

## **Covid -19 - The Karma of Big Pharma**

**Ross** Welcome to Renegade Inc. Profits versus people has always been the dichotomy at the heart of the pharmaceutical industry. After so much wrongdoing and greed, will Big Pharma use the Corona virus as an opportunity to redeem itself or will it continue business as usual?

**Ross** Gerald, great to have you on Renegade Inc.

**Gerald Posner** Great to be with you.

**Ross** You've thought a lot about the pharma industry, pharmaceutical industry. At this time what do you see the reaction from Big Pharma to the pandemic - to Covid-19 - is going to be?

**Gerald Posner** This will sound like a cold calculus, and it is, but there are parts of the pharmaceutical industry that are salivating at the pandemic, not because they want people to die or because they engineered the pandemic in a secret lab, but because this novel virus gives them a possible once in a lifetime opportunity for enormous profits. Governments around the world are panicked. People are in fear. They're desperate. That's the time you get great deals. People are paying billions of dollars through their governments for vaccines and treatments. Pharmaceutical companies are all rushing to try to get it through. The ones that cross the finish line first know that this could be a game changer for them in terms of their business models.

**Ross** The thing here is that Big Pharma has two choices, really. Let's face it, it's reputation at the moment is absolutely broken - finished. It has two choices. It could actually become a hero, a people's champion. It could ride to the rescue of the American people or people globally, or it could go as it has always done, profit maximizing and price gouging. Am I being a little naive to say that they're even considering both of those options?

**Gerald Posner** Well, they're probably only considering the option right now to maximize profits. But the question is whether governments can force them to come short of that. And here's what I mean by that. After 2013/14, there was a small outbreak again with Ebola. There was an organisation called out of Norway that was formed with a number of governments behind it - CEPI - this organisation for epidemics. And it was supposed to bring all countries and pharmaceutical companies together, share the research, share the information, no intellectual property rights, nobody would own a patent. Years ago, when the polio vaccine was developed and found in America by a fellow, Dr. Salk, they asked him in a radio interview, who owns the patent - you or the drug company? He said, 'no one'. Could you patent the sun? I have a chapter about that. So he was the old idea that if you came up with something important enough, it was public research. CEPI has tried and they failed to get pharmaceutical companies to do this. The key is, can the governments' providing the money for the research, say to them now, you're only getting this money if in fact you make this public research available to every other company? No one has done that yet. We've got a legal provision in the United States that would allow the federal government to exercise a right to take a patent from a drug company and make it available to everybody. And guess what? That's almost never been done. It's not going to be done here. So the companies are

going to push the edge. If the governments don't push back, they will get as much money as they can.

**Ross** But the American people - people internationally - will see, surely, that the pharmaceutical companies are holding a gun to the government's head and ultimately the people's head. Is it not enough blowback in that for them to want to force them into doing the right thing?

**Gerald Posner** You would think. But for instance, HIV and AIDS in the mid 80s, the very first drug that came out to treat it was a drug called AZT. It's still around. It was the result of the only public money being spent in the United States and the National Institute of Health and some private money for the Bill and Melinda Gates Foundation. The compound that was used was an unused drug compound and a company called Burrough's. And when the government came through and developed that drug, Burroughs went to court, fought for the right to a patent for it so they could have monopoly selling rights. They won and they priced that drug at ten thousand dollars a patient. And you just said a second ago, Ross, push-back age groups pushed back and said, that's ridiculous - the most expensive drug in the world. Burroughs, in all its generosity, dropped the price to eight thousand dollars a patient. They made billions of dollars at a time when you would have thought it was unthinkable. And remember here when you say, 'push-back', the average person in England, in France, in the United States and South America, wherever, they aren't going to see the price of this. It's going to be free. The vaccine will be paid for by the governments who will then distribute it. No one in the National Health [Service] is going to require somebody to pay £10 to come in and get a vaccine to save their lives. So the government behind the scenes will pay the price that the pharmaceutical companies want.

**Ross** Well, how do you begin to say to Big Pharma, 'look, games up, that's it, enough now', or are they now too big to control? Are they so powerful? Have they got so many lobbyists in place? I mean, because it seems to me that this has to be a tipping point, this pandemic?

**Gerald Posner** It has to be a tipping point, except so many times I've thought it has to be a tipping point. The one thing I've learned in this book in the last five years of research is things I never knew before about the industry in which you would think - and AIDS is just one of them - they have come time and time again to a point that's the tipping point. But then it seems to pass. They get away with it because what you said a moment ago - they have the lobbyists. They provide money so for instance, in the United States, I will be asked occasionally, do you think the Democrats are more to blame or the Republicans are more to blame? Both parties are to blame. I'm an equal opportunity castigator because there are times in history when the Republicans have blocked an effort going forward and times when the Democrats have. And that's because they're both in the pockets of the pharmaceutical industry. Now, it doesn't take a revolution to be able to reform this. And there are chapters that I have in the book about things that will not sound at all familiar to anybody in the UK. But peculiarities in the American laws like orphan drugs and pharmacy benefit managers, that literally a politician could close as president with a couple of loopholes and executive orders, and it would take out 15 percent of the profit motive overnight. No one has the incentive to do that because there's not an outcry for it. But the fix here can be small fixes along the way to cut their power back.

**Ross** But you can almost hear the strategy meetings in the boardrooms of the big ten Pharma businesses in the US and what they'll be saying is how do we turn sentiment and public opinion in our direction? How are they going to do that?

**Gerald Posner** Oh, I'll tell you, it's already started. As a matter of fact. I've had producers on some shows on American cable television say to me, you've got the wrong message. And I said, 'what do you mean'? They said, 'this is not the time to criticize pharma. They are the ones who might save us with a vaccine and with treatments. And you're talking about profit they may earn down the road. The American economy is closed. We're losing billions and billions of dollars. We'd pay any price to get this done. So why are you talking about what they might do wrong'? So they're already setting that word out among some of the opinion makers in society. But the other day, I saw it in a New York Times column in which Bret Stephens, a columnist there for The Times, said, 'there are no atheists in foxholes', which is a line often given about war and there shouldn't be no Big Pharma haters during a pandemic. And I thought, bingo!, that's it. That's what they're looking for. They're trying to say it's not patriotic. It's not right. It's not part of the discourse right now to criticize Pharma. Let's all be on the same page and look for the cures. And let me tell you, I wrote a letter to The New York Times. It's published and it says, criticizing them, keeping a light on them, a spotlight to make sure they do the right thing isn't being a Pharma hater, it's just good common sense.

**Ross** I want to pick up on something that your wife, Patricia, said, which is that this is the first pandemic that we've ever lived through with social media. Is it the case now that the books that you're writing, the material that you're putting into the world, gets picked up and then circulated on social media and that adds a different dimension to the pharmaceutical industry, because suddenly people are more informed and actually there are a lot more people out there willing to take action?

**Gerald Posner** Absolutely. I think you're absolutely right, Ross. That's a key point. I think that social media has the advantage, despite all its shortcomings at times of providing information instantly around the globe. And so that feeds it. But at the same time - and this is speculation because I don't have in the book and I haven't yet reported on it - but it's something that I would look into for the paperback a year from now. And that is we've all heard about interference in, you know, possible elections or systems because companies or governments will place the equivalent of fake news out, let's say. The question is how about the pharmaceutical companies? They're very clever at marketing. They spend more on promotion and advertisement than they spend sometimes on research in the lab. So are they able, let's say - and I'm not calling it fake news - but are they able to plant stories or put advertisements out or put things into social media that increase the fear quotient? Because if they do that in terms of how spreadable the virus is, how many people might die, the degree to which it might not be controlled until there's a vaccine, they get people primed for the idea that we want that vaccine at all costs and we're ready to take it even if the order is mandatory. Now, I'm not saying they're doing that, but it makes sense to me that although we look at social media as the great equaliser in terms of information about how Pharma is overcharging, they may look at it as another marketing opportunity. And I don't mean by that, you look at an ad and you know, it's from Pfizer or from Burroughs Wellcome. You look at sort of a post and you're not sure that its street pharmaceutical sponsored.

**Ross** Let's just address the elephant in the room because there is all this stuff all over social media that COVID was manmade in a lab somewhere in the world and then released by dark forces because Big Pharma wanted to profit from it. Your reaction to that?

**Gerald Posner** But, you know, Big Pharma doesn't actually have to create it. They just have to wait for it to happen and then they profit off of it. And, you know, I say this all the time. I don't know how COVID started. I'd love to be able to look into it and research it because I have an open mind. Maybe it is, in fact, just a wet market in Wuhan, maybe it's engineered in a lab somewhere around the world and escaped. Who knows? I don't know that fact. But this much I do know: When people say to me, sometimes I think there's a cure for big cancer and Pharma doesn't release it because there's too much money to be made in cancer treatments. So I think Pharma created COVID-19 because that's how they profit from it, they'll make a fortune out of vaccines. I always say to them, no. If you take away COVID-19, you take away cancer. If cancer didn't exist, tomorrow there was a miraculous cure for it. There are plenty of things that Pharma creates its illnesses, in essence, that they're able to treat for billions and billions of dollars. There's cholesterol. There's high blood pressure medication. They lower the numbers on diabetes so more people are covered. There's the DSM, which is a psychiatric manual that lists all types of disorders that are treated with psychiatric drugs from depression to anxiety. There are new ones all the time. So if you take away one area that there's no COVID-19, there's still going to be a trillion dollar a year business making margins that no other industry can match. You throw in a pandemic on top of it, is just some more for the bottom line.

**Ross** You know what, I feel a bit naive now. That second question I asked about the fork in the road, whether they're going to do the right thing or not. After that list of absolutely horrific crimes basically against humanity, there's no way that the profit motive, coupled with the management and the leadership within these industries are going to ever pick the right thing.

**Gerald Posner** But OK. But here's the thing. So it's interesting. We say one of the things the NHS does very well - the NHS has its problems. But one of the things they do well is they negotiate prices. They make a drug company - for instance, if a drug company comes up, as Nevada's recently did, with an item for genetic rare disorder and says it's going to be a two million dollar a year drug - the NHS says not immediately, no. But prove to us that over the lifetime of that patient, the average lifetime, it's going to save us money buying that drug and treating them through the NHS. In the US, there's no such calculus. So the point is that if we hold Pharma's foot to the fire - and that's the big question - is there any incentive to do that? If they come up with a vaccine, let's say at £10, can we make them sell it to us for £11 as opposed to selling it just for twenty. That's what I'm not sure of. But one thing the pharmaceutical companies know is good PR, it's hard to imagine. I say that because they don't get much of it. Whoever develops this vaccine, I predict now to be proven wrong, they will give away 100, 200, 300 million dollars of it to the third world, to Africa, to places where it's too poor. And that will make them look as though they're doing something philanthropic when they're making billions from the Western world.

**Ross** But we hope that they're not going to test it their because there's no shortage of those stories.

**Gerald Posner** I have a chapter in which I talk about the polio vaccine. And as a matter of fact, when Salk's polio vaccine, which was a live vaccine, doctors knew. I was shocked when I discovered this that for every million cases of the vaccine they gave out, there would be a few cases of polio because some people would be susceptible to it. Where did they test that and discover that? - in the Belgian Congo in 1959 and more than a million people. So, you know, those colonial days don't exist anymore. But there's no question. And the other thing is, remember, if a vaccine is approved in record time being a year, year and a half, the test market becomes us in some ways because we are the 40, 50, 60, 100 million people who take the vaccine in the U.S. and find out what the downside is. And in a chapter I have on the swine flu in 1976, it wasn't until they started to give the vaccine they discovered there was a neurological condition that developed and they had to stop it. So, you know, we become the test market in some ways.

**Ross** Welcome back to Renegade. Before we go back to the US to talk with Gerald Posner about Big Pharma and COVID-19, we caught up with the intellectual property expert, Enrico Bonadio. Enrico, somewhat naively, I mentioned that the drug companies are at a fork in the road. Big Pharma has the opportunity to do the right thing or continue profit maximizing. When it comes to IP laws and patents, how do you see that they could deal with COVID-19?

**Enrico Bonadio** Well, pharmaceutical companies, they have patents on drugs. And the first instinct they have is, OK, I keep on relying on my patents, I don't lower prices - that is what they may think. But of course we are in a pandemic. This is an unprecedented situation. And there have been pushes, there have been moves, to relax patent protection. So, for example, there has been a pledge to waive some patents rights. And many pharmaceutical companies and other companies, they are joining that project, basically relaxing patent rights and making available patented drugs on a free licence basis.

**Ross** And is Big Pharma doing that out of the goodness of its heart or is it doing it because it knows that big government has the ability to expropriate, if you like, or compulsory licence these drugs?

**Enrico Bonadio** Probably the latter, because, of course, there have been moves by certain countries, for example, Ecuador, Brazil, but also Germany and Canada. They have made plans to adopt compulsory licence of patents debt. As you correctly pointed out, that would mean a sort of expropriation of a private property right.

**Ross** So why is it that - you mentioned unprecedented times, the unprecedented bit is how much the word unprecedented is used at the moment, Unprecedented times. Why aren't we then doing this in normal times? Because if you're saying that governments can compulsorily licence, use expropriation to make these manufacturers - eligible drug manufacturers - sell copycat versions of patented drugs at a fair market price, why isn't that happening normally? Why aren't we taming Big Pharma?

**Enrico Bonadio** It doesn't happen normally because compulsory licences can be granted in exceptional circumstances. Our international treaties protecting IP allow the issuance of compulsory licences subject to strict conditions including emergencies. They need to act urgently. They need to produce generics to treat people in emergency times. And of course, disease is an emergency. And I guess what pharmaceutical companies, patent owners may

think now is, OK, let's join these patent pooling platforms, let's relax our patent rights because that is what most people expect us to do. It's a kind of investment on a public domain, right? They know that if they don't do that, they might risk a kind of boomerang effect on their public image, commercial image.

**Ross** Enrico, thank you very much for your time.

**Enrico Bonadio** You are welcome. Thanks so much.

**Ross** Our book of the week this week is *Pharma, Greed, Lies and the Poisoning of America* by Gerald Posner. Gerald, why should we read this book?

**Gerald Posner** Because I think it's going to tell people a lot of things about the pharmaceutical industry they never knew. It's a history of the industry from the time that Bayer was selling heroin in 1900 up to the second last chapter called *The Coming Pandemic* and covers everything, including COVID-19. So it tells you that as bad as you think things were in Pharma - greed in the boardroom, it's much worse. Five years of research and interviews that sort of blow the lid off how the pharmaceutical industry really operates.

**Ross** We can't recommend it highly enough. Gerald, one of the big worries that people have now is the headlong rush to a COVID-19 vaccine. How worried should we be about that as it is raced through research and then ultimately given to people without the sort of thoroughness that maybe other vaccines have had?

**Gerald Posner** It's a concern, there's no question about it, because even when vaccines take years to develop - and I'm talking 5, 6, 10 years -, there sometimes side effects when you get out in the field. Things look different in the lab, they look different in limited clinical testing when you start to give it to millions of people. So we'll only know when it gets done. But it's obviously a concern because this one is on a super fast track.

**Ross** There's a big anti-vax movement out there and they're obviously very, very concerned about all of this. And one of their key concerns is Mr. Bill Gates, because their argument is, well, he's not going to let us travel anywhere because he's going to quote government. And then we're going to have papers to say that we're thoroughly vaccinated so we can land in various countries. How much does that argument hold together?

**Gerald Posner** I do you think that, you know, when you're dealing with a contagious virus, the same thing would be if it was a bacteria that was new and was killing people around the world. When you talk to the Italians, they'll have a very different view of this than maybe they have right now in Norway, where the deaths aren't nearly as bad. People will be afraid of allowing those who don't have some form of medical protection - that's the vaccine - in being able to come to areas where people are heavily vaccinated. So that is an interesting question. And I've already seen discussions about anti-vax saying there will be a secondary market in what will be the equivalent of fake documents, the equivalent of saying you've had the vaccine and you're approved even though you haven't been. We're entering the Wild West, as we would say in America. No one knows where this is going because it's an uncharted territory.

**Ross** And if you were to hazard a guess, having been up close and personal with Big Pharma, how does it look from where you are sitting? You've spent a long time talking to people within the industry leaders and also people who peddle vaccines and drugs. How does it look to you? How do you think this will play out?

**Gerald Posner** What I'm disappointed in is that Pharma has reverted in some ways back to the same old things they've always done, which is looking out for their best interests instead of the public health. The best example of this is in the United States, we - being the government - passed an \$8.3 billion emergency funding. That was the first thing they passed, 8.3 billion. Three billion of that for drug research, went straight to all the drug companies looking at vaccines. And what did one of those companies, Gilead, do? It took its drug, Remdesivir - which is talked about even in the U.K. as a possible treatment - and they tried to get into their special tax treatment in the United States, a thing called an orphan drug, which would give a tax benefits, extra patent protections, monopoly selling and everything else. The pushback was so great that five days later they took that out. But what it told me is that unless we are watching them - and we being journalists, those monitoring the business and the rest - they're going to try to game this system, this crisis, as they have every other one. And that was disappointing. Even though I hold them at sometimes in low regard, they occasionally step up to the plate, they haven't in this case.

**Ross** What then are the questions that we, not just in the media, but people should be asking - the rigorous questions - what should they be asking about what's happening and about how the pharmaceutical companies are behaving?

**Gerald Posner** Rigorous questions that should be asked, as far as I'm concerned, is are they relying only on public research on this money? It's almost across the board they are. From the 1930s to the current day in the United States, we have an organisation called the National Institute of Health. It's a government group. Government has spent the taxpayer in the U.S. more than \$900 billion unfunded drug research that then has been taken by pharmaceutical companies and put into products that they patent, get exclusive licences on and make billions of dollars. Now, the UK government, the French, Italian, the E.U., the U.S. are going to spend billions of dollars and flood the system for research on a vaccine and treatments. The drug companies that benefit from that money, why aren't they required to share the research with everybody else? There should be no intellectual property rights on this research. It should be available to anybody. So if Germany makes the breakthrough, they've got to share the information with German companies, with Russian companies and they have to share with American companies and with the Chinese. If nationalism gets involved on this and Americans say it was a U.S. company that made the breakthrough, we're going to let them patent and give it to Americans first, or that happens in China, it's going to be bad all the way around.

**Ross** So really what you're getting at is the age old predatory capitalist playbook, because what you do is you use public money for as long as is necessary. And then at the right time, you take having used all that cash, you take the product out of the public sphere, privatize it. You've done your research and development and then you go off profit seeking?

**Gerald Posner** But this is a twist of the old capitalist routine for the following, which is that you take all the public research and you put into a product, you then go out and sell. But we

do something different in pharmaceuticals. First, drug companies are not selling to the end user - the end users are us, the patients. They're selling to doctors because doctors have to dispense it. And the doctors who dispense it don't know the price for the most part. So it's an unusual business. But secondly, and most important, we give the drug companies an exclusive monopoly to sell. So not only do they take the public research and then put it out as a product to sell, we give them a patent on it so that nobody else can compete with that brand name for 17 to 20 years. And as a result, they can charge whatever price they want. That's the part that's most remarkable about it. So one of the things I like so much in U.K. politics - and you could always like something more in the politics of another country when you're not living there, but I do like it very much - members of Parliament, whether Tories or Labour, whether in Scotland, their local community really get to hear what they're saying. They listen to what's being said. And what people should be asking I think of their parliamentarians across the UK, is please find out how much government money is being spent, how much of our money is being given to pharmaceutical companies to develop treatments and, or, a vaccine for COVID-19. And will the company that makes the breakthrough provide it to every other company in the UK and elsewhere so we can all benefit from it?

**Ross** It strikes me that this can be a really hopeful situation. And we're back to our fork in the road because ultimately, if a, for instance, Russian or French or German lab comes up with this vaccine and then gift's it to the world, the soft power - if you're gonna put it in that way - that that will garner, or the perception, will mean that actually we don't have to have the nationalism, the trade wars, the currency wars, the hot wars. How naive is that? Is that just fanciful thinking or are we now at a point in the world where, with social media and all these channels of information, people have had enough of bellicose governments throwing their weights around?

**Gerald Posner** I think it's - maybe I'm too much of a cynic - but I think it's still somewhat fanciful thinking, unfortunately. I think that it's possible, but only in a situation in which, for instance, this pandemic was much more lethal. And I mean, that's not something that I wish for, it's not something I would want. But if it had a higher death rate of 20 or 30 percent in which it literally was threatening the very fabric of society as we knew it, and it had already given a pretty good body blow to it, but was much more dangerous, then the drug companies would really be almost obligated in some way to perform that public service. But it might be at a level where they don't have to. And if they don't have to, they won't.

**Ross** Gerald, congratulations on the book and thank you very much for your time.

**Gerald Posner** Thank you very much. It was a pleasure to talk to you. I'm sure we'll talk maybe on the next pandemic in 30 years when we feel a little more haggared.

**Ross** That's it from Renegade Inc. this week. We'd love to hear from you, [studio@renegadeinc.com](mailto:studio@renegadeinc.com) or tweet us at Renegade Inc. Join us next week for more insight from those people who are thinking differently. But until then, stay curious.

**Enrico Bonadio** COVID-19 gives us the opportunity to rethink certain laws, especially intellectual property laws. It might be the right time for legislators, policy-makers, to rethink intellectual property laws and patents or laws in order to make them more receptive and in line with social and health needs.



