## 1

#### 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.

#### Collapses the economy

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**.

## 2

#### CP: France, Germany, Sweden, and Italy should:

* substantially increase COVID vaccine production to meet the global demand
* sign bilateral intellectual property licensing contracts with low and middle-income countries to share vaccines
* donate all necessary vaccines at no cost to low and middle-income nations unable to license intellectual property rights

#### Global donations and increased domestic production solve

Yamey 21 [Gavin, Directs the Center for Policy Impact in Global Health at Duke University in Durham, North Carolina. “Rich Countries Should Tithe Their Vaccines” https://www.nature.com/articles/d41586-021-00470-9]

As I write this, 191 million vaccination shots against COVID-19 have been administered; more than three quarters were given in just 10 nations that account for 60% of the global gross domestic product. In some 130 nations with 2.5 billion people, not a single shot has been administered. High-income countries represent only 16% of the world’s population, but they have purchased more than half of all COVID-19 vaccine doses.

The US$4 billion that the White House pledged towards equitable vaccine distribution this month is a huge help in paying for doses for poorer nations. Reframing how vaccine deals are structured — and explained to the public in rich countries — could make this pledge even more powerful.

I live in the United States, so even though I am at low risk, I will be able to get vaccinated well ahead of many health workers and high-risk people in poorer nations.

This is unfair, and will prolong the pandemic. When SARS-CoV-2 transmission is wildly uncontrolled, the virus has more scope to evolve into dangerous variants. A COVID-19 outbreak anywhere could become an outbreak everywhere.

Why a pioneering plan to distribute COVID vaccines equitably must succeed

To help, rich countries should tithe their vaccine supply to poorer places and negotiate direct purchasing deals with vaccine manufacturers to increase supplies.

Many public-health workers strived to avoid the disparities we are seeing now. We knew that rich nations had hoarded vaccines during past outbreaks, such as the 2009 swine-flu pandemic. So, dozens of us working in global health tried — in long weekly Zoom calls for many months — to at least mitigate the hoarding and put a global sharing mechanism for COVID-19 vaccines in place. The result was COVID-19 Vaccines Global Access (COVAX) — co-led by Gavi, the Vaccine Alliance; the Coalition for Epidemic Preparedness Innovations; and the World Health Organization. It is a first-of-its-kind ‘buyers’ pool’ in which richer nations can collectively purchase vaccines, fund vaccine development and manufacturing and ensure that some of the supply will go to poorer countries.

Although around 190 nations have joined COVAX, about 3 dozen rich nations ended up buying most of their doses by way of direct deals with vaccine companies rather than through the COVAX pool. COVAX still expects to secure some 2 billion doses by the end of 2021, but richer countries have already bought 5.8 billion doses, often purchased before clinical trials were completed, through bilateral deals. COVAX is still getting pushed to the back of the queue.

What to do now? Richer nations should share their doses, stat. Perhaps for every nine doses they administer, they can donate one dose to COVAX. This falls far short of ‘equitable’, but it is within what is possible. This will help beyond dimming the chance of an outbreak from an imported variant that hoarded vaccines might have reduced efficacy against.

One analysis of vaccine nationalism (see go.nature.com/37wr), in which people in rich nations receive immediate vaccination and poorer nations are left behind for years, suggested that the global economy could lose US$9 trillion. Rich nations, whose exports would be suppressed, would bear half the cost. Disruption of global supply chains that provide parts for industry would continue.

COVID-19 vaccines: how to ensure Africa has access

Some nations are taking the lead. Norway is the first rich nation to have pledged to donate doses to the COVAX pool in parallel with vaccinating its citizens (the United Kingdom plans to donate superfluous doses after all its citizens have been vaccinated).

My colleagues and I used game theory to project what would happen if rich nations reconfigured their purchasing deals to increase the global vaccine supply (D. McAdams et al. BMJ Glob. Health 5, e003627; 2020). Currently, each vaccine purchase is a zero-sum game. But deals could include provisions that require vaccine makers to share knowledge and technology to boost production by other manufacturers. As a real-world example, the Serum Institute of India can manufacture the AstraZeneca–University of Oxford vaccine, providing doses for low- and middle-income countries.

An advanced purchase agreement might also finance risky investments that would speed up vaccine manufacturing. If one candidate fails in trials, the facility could be used for a different, successful vaccine, with a portion of the doses going to poorer countries. These deals create what economists call ‘positive spillovers’. With such collaboration, global vaccine distribution would no longer be a zero-sum game.

Some in rich countries might push back against sharing doses, arguing that a government needs to put its own citizens first and that no politician would risk giving doses away. But public polling in many of these nations shows that citizens want their governments to be more collaborative. A UK poll found that almost two-thirds of the public does not want rich countries to be prioritized for COVID-19 vaccination over poorer countries. And if the rich world continues to hoard vaccines, the global pandemic will drag on for perhaps as long as seven more years.

Another argument is that many poorer countries — such as Mongolia and Vietnam — have already curtailed their COVID-19 outbreaks using non-pharmaceutical interventions such as testing, contact tracing and mask-wearing. It is unfair to penalize nations that have used these measures by denying them vaccines. How will citizens respond to public-health advice in the next pandemic if they think it will deprive them of vaccine access?

It is in everybody’s interests to act collectively to boost vaccinations. It is self-defeating to act otherwise.

## 3

#### Eliminating IPR for vaccines gives China a massive competitive edge on innovation broadly – tanks pharma, undermines pandemic response, and tech leadership – BUT domestic production and distribution solves

Okutsu & Sharma 21 [Akane, staff writer for Nikkei International, and Kiran, LPC, The College of Law, Guildford, 1997 BA (Hons), Law, Gonville & Caius College, Cambridge University, 1996. “Vaccine Patent Waiver: COVID Stopper or Innovation Killer?” https://asia.nikkei.com/Spotlight/Coronavirus/COVID-vaccines/Vaccine-patent-waiver-COVID-stopper-or-innovation-killer]

Western pharmaceutical companies are telling U.S. officials that they fear exposing their technologies to China, the Financial Times reported. The still-under-wraps expertise could be used not only for COVID-19 shots but other vaccines and therapeutics, stripping the companies of their competitive edge.

Pfizer and Moderna have produced what are called messenger RNA vaccines, a new technology that does not contain live virus and instead instructs cells to produce a protein found in the coronavirus, creating immunity. China's vaccine producers, meanwhile, have relied on conventional methods using weakened virus.

The Pharmaceutical Research and Manufacturers of America released a statement that the U.S. stance on the waiver means "handing over American innovations to countries looking to undermine our leadership in biomedical discovery."

But some say the waiver would not be an automatic win for China.

One reason is that its pharmaceutical companies would not be immune if prices fall. "There would be competitive pressure and a negative impact on pharmaceutical companies in and outside of the U.S." including China, said Banri Ito, professor at Japan's Aoyama Gakuin University.

The stock market seems to agree. Chinese vaccine makers including CanSino Biologics and Shanghai Fosun Pharmaceutical Group fell after the U.S. announcement, just like the shares of Pfizer and Moderna.

China's state media has been lukewarm toward the U.S. move, calling it a "political tactic."

How would it affect the pharmaceutical industry over the long term?

One major concern is a loss of incentives for costly research and development.

Pharmaceutical research has a low success rate and requires enormous sums of money. Without the profits generated from intellectual property rights, "there would be no new drugs," as companies would have no hope of recouping their investments, a JPMA spokesperson said.

Ito said this raises "concerns about how to respond to future pandemics." Speedy vaccine development, he said, is driven in part by the chance to corner the market.

If the patents are to be waived, Ito suggested other steps to spur innovation will be needed, such as establishing a fund to buy such knowledge. But setting prices and deciding how to deal with the technical secrets would be no easy task.

Ito said a quicker solution might be for Group of Seven countries to "consider policies to expand production capacity and strengthen the [World Health Organization's] COVAX initiative to purchase and distribute vaccines to developing countries."

#### Biopharma innovation is key to overall competitiveness – US still has a razor thin lead but IP is uniquely key

Ezell 20 [Stephen Ezell, Director of Global Innovation Policy at the Information Technology and Innovation Foundation (ITIF). "Ensuring U.S. Biopharmaceutical Competitiveness." 7/16/20. https://itif.org/publications/2020/07/16/ensuring-us-biopharmaceutical-competitiveness]

Nations are competing for increased market share in a wide array of advanced-innovation industries, understanding that these industries are the key to competitiveness, national security, and good jobs. China’s “Made in China 2025” strategy is perhaps the most visible of these efforts, but by no means the only one.

Many nations, including China, have targeted the biopharmaceuticals industry—an industry which the United States has long led—especially in drug innovation. One result has been that over the last decade U.S. biopharmaceutical manufacturing value-added output has fallen by almost one-third, as the U.S. trade deficit in drugs and inputs has increased. Fortunately, America still leads in innovation and drug development, in large part due to effective life-science policies, including significant federal investment in life-sciences basic research, robust intellectual property (IP) protections, effective technology transfer policies, investment incentives, and, importantly, drug pricing policies that enable companies to invest in high-risk drug development.

But if the story of the past decline, and even loss, of other critical U.S. industries provides any guide, loss of U.S. production will ultimately lead to the loss of innovation capabilities as well. It is not enough for the United States to lead in drug development, it must also at least hold its own in drug production. This is especially true given the coming challenge from China, which intends to dominate the global drug industry, at all phases, from innovation to production to marketing.

Now is not the time for free-market complacency, hoping that America’s entrepreneurial spirit and rule of law will somehow suffice (the United States didn’t gain its biopharma lead from a laissez faire approach, and it certainly won’t keep its lead with it alone). Nor is it the time for drug populism, a political movement that both sides of the aisle, but especially progressives, have unfortunately embraced. Drug populism and its accompanying policies of weaker IP protections and draconian drug price controls would likely result in cheaper drugs. But there should be no confusion that it will lead to a hollowing out of U.S. capabilities, not just in production but also in innovation (and, not to mention, fewer new lifesaving drugs). If the United States is serious about competitiveness overall, and competitiveness in the biopharma sector specifically, an industry that the United States still has strong capabilities in—unlike the telecom equipment or flat-panel display industries, to name just two—then it’s time for Washington to articulate and embrace a robust national biopharmaceutical competitiveness strategy.

#### Chinese tech leadership causes nuke war

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Rather, we should think more broadly about how new technology might affect global politics, and, for this, it is helpful to turn to scholarly international relations theory. The dominant theory of the causes of war in the academy is the “bargaining model of war.” This theory identifies rapid shifts in the balance of power as a primary cause of conflict.

International politics often presents states with conflicts that they can settle through peaceful bargaining, but when bargaining breaks down, war results. Shifts in the balance of power are problematic because they undermine effective bargaining. After all, why agree to a deal today if your bargaining position will be stronger tomorrow? And, a clear understanding of the military balance of power can contribute to peace. (Why start a war you are likely to lose?) But shifts in the balance of power muddy understandings of which states have the advantage.

You may see where this is going. New technologies threaten to create potentially destabilizing shifts in the balance of power.

For decades, stability in Europe and Asia has been supported by US military power. In recent years, however, the balance of power in Asia has begun to shift, as China has increased its military capabilities. Already, Beijing has become more assertive in the region, claiming contested territory in the South China Sea. And the results of Russia’s military modernization have been on full display in its ongoing intervention in Ukraine.

Moreover, China may have the lead over the United States in emerging technologies that could be decisive for the future of military acquisitions and warfare, including 3D printing, hypersonic missiles, quantum computing, 5G wireless connectivity, and artificial intelligence (AI). And Russian President Vladimir Putin is building new unmanned vehicles while ominously declaring, “Whoever leads in AI will rule the world.”

If China or Russia are able to incorporate new technologies into their militaries before the United States, then this could lead to the kind of rapid shift in the balance of power that often causes war.

If Beijing believes emerging technologies provide it with a newfound, local military advantage over the United States, for example, it may be more willing than previously to initiate conflict over Taiwan. And if Putin thinks new tech has strengthened his hand, he may be more tempted to launch a Ukraine-style invasion of a NATO member.

Either scenario could bring these nuclear powers into direct conflict with the United States, and once nuclear armed states are at war, there is an inherent risk of nuclear conflict through limited nuclear war strategies, nuclear brinkmanship, or simple accident or inadvertent escalation.

This framing of the problem leads to a different set of policy implications. The concern is not simply technologies that threaten to undermine nuclear second-strike capabilities directly, but, rather, any technologies that can result in a meaningful shift in the broader balance of power. And the solution is not to preserve second-strike capabilities, but to preserve prevailing power balances more broadly.