

Medicine and the Multinationals

Time for a Fresh Look?

Mike Muller

Just over a decade ago, Mike Muller wrote a book, "The Health of Nations", an investigation of multinational pharmaceutical corporations in the Third World. He set himself the task of assessing their impact and "whether their positive contributions are outweighed by, and incidental to, the damage they do and the bad health care they promote".

He referred to the example of a person in Mozambique who was getting headaches and took a popular over-the-counter painkiller, Cibalgin. She developed a sore throat and a fever. Her condition got progressively worse. She suffered from cold sores, degenerating gums, a swollen face and painful infections in her veins. She then developed abscesses in her lungs, her lips decayed, her teeth became loose and her jaw bone was exposed.

It had already been known for 58 years that the active ingredient of Cibalgin, Amidopyrine, causes agranulocytosis. In developed countries, the drug was either only available on prescription or banned altogether. Ironically, the drug was freely available in a developing country which has a lack of facilities to diagnose drug induced illness. The Cibalgin package merely noted that the drug can cause drowsiness. The only warning of the dangers associated with the drug was phrased in technical language, in the small print of the package insert.

He then showed that this is not an isolated case and that the use of unsafe and inefficient drugs in the Third World is a widespread phenomenon. This misuse is actively promoted by the multinationals, who typically spend at least 20% of their sales revenue on promotion. They provide minimal information on proven dangers and make exaggerated claims on the usefulness of their drugs. Muller provided a number of examples, including the aggressive marketing of chloramphenicol, which can cause aplastic anaemia, and the deceitful marketing of lomotil, which stops diarrhoea by slowing down the gut, but does not counteract dehydration. The drug can be life threatening to young children in relatively low doses.

His evidence provides ample support for the Director General of the World Health Organisation (WHO), Halfdan Mahler, who said, "Drugs not authorised for sale in the country of origin, or withdrawn from the market for

reasons of lack of safety or lack of efficacy, are sometimes exported and marketed in developing countries; other drugs are promoted and advertised in these countries for indications that are not approved by the regulatory agencies of the countries of origin. Products not meeting the quality requirements of the exporting country, including products beyond their expiry date, may be exported to developing countries that are not in a position to carry out quality control measures. While these practices may conform to legal requirements, they are unethical and detrimental to health.”

Muller argued that multinationals engage in research and development of new products with the aim of getting the best possible financial return. He highlighted the bias towards developing non-essential drugs and variants of existing products which can be marketed profitably in the developed world, rather than drugs to control serious diseases in the Third World. In addition, new drugs are developed and actively promoted to displace older drugs, irrespective of whether they are better, merely because they can be sold at far higher prices.

He then looked at the market power of the multinationals. The international pharmaceutical industry is dominated by a few dozen big companies. Moreover, these companies specialise in particular types of drugs and monopolise the market for their drugs. Companies take out patents for the drugs they discover in order to obtain a complete monopoly of the market. This allows them to dictate prices. Each company varies its prices from country to country by as much as 400%.

Multinationals maintain strict control of raw materials and technical know-how to obstruct Third World countries from developing their own manufacturing capacity. They also transfer wealth from the developing to the developed world by setting up subsidiary companies in developing countries and charging them exorbitant prices for raw materials. Payments are made to the parent companies in the developed world.

Muller argued that the method of operation of the multinationals leads to irrational drug use. Misuse of drugs leads to drug resistance and drug induced diseases. Moreover, scarce resources are squandered. He took us back to Beira, Mozambique, with 60 doctors and 20 salespersons, where the high summer temperatures and humidity contribute to headaches. His colleague went to the local health centre and was given a five item prescription, namely paracetamol, diazepam, mebendazole, amoxicillin and promethazine. His headache did not get better, so he went to another practitioner, who prescribed six items, more diazepam, co-trimoxazole, furosemide, potassium chloride, aspirin and vitamin B12. His headaches eventually disappeared when the rainy season started. At

the same time, the entire province had run out of essential anti-tuberculosis drugs.

In the following article, Muller argues that the way in which multinationals operate is less important than it used to be.

The medicine multinationals became a particular target for anger in the sixties and seventies because they controlled access to life saving drugs. They did this principally through the patent system. This allowed the company which discovered a drug to make large profits since it had a complete monopoly and could control all sales. A large number of new medicines were developed over this period by big international companies, but sick people were affected by their high prices.

Why Do We Need to Take a Fresh Look?

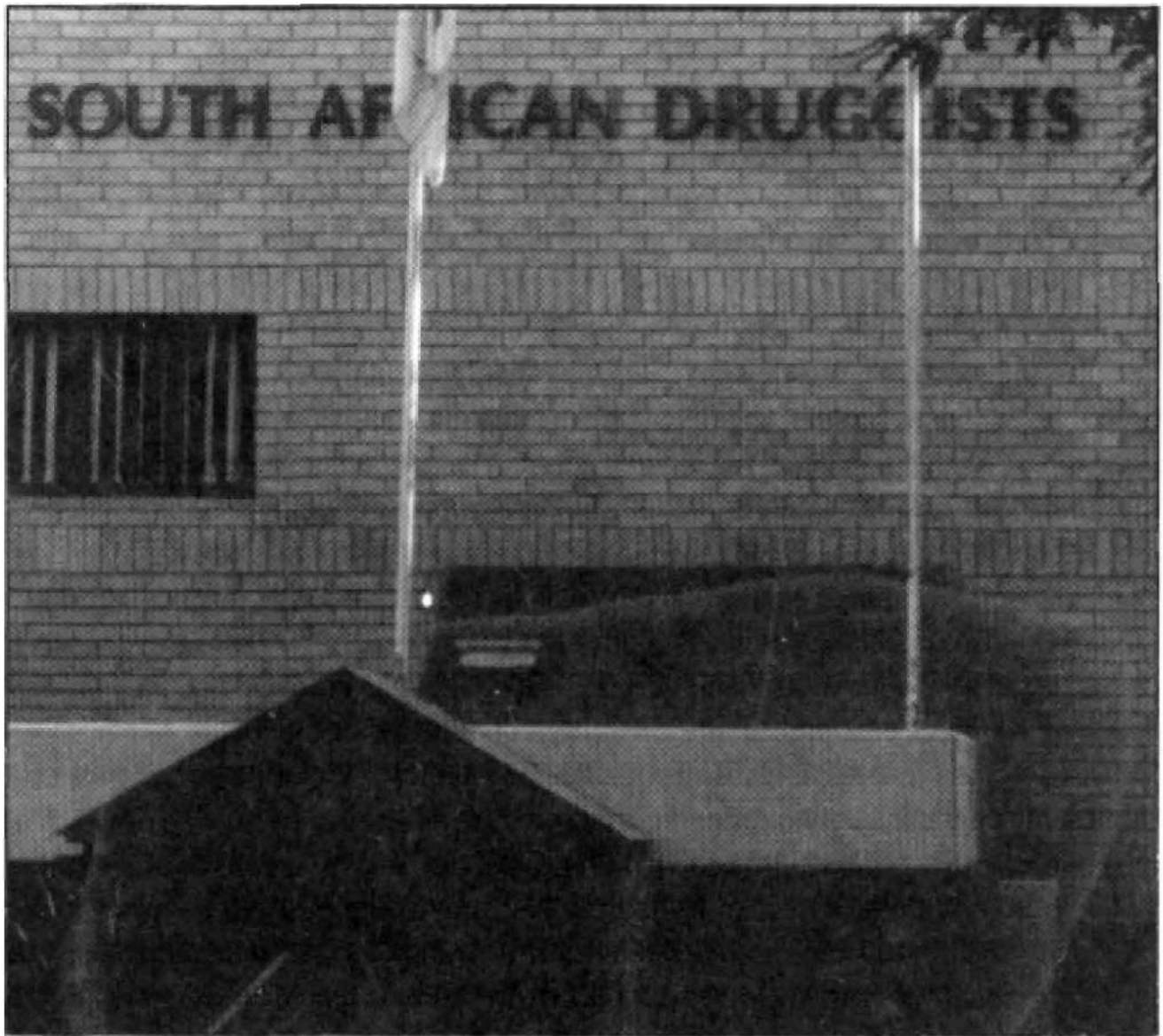
Patent protection for new medicines does not last forever. Typically, a patent is given for 15 to 20 years. This starts when the medicine is first discovered, which may be five or ten years before it can be tested and sold.

Many medicines, including common antibiotics, important tranquilisers and products for hypertension and ulcers, are now no longer protected by patents. This means that any company can make and sell them. As soon as this happens, the price falls, often to as little as a quarter or a tenth of what it used to be. Because many good medicines are now available without patents, not as many sick people are dependent on patented medicine as their only chance of a cure. This is one reason why we need to reconsider whether it is the big multinationals which get all our interest or whether there are other areas which need attention.

The other reason is that many of the medicines we need to provide a basic health service are now supplied by other companies which specialise in 'generic' drugs - drugs made and produced to the same chemical formula but not sold with the brand name of the multinationals.

Do We Need to Worry About Medicines?

If multinationals are no longer controlling access to medicines, why do we need to pay attention to medicine policy? There are three reasons. First, new medicines are still being produced. Since these are patented, the companies with the patent will promote their use to make as much profit as possible. We need to ensure that we do not waste public money on buying medicines which are not



Do we really need to focus on the monopolies? *Photo: Ismail Vawda*

much better than existing products. Also, medicines used in private practice set an example which often affects how medicines are used in the public sector.

Secondly, many people believe that medicines are one of the most important parts of health care. If we are to help and encourage people to understand how to improve their own health, we must try to ensure that medicines are used for their correct purpose.

Lastly, in private practice, a large proportion of the cost of health care is accounted for by the cost of medicines. (The proportion is less in public health care systems). If private health costs are to be controlled, an important part of the process will be controlling the costs of medicine. This may mean that more people will be able to use the private sector and thus leave more money in the public sector to help those who cannot pay for their care.

Using Medicine Effectively and Efficiently

The fact that many highly effective medicines are now more freely available is important for any national health care system. One result, however, is that the medicine makers are less concerned with advertising and promoting their products. Instead of complaining about the amount of medicine promotion, we may soon find that, in many areas of health care, there will not be enough information available about how best to use medicines.

The health services will save money through cheaper medicine, but some of that will have to be used to provide information to health workers to help them choose the right medicine for their patients' needs. Managing the quality of medicine use will become important, but it is difficult because health workers are often reluctant to change their ideas once they think they know best.

A well organised health service can introduce management systems to ensure that medicines are well used, but only if all health workers are prepared to make the systems work. The same systems should also ensure that money spent on medical equipment and buildings is appropriately spent.

In the private sector, different rules are needed. If people want to spend money on unnecessarily expensive medicine, they should be free to do so. But they should not be encouraged or subsidised. In this respect, the COSATU policy of exempting all medicines from VAT may be misguided. It will have the effect of subsidising the rich to waste their money on expensive medicines. A more sensible policy would be to exempt from VAT only a list of recommended generic medicines to encourage their use wherever possible.

What about the South African Companies?

South Africa is fortunate in that it has a few companies which are able to make a wide range of generic medicines. Adcock Ingrams, SA Druggists and Twins are just some of the better known names, although different names sometimes conceal the fact that companies have the same owner.

Because the number of companies is relatively small, there is the risk that they can use their virtual monopoly to keep the price of medicines higher than it ought to be. One way to prevent this would be to encourage all medicines to be imported. This might reduce prices in the short term but it would also put many people out of work and mean that South Africa will be dependent on other countries for its basic medicine supplies. Price control of medicine is difficult, because there are many reasons for prices to fluctuate, particularly when the raw materials to make them are imported.

The problem is to find a way to ensure that the local medicine companies are encouraged to carry on producing without being able to take unfair advantage of their home market.

Need for Strong Health Authorities

To promote the policies advocated in this article, there is an urgent need for strong health authorities committed to making sure that the industry is serving the needs of the nation. Their tasks will be to provide the information, implement management systems and impose controls where needed. At a time when deregulation and privatisation are being pushed hard in many circles, and with government budgets always under pressure, it may be hard to achieve this.

To conclude, the misbehaviour of the multinationals is less important than it used to be. We still need to pay attention to medicine policy. We also need to provide health workers with the right information about medicines, establish management systems to control medicine use and ensure that the South African monopolies don't exploit consumers. We will only achieve effective and efficient use of medicine if we have strong health authorities.

In addition to "The Health of Nations", Mike Muller has also written "The Baby Killer" and "Tobacco and the Third World: Tomorrow's Epidemic", about the role of multinational business in promoting bottle feeding and cigarettes. Mike Muller works for the Development Bank Southern Africa.