

**Drug Prices and the Big Lie about the "Free Market" in U.S. Economic Relations**

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Our textbook states that demand for essential goods are more price inelastic than for non-essential goods, which means demand is less affected by changes in price (The University of Minnesota, 2010, p. 442). When the good in question is a life saving drug, the price becomes extremely inelastic, since obtaining it is a matter of life and death. Prescription drug prices in the United States are higher than anywhere else in the world, and drug companies make huge profits as a result (Taylor, & Mattke, 2019). This is the direct result of two-fold action on the part of the government of the United States, which intervenes to enforce so called "property rights" on behalf of the pharmaceutical industry, while actively refusing to defend the interests of consumers.

In section 15.2 of our textbook, titled "Factors That Affect Pricing Decisions", the authors acknowledge that "Pricing decisions are affected by federal and state regulations", stating that, "Regulations are designed to protect consumers, promote competition, and encourage ethical and fair behavior by businesses" (The University of Minnesota, 2010, p. 442). In the case of the pharmaceutical industry at least, the very opposite is true, the existing regulations defending so called "intellectual property" harm consumers, decrease competition, and encourage unethical and unfair behavior by businesses.

Intellectual property is the name given to intangible creations of the human intellect, and is defined and defended in copyrights, patents, trademarks, and trade secrets. The very concept is of recent vintage, having only become commonplace in the majority of the world's legal systems in the late 20th century (Wikipedia contributors, 2020, May 2). Like all forms of property in

modern states, it is a social construct defining the social relations of power and control among the competing members of the society.

In *Capital and Ideology*, French economist Thomas Piketty points out that to maintain legitimacy all societies need to justify their inequalities, stating that "Every epoch therefore develops a range of contradictory discourses and ideologies for the purpose of legitimizing the inequality that already exists or that people believe should exist" (2020, Introduction, para. 1). Chapter three of the book traces the emergence of what Piketty refers to as "ownership societies" out of the "trifunctional" societies, divided into religious and military hierarchies which ruled over the third estate, that existed until the "Great Demarcation" during the French Revolution. At that historical moment a new theory of power and property arose, characterized by the establishment of monopoly rights to the "regalian powers" of security, justice, and violence in the hands of the centralized state, and private property rights which individuals could claim (2020, Chapter 3, para. 3 and 4). The struggle over who has rights to what property has been a characteristic of modern societies ever since. Until the middle of the 19th century in the United States for example, human beings could be held as legitimate property, and millions indeed were.

This discourse goes hand-in-hand with the legal justification used by those in power to wield the state's monopoly of violence in defending and increasing their property. The owners of the pharmaceutical industry are particularly adept at wielding this power, and it has paid off for them handsomely in the ability to charge extremely high prices for their extremely inelastic products. In July of 2019 Senator Bernie Sanders took a group of U.S. citizens on a bus trip across the board to Canada where they could purchase life saving insulin for one tenth the cost they needed to pay in their home country (Ember, 2019). Roughly half the one trillion dollars

spent globally on prescription drugs is spent in the United States, which spent a whopping \$10,300 per person on health care in 2016, thirty percent more than the next biggest spender (Taylor, & Mattke, 2019). According to the Sunrise House, this is a result of the industry "gaming the patent game", and an unregulated market (Sunrise House Editorial Staff, 2019). Big pharma spent record amounts lobbying in 2018 (Scutti, 2019), and was even able to get its way under the crisis situation of the current COVID-19 pandemic (Karlín-Smith, 2020).

By maintaining the big lie about the benefits of the "free market" and the unassailable right to unlimited private property, and using their wealth and power to control the discourse and influence the government to do their bidding, the owners of the pharmaceutical industry have been able to combine monopoly rights with a deregulated, extremely inelastic market to reap huge profits at the expense of the rest of us.

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