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FP COMMENT

PETER FOSTER

Stealing drugs

There is no virtue — and considerable potential harm — in indulging social concern by "pledging" others to pay for it.

Last week, 39 activist organizations from across Canada, including Oxfam and UNICEF Canada, issued a statement bemoaning death from treatable diseases in the developing world. Their statement was designed to coincide with the fifth anniversary of the "Jean Chrétien Pledge to Africa," which is now known as the Canadian Access to Medicines Regime (CAMR).

The essence of the pledge was that legislation would make it easier to overturn the patent rights of major pharmaceutical companies in the name of helping the poor. This personally painless gesture followed changes in international trade laws that introduced "compulsory licensing" of medicines in cases of certain epidemic diseases, such as HIV/AIDS and malaria.

Not surprisingly, pharmaceutical companies fought such legislation, while generic manufacturers such as Canada's Apotex tended to support it. But in fact it was a lousy idea to begin with. One might note that non-governmental organizations — who initially pressured the WTO to overturn intellectual property rights for drugs — were a good deal more enthusiastic about the initiative than poor countries themselves, which lack the means of safely distributing medicines. Big drug companies also resisted such moves because of concerns that corrupt governments would simply re-export cheap medicines. Finally, the initially gung-ho generic companies became less so — at least in private — when they realized that the NGOs didn't want them to make any money either. Mr. Chrétien's pledge has resulted in exactly one shipment of drugs from Canada in five years, to Rwanda.

Recently, following a battle between the repressive government of Thailand and Chicago-based Abbott Laboratories, the WTO, under NGO pressure, sided with Bangkok. A Thai government representative wrote that "Compulsory licensing is used to protect public health and save lives. Such matters should not be politicized."

But expropriation is the most fundamental of political issues, with potentially disastrous long-term public health consequences. Medical patents — which give companies exclusive rights to sell new drugs for a limited period — are designed to encourage innovation. Make patents less secure and you will get less innovation.

> *"Make medical patents less secure and you will get less innovation"*

Another "stick" to promote "corporate social responsibility" on the part of drug companies involves manipulating the innovation process rather than overturning it. Yale professor Thomas Pogge has promoted a scheme in which drug companies would be "rewarded" according to their "impact on global health."

Another philosopher of global health, Princeton's Peter Singer, has written that "In an ideal world, the amount of money we spend on medical research to prevent or cure a disease would be proportional to its seriousness and the number of people who suffer from it." But this is an ideal world only for collectivists.

Mr. Singer regards it as reprehensible that 90% of medical research goes toward conditions that are responsible for only 10% of the deaths: "[M]illions of people die every year from diseases for which no new drugs are in the pipeline," he has written, "while drug companies pour billions into developing cures for erectile dysfunction and baldness." In Professor Singer's ideal world, research into such frivolous medical conditions would presumably be outlawed. According to him, the "beauty" of a "Health Impact Fund" that paid companies "in proportion to the extent to which their products reduce the global burden of disease" is that it establishes that all lives have "equal value." Put another way, those in developed countries should be deprived of their right to save or better their own lives, or the lives of their children or community, so that professional redistributors might feel the warm glow of conspicuously trying to save "poor" lives (historically with very little effect).

Those who promote access to drugs as a "human right" claim that the government patent system was set up "for the public good," and is thus infinitely malleable. This is true, but some versions of the public good are easier to legislate than others. The answer to solving the problems of developing countries lies in them ditching their kleptocracies, which would unleash their own people's ingenuity. Their liberation will not be furthered by teaching them that the solution to poverty and disease is expropriation and legalized violence. They have enough of that already.

Not surprisingly, "neglected" diseases have become a focus for political posturing, although there could scarcely be a less-neglected disease than HIV/AIDS. Meanwhile, the greatest preventative for malaria, DDT, remains ideologically incorrect within the UN system, with an enormous cost in human life.

If governments wish to fund research in diseases of the poor, and their electorates think it is a good idea, then more power to them. If they wish to buy drugs at market prices as part of their aid effort, well and good. If NGOs want to arrange fund-raising campaigns to buy pharmaceuticals, that's great. But to strong arm pharmaceutical companies only serves to undermine the development of new, life-saving drugs, and further threatens our increasingly tenuous hold on freedom more generally.

Those who question the safety of vaccines are being unfairly attacked. Vaccines do both harm and good

First, do no harm

LAWRENCE SOLOMON

Vaccines do good and they do harm. They also arouse passions among those who would see no harm. And intolerance, as seen in reactions to Oprah Winfrey and Jenny McCarthy for giving voice to vaccine skeptics.

Here's the *Vancouver Sun*, in an article that focuses on celebrities raising doubts about the safety of vaccinating children: while "scientists are working around the clock to develop [vaccines], another group of people are working just as hard at promoting skepticism of vaccines ... with the Internet's unparalleled ability to spread rumours, innuendo and conspiracy theories, and with celebrities taking a leading role in the anti-vaccinationist movement, stories about the damage allegedly caused by vaccines are receiving more publicity than ever."

Or Jonathan Adler in the conservative National Review Online: "Oprah Winfrey has decided to promote the career — and by extension, the dangerous and lunatic ravings — of professional-bimbo-turned-anti-vaccine-activist Jenny McCarthy. Set aside any culture war concerns, the promotion of McCarthy's views at such a level is a real, tangible threat to the physical health and well-being of our children."

Or my own *National Post*, in an editorial entitled "The danger of an anti-vaccine panic": "It seems there is no brand of New Age nonsense Oprah Winfrey will not peddle on her show, but getting involved with anti-vaccination sentiment crosses a hugely important line."

The vaccinationists have good arguments. The preponderance of scientific studies generally absolves vaccines. Where the welfare of children is involved, the state can legitimately intervene when irresponsible parents endanger their offspring. And where contagious diseases are involved, the public is entitled to protection. The vaccinationist's bottom line: While vaccines may not be risk free, the benefit to society of controlling and potentially eradicating disease is immense compared to the miniscule risk vaccination may attach to individuals.

But the anti-vaccinationists also have good arguments. Peer-reviewed vaccination studies, because they tend to be funded by the pharmaceutical industry, are suspect. The pro-vaccine bias of government funding agencies gives short shrift to studies proposed by skeptics. Even when dissenting peer-reviewed studies do somehow get funded and published, including in prestigious scientific journals, the studies tend to be dismissed and the authors personally attacked. The anti-vaccinationist's bottom line: You vaccinate your children on the recommendations of the medical authorities if you wish; I'll exercise my right to choose what's best for my child by weighing the benefits and the risks of particular vaccines.

The concern of parents did not materialize in a vacuum. By the tens of thousands, children who were healthy the day before their vaccination suffered serious adverse reactions, sometimes death, soon after their vaccination. Medical authorities don't publicize these reactions to the general public

> *"Parents' concerns about vaccination did not materialize in a vacuum"*

and GPs don't publicize them to their patients — to the contrary, they tend to discount alarm from parents of children they have vaccinated, reassuring the parents that there is no relationship between the vaccination they administered and their child's new condition.

But parents often don't buy it — when their children die, or behave strangely, immediately after a vaccine, they understandably wonder about a possible link. Neither do parents buy the greater good argument — that they must place their own child's health at risk in order to protect the children of others. Finally, if vaccines are so safe, why did pharmaceutical companies seek and obtain exemptions from liability, why did governments need to establish funds to compensate victims of vaccinations-gone-bad, and why do pro-vaccine authorities dismiss their critics and act as if they have something to hide?

Consider Gardasil, Merck's HPV vaccine, recommended for mass vaccination for girls as young as 9 (HPV is the most common sexually-transmitted infection). Before hitting the U.S. market in 2006 with the enthusiastic recommendation of governmental health authorities, Merck studied Gardasil's side effects in only 1200 girls aged 16 and younger, and for less than two years. The girls that died or were inflicted with serious health problems during its pre-licensing clinical trials, Merck concluded, were coincidences.

By the end of 2008, U.S. victims or their parents reported some 12,000 adverse events from Gardasil, including 32 deaths, to the U.S. Vaccine Adverse Event Reporting System (at least 10 times as many adverse events are estimated to have gone unreported). The Centers for Disease Control, a U.S. government agency, reacting to alarm from parents of victims, published a report vindicating the drug, but without allowing critics to assess the report by releasing the raw data, or even the names of the principal investigators performing the study.

In response, the National Vaccine Information Center, a U.S. non-profit agency, compared Gardasil's adverse events to those reported for Menactra, a vaccine administered to similar populations, and found that "Gardasil is associated with at least twice as many Emergency Room visit reports; four times more Death reports; five times more "Did Not Recover" reports; and seven times more "Disabled" reports," plus at least four times as many Cardiac Arrest reports, six times as many Fainting reports, at least three times as many Syncope reports, at least four times as many Lupus reports, at least 15 times as many Stroke reports, at least 33 times as many Thrombosis reports and at least five times as many Vasculitis reports, among others.

These results, directly at odds with those of the Centers for Disease Control, need to be addressed. It speaks volumes to the nature of the vaccination debate that vaccinationists have not provided the courtesy of a response.

Financial Post

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Tax revenues tanking

DAVID W. GALLAND

While everyone has been focused on the banks' stress tests and how much government is spending to bail out troubled "too big to fails," a disturbing trend on the other side of the equation is now emerging: How much (or how little) the U.S. government is receiving in tax revenues.

In 2007 and 2008, government tax revenues averaged about US$633.15-billion per quarter. For the first quarter of 2009, however, the numbers tell us that tax receipts totaled only about US$442.39-billion — a decline of 30%.

Looking to confirm the trend, we compared the data for April — the big kahuna of tax collection months — to the 2007-2008 average, and found that individual income taxes this year were down more than 40%. The situation is even worse for corporate income taxes, which were down a stunning 67%!

When you add in all revenue from all sources (including Social Security revenue, government fees, etc.), the fiscal year-to-date — October through April — revenue shortfall comes to 19%, vs. the 14.6% projected in Obama's budget. If, however, the accelerating shortfall apparent year-to-date, and in April in particular, continues, the spread between projected and actual tax receipts will widen considerably.

For the first time since 1983, the U.S. government posted a deficit in April. That's a big swing in the wrong direction, as the bump in personal tax collections in April historically results in a big surplus — on average about $68-billion.

What are the implications of this tanking tax revenue?

First, it means the U.S. federal government deficit is going to be as bad or worse than US$2.5-trillion, the amount we projected last year. If the shortfall in individual and corporate tax revenue persists — and we expect it will — then the deep hole the government is already digging for itself will be that much deeper.

Using the government's own expense projections, the revenue shortfall, even if it doesn't worsen further, would push the fiscal 2009 budget deficit up to about US$1.958-trillion. Expense projections are likely to be significantly understated.

In January the government projected a US$1.2-trillion deficit for fiscal year 2009. In March, just three months later, it increased the projection to US$1.6-trillion. That US$600-billion "adjustment" alone totalled more than any full-year budget deficit in the nation's history.

Yet, the real fly in the ointment is that the actual borrowing by the Treasury is likely to be at least half a trillion dollars more than the deficit. That's because the Treasury is buying toxic paper (mortgage, credit-card loans, etc.) and putting it on the books with a higher value than the market is willing to assign. While that makes the budget deficit appear smaller, it doesn't negate the fact that the government still must borrow the money needed to buy the toxic paper in the first place. The additional revenue shortfall means it has to raise that much more money. Based on the struggle it had pushing the US$14-billion in long-term notes at the latest auction, it becomes increasingly apparent that when push comes to shove, the only way the government is going to come up with the money needed to meet its aggressive spending is to print it up.

So, what does all this mean?

At this point, other than sharply changing course and letting the free market cope with the crisis through a brutal "survival of the fittest" scenario, the government is left with no other option than to accelerate the buying up of its own debt.

The government must push even harder on the levers of its printing presses, setting the stage for a massive, and inevitable, period of inflation.

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U.S. GOVERNMENT MONTHLY RECEIPTS

US$ billions

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