will be left and the WTO will be unable to take on new cases. To prepare for this likely outcome, the EU has set up structures that would allow it to retaliate against the US on a far larger scale than WTO rules would allow. China is attempting to do the same thing using Regional Comprehensive Economic Partnership), in which Australia – but not the US – would be a member. And it is going beyond trade restrictions, warning Chinese tourists and businesses against travelling to the US. The recent thaw in the trade war might halt the escalation for a while, but it’s unlikely to reverse it. …for which we’ve few plans If Trump is re-elected in 2020, the World Trade Organisation will be, for all practical purposes, finished. The rules will revert to those of the earlier General Agreement on Tariffs and Trade, which give large countries like the US much more scope to do what they want. Even if Trump is defeated, it is unlikely Humpty Dumpty can be reassembled. Likely Democratic alternatives such as Elizabeth Warren are not free-traders. And, having rearmed in response to the US, other countries aren’t likely to put down their weapons.

#### 2. The Appellate body of the UN is dead – even if Biden returns the US to a multilateral trade policy, WTO authority has already been seriously undermined and means nations can easily circumvent the plan

**Wragg 21**

Eleanor Wragg 3-3-2021 Slim chances for the WTO appellate body despite US return to multilateralism https://www.gtreview.com/news/americas/slim-chances-for-the-wto-appellate-body-despite-the-us-return-to-multilateralism/ 8-27-2021 Eleanor Wragg is a senior reporter at GTR, where she covers the trade, export, commodity and supply chain finance markets, as well as the political risk and trade credit insurance, treasury and fintech sectors. She has been a financial journalist for over a decade //GS

“The WTO no longer guarantees access to a binding, two-tier, independent and impartial resolution of trade disputes. This is in clear breach of the WTO agreements,” said the EU in a statement at the meeting.

The WTO’s appellate body has been without the quorum necessary to hear appeals since the Trump administration, insisting that that it had outstepped its mandate, blocked the appointment of new nominees in December 2019 – effectively cutting off its ability to resolve international trade disputes.

“As we have said so many times, WTO members have a shared responsibility to resolve this issue as soon as possible, and to fill the outstanding vacancies as required by Article 17.2 of the dispute settlement understanding,” the EU statement said. “The EU renews its call on all WTO members to engage in a constructive discussion

so that the vacancies can be filled as soon as possible.”

Much to the chagrin of onlookers, the US’ response was negative. In response to a slate of proposed appellate body appointments, the US said in a statement that it was “not in a position” to support the decision, adding: “The United States continues to have systemic concerns with the appellate body. As members know, the United States has raised and explained its systemic concerns for more than 16 years and across multiple US administrations.”

### Uv

Reasonability good is good enough and anything else invites judge intervention – k2 check friv theory