

PRESS COMMENT

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For immediate release

## Think Tank warns 'Cheaper drugs may come at the expense of the development of life-saving treatments'

Pan-European think tank the Stockholm Network calls for the Commons Public Accounts Committee to rethink its call for greater use of generic medicines, warning that the assessment of medicines should be based on a holistic view of best value not simply lowest cost.

MPs support for switching to generic medicines in order to cut costs represents a basic misunderstanding of how the pharmaceutical industry and innovation works. Loss of revenue for the innovative drug industry will lead to greater economic and social costs since new treatments that save lives, increase productivity and reduce hospitalization will not be developed without sufficient incentives.

As demonstrated in Canada throughout the 1970s and 1980s, the emphasis on the use of generic drugs to reduce costs may actually come at the expense of better healthcare treatment <sup>[1]</sup>. Overall cost savings to the Government's medicines budget must therefore be balanced against the costs of new and innovative treatments which allow patients to live healthier, longer lives and prevents expensive medical interventions.

Stockholm Network's Director of Research Dr Meir Pugatch adds:

"While we all would like to have cheaper medicines, we must not lose sight of the risks attached to switching to a pro-generic climate. The development of new and better treatments could be stifled as a result of innovative drug companies failing to recoup the high costs of research and development".

- ENDS -

For quotes and commentary on the above, please call Cara Walker, Head of Communication for the Stockholm Network on 00 44 20 7354 8888 or via e-mail to: [cara@stockholm-network.org](mailto:cara@stockholm-network.org)

### Notes to Editors:

The Stockholm Network is the leading pan-European think tank. It offers a unique network of 130 market-oriented think tanks across Europe providing access to the best European policy thinking.

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[1]

Bohumir Pazdorka, Patent Protection and Pharmaceutical R&D Spending in Canada, *Canadian Public Policy*, Vol.25, No.1, March 1999.