

Macau Online WSDC 2021 Semi-Final (Canada vs Singapore) –  
THW nationalise the research, development, and distribution of pharmaceuticals

**Summary**

<b>PROP</b>	<b>OPP</b>
<p><b>Set-up</b></p> <ol style="list-style-type: none"> <li>1. “Nationalise” means to buy back companies and compensate the shareholders of those companies. Now, the federal government owns these companies.</li> <li>2. These national pharma companies would have the best scientists, doctors, and business people in the same way nationalised space agencies like NASA attract the brightest scientists of that country. Might hire people from the old pharma industry or attract new talent.</li> <li>3. Publicise what the government is researching and make regular reports. i.e how the government is allocating funds, which means that the nationalised company would be very transparent.</li> </ol>	<p><b>Set-up</b></p> <ol style="list-style-type: none"> <li>1. Regulate against monopolistic practices, i.e. price gouging or misleading information from companies about addictive drugs like opioids. Even if this keep the price down, companies can still be profitable because the profit they are making in the status quo is excessive.</li> <li>2. Will subsidise companies to produce unprofitable drugs, such as treatments for rare diseases or those that afflict the poor.</li> <li>3. Apply a toolkit of measures to keep healthcare affordable. This includes means-tested subsidies for consumers or universal healthcare insurance.</li> </ol>
<p><b>Argument 1: Accessibility of drugs</b></p> <p>a) Why private pharma companies are problematic:</p> <ol style="list-style-type: none"> <li>1. Little competition because firms operate in different fields, even if there are multiple firms in the industry. <ul style="list-style-type: none"> <li>- first-mover advantage in the pharma industry. Once you start establishing a drug, everyone flocks to you and it's harder for future firms to come in. i.e. why insulin is almost exclusively produced by Novo in the States and why epinephrine is monopolised by EpiPen.</li> </ul> </li> <li>2. Need IP protection like patents to incentivise production <ul style="list-style-type: none"> <li>- Prices are driven up by patented technology. Since there is no competition, it becomes extremely unaffordable. Private firms and their</li> </ul> </li> </ol>	<p><b>Argument 1: Development of pharmaceuticals</b></p> <p>a) Government-run firms have bad incentives in terms of their production of pharmaceuticals.</p> <ol style="list-style-type: none"> <li>1. Government short-termism. <ul style="list-style-type: none"> <li>- High risk and high cost of investing in pharmaceuticals. If you are a government, the benefit to you from the development of that drug goes to your successor rather than you.</li> <li>- These particular problems with drugs are only found out many years later by the time another government is in power. Governments have incentives to fast-track the development of drugs, bypassing safety procedures so as to get short-term political benefits.</li> </ul> </li> <li>2. Proposition harms the development of medical technology overall.</li> </ol>

<p>patents make it so that there is largely only one seller and they can jack up prices however they want.</p> <ol style="list-style-type: none"> <li>3. Pharmaceutical goods are inelastic. <ul style="list-style-type: none"> <li>- People are desperate if they have something like cancer, so they will buy these drugs no matter what the cost is. Since companies are profit-maximising, it is very easy to price gouge as much as you want because people need those drugs to save their lives.</li> </ul> </li> </ol> <p>b) Comparative on prop side:</p> <ol style="list-style-type: none"> <li>1. Different segments of drug research can share technology between them. i.e. how research for one disease, like STEM cells, can be cross-applied to cancer, whereas in the opposition's world that would be two different firms. <ul style="list-style-type: none"> <li>- Allow technology sharing that improves the efficiency of development.</li> </ul> </li> <li>2. Governments are held accountable by voters <ul style="list-style-type: none"> <li>- There's a huge backlash if people die or if they're forced into having to pay exorbitant amounts of money for life-saving treatments. Even if Big Pharma is seen as the same, they don't really care because all they want is profit, whereas governments care about their perception.</li> </ul> </li> <li>3. The government is not profit-driven. <ul style="list-style-type: none"> <li>- They can have lower prices, and suffer losses because they have a lot of other avenues of funding, i.e. tax revenue, unlike companies that have a far greater incentive to price gouge.</li> </ul> </li> </ol> <p>c) Important for people to have access to life-saving medication. Need to access these drugs without having to go into debt.</p>	<ul style="list-style-type: none"> <li>- Many technologies start off non-medical, i.e. the mRNA technology used in the COVID-19 vaccine was originally from agricultural fermentation. Specific research is needed to develop the medical applications of these technologies</li> <li>- On prop side, when you engage in that research, all of your technology is now seized by the government as a pharmaceutical. Therefore no incentive for holders of patents for these particular intermediary technologies to develop medical applications of their technologies. They will either hide these particular technologies from governments or simply not extend their medical applications. There is no innovation of medical products.</li> </ul> <p>b) Comparative on opp side:</p> <ol style="list-style-type: none"> <li>1. Unlike government short-termism, companies remain the same. They pass these election cycles, and therefore there's an incentive to break into these new markets.</li> <li>2. Companies' reputations don't disappear after four years. I.e. GSK still has a bad reputation from the development of thalidomide in the 1960s because that had bad effects on pregnant women. There are therefore stronger incentives for companies to actually maintain higher standards of safety.</li> <li>3. Ensure that these individuals can continue to hold on to their patents, therefore, ensure there's a continued incentive to innovate.</li> </ol> <p>c) When it comes to issues of cost, we can heavily subsidise these firms. For that reason, the development of medical technology is better on opp side.</p>
<p><b>Argument 2: More niche drugs</b></p> <p>a) Why private corporations have no incentive to research unprofitable drugs?</p>	<p><b>Argument 2: Global inequality</b></p> <p>a) Why is it harmful on prop side?</p> <ol style="list-style-type: none"> <li>1. Every country must develop and</li> </ol>

<ol style="list-style-type: none"> <li>1. Private corporations want to get as much money as possible <ul style="list-style-type: none"> <li>- This looks like not developing drugs for terminal illnesses when you know that you won't get recurring customers, or being unlikely to develop cures for diseases that primarily affect poor people such as mesothelioma or asbestosis.</li> </ul> </li> <li>2. For groups like poor people, their political power exceeds their economic power. So they might not have enough money to buy drugs or to pressure a company as a shareholder to develop particular forms of drugs.</li> <li>3. Even when these niche drugs are produced, they are marketed at insanely high prices to justify the huge R&amp;D costs when you're only selling to a small market that you can't diffuse the cost in.</li> </ol> <p>b) Comparative on prop side:</p> <ol style="list-style-type: none"> <li>1. The government has a large voter base that cares about people, such as terminal patients. People with family members who suffer from these illnesses and whom they want cures from. The government cares about people's emotions more than companies do.</li> <li>2. Groups like poor people have a vote and can pressure the government to innovate in certain fields.</li> <li>3. Governments have a huge market share across different fields. So, maybe they develop a drug for a disease that is very common and they can take the profits from that to offset the costs of investing in a niche disease.</li> </ol> <p>c) Even if the disease isn't experienced by a large portion of the population, these people deserve to have treatment.</p>	<p>produce its own pharmaceutical products.</p> <ul style="list-style-type: none"> <li>- Some countries do not have first-class medical technology. There's a huge disparity in terms of capital, skills and technology, meaning that Third World countries will not be able to produce any medical technology where they nationalise and no private actors exist.</li> </ul> <ol style="list-style-type: none"> <li>2. Unable to buy from developed countries due to fear of political backlash. Governments of developed countries know that if in the future they lack a particular medical product, there will be a huge backlash against them from voters if they initially chose to sell that medical product to another country. <ul style="list-style-type: none"> <li>- The incentive of governments is to hoard all of the medical supplies to themselves and not send them out, particularly because it's usually unpopular with voters to help these particular developing nations by selling products to them.</li> </ul> </li> </ol> <p>b) Comparative on opp side,</p> <ol style="list-style-type: none"> <li>1. Developing countries can buy pharmaceutical products from the private market. Even if the cost is high, it is still better than on prop side where there is no access at all</li> </ol>
<p><b>Argument 3: Misinformation by companies</b></p> <p>a) Private companies incentives:</p> <ol style="list-style-type: none"> <li>1. To cover up concerns about their</li> </ol>	<p><b>Argument 3: Precedent for other industries</b></p> <p>a) In order to innovate, companies need absolute assurance that they can continue to make a profit for two reasons.</p>

<p>drugs, i.e that drug being dangerous. Companies can say their information is protected because it's Intellectual Property.</p> <ol style="list-style-type: none"> <li>2. Manage people's symptoms instead of actually curing their diseases to keep you coming back. I.e, why the new Alzheimer's drug is \$50,000 to slow the spread of the disease and give people false hope instead of actually curing it.</li> <li>3. Overprescription. Companies want to get you hooked on a drug. This is why drug companies like Purdue Pharma started the Opioid epidemic that claimed thousands of lives.</li> </ol> <p>b) Comparative on prop side:</p> <ol style="list-style-type: none"> <li>1. The government has greater scrutiny of their drugs. There is a democratic expectation for investigative journalism into the government.</li> <li>2. The state is better here because it loses money when people keep being sick — while pharma companies gain money — because the state has to do things like pay for treatment and hospitals. Therefore, it's more likely to invest in cures.</li> <li>3. The state has to clean up the mess when people take time off work, when they get addicted, and when things like underground crime rings pop up. Therefore, they don't have an incentive to overprescribe in the same way</li> </ol>	<ol style="list-style-type: none"> <li>1. R&amp;D is hugely expensive. Investing in specific types of products costs a lot of money. Companies are unlikely to do it unless they're very sure they can operate in the long term.</li> <li>2. Pivoting to another business model is just very difficult. Think of the number of people you have to pay off and completely get rid of all factories if suddenly everything made is re-purposed and owned by the government.</li> </ol> <p>b) Important industries that do things for the national good are worried that governments are going to nationalise them.</p> <p>-Important industries that do things like figure out how to purify water for profit are uniquely not going to continue innovating because they're going to be incredibly worried that the government is going to nationalise them. I.e. in the 70s in the US when Carter nationalised an important steel industry, a lot of other industries that did very good things shut down because they were worried.</p> <p>c) This is important because there are other industries in this debate that do social good.</p> <p>d) Far more of these industries will exist on the opp side rather than prop.</p>
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