

Testimony of  
**The Honorable Bernie Sanders**

U.S. Representative  
Vermont  
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Before the Senate Committee on the Judiciary  
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Mr. Chairman, thank you for welcoming me to address this very timely and important hearing. As the first member of Congress to take constituents over the Canadian border to purchase prescription drugs at a fraction of the price charged in the U.S. and as the Representative of a state in which large numbers of seniors regularly purchase prescription drugs from Canada, this issue is obviously of huge importance to me. This issue is not just about whether Americans will be forced to pay the highest prices in the world for prescription drugs - it is about whether Congress will turn its back on tens of millions of Americans who desperately need lower prices for the medicines they rely on each day to survive and instead succumb to the hundreds of millions of dollars spent by the industry on campaign contributions, political advertising and relentless lobbying.

This is not just a health issue - it is one about whether Congress represents the interests of the people of this country. The pharmaceutical industry year after year is the most profitable industry in the world - by far - and has paid its CEOs as much as \$150 million in a given year. And, year after year, our people are forced to pay two and three and sometimes even ten times what Canadians are charged for the exact same prescription drugs. I will not ever forget the trip I took to Montreal in 1999, where women who were struggling with breast cancer were able to buy Tamoxifen, a widely prescribed breast cancer drug, at one tenth the price they were forced to pay at home. This, Mr. Chairman, is nothing short of a moral outrage and if the industry had any shame whatsoever it would have discontinued such egregious price-gouging on its own years ago.

Yet it hasn't - and it is the responsibility of Congress to reign in the insatiable greed that consumes this runaway industry. American prescription drug prices - already outrageous - rise at roughly fifteen percent every year and, without action from us, there is no end in sight. Meanwhile, according to a Kaiser Family Foundation report, almost twenty-five percent of seniors do not fill or skip doses of their prescription drugs in order to make their medicines last longer, and, for those without drug coverage, that number goes up to over thirty-three percent.

The simple truth is that the pharmaceutical industry lies a lot. They set up phony seniors' organizations and they have over 800 well-paid lobbyists from both parties who are prepared to descend on Congress at any given hour to protect the profits of the drug giants. The two big issues they repeatedly harp on in opposition to drug importation are the supposed safety threat

presented by a reimportation system and the threat such a system would pose to the research and development of new prescription drugs. Let me briefly respond to both of these common charges.

Last year, William Hubbard, a senior official with the FDA and one of the leading critics of reimportation, testified before a Government Reform subcommittee on which I serve. When asked if he could cite one example of an American consumer who had been harmed by a prescription drug purchased on the Canadian market, he responded, and I quote, "I know of none." Then, as now, the industry and, pathetically, the FDA, were spending huge amounts of money talking about safety threats while they could not even name one individual who had been harmed by such purchases - despite that more than one million Americans are regularly buying on the Canadian market. Some safety threat.

Also last year, I requested a report from CRS that confirmed that the drug markets in the United States and Canada are regulated in virtually identical ways from manufacturing and importation to labeling, distribution and sales. Every prescription drug manufacturer, wholesaler, and distributor in Canada must be licensed by the federal government, and every pharmacy and pharmacist must be licensed by their provincial government. All Canadian prescription drug manufacturing facilities and distribution facilities must meet strict Good Manufacturing Practices and Canada maintains strict chain of custody requirements. All prescription drugs on the Canadian market must be approved for sale to Canadian consumers and must include contact information of every company that has handled the product along the chain of distribution. Again, I say some safety threat!

Reimportation or its equivalent, "parallel trade" in pharmaceuticals, has taken place regularly in Europe and many other parts of the industrialized world for over 25 years with none of the problems conjured up in the scare campaign of the industry. Further, I would simply add the safety argument represents the ultimate in hypocrisy. Only in an institution so thoroughly corrupted and dominated by big money interests could those who swear on the altar of free trade tell us regularly how great it is that we can safely purchase fruits and vegetables from tens of thousands of farmers in dozens of countries and safely purchase beef and pork and poultry from farms all over the world, while simultaneously maintaining that the FDA cannot effectively regulate the flow of drugs from a handful of well-regulated pharmaceutical markets in the developed world. Nobody seriously believes this transparent pharmaceutical industry lie, Mr. Chairman, and I urge your committee to reject it.

In terms of the "threat to research and development" argument, the industry is lying once again. The taxpayers of this country regularly fund the most fruitful pharmaceutical research and development in the world and simply hand it over to the drug giants for free. Our taxpayers directly fund nearly all R&D conducted in the U.S., both through our financing of the National Institutes of Health as well as through generous tax breaks given to the industry for the research it conducts on its own. In return, the industry charges these very taxpayers anything they will please for desperately needed life-saving drugs.

The industry often claims that it costs an average of \$800 million to bring a product to market, though they refuse to produce documentation of such expenses. Others who watch the industry closely estimate that the true cost is closer to \$200 million. Why must our citizens be gouged at every turn when this same industry manages to turn sufficient enough profit in European

countries - where governments put reasonable limits on drug prices - to continue to conduct significant levels of research and development there? This industry refuses to make clear to Congress or anyone else how much they really spend on research and development for drugs we need for cancer and heart disease and high blood pressure. Yet the suspicion is that much of their so-called R&D dollars go to developing "me-too" drugs that make minor changes - often merely cosmetic changes - to existing drugs in order solely to give one drug maker or another a bigger share of the market.

In short, I hope the Senate will reject the scare tactics of the pharmaceutical industry and instead stand up for the interest of regular Americans who are struggling to afford their medicines. Let the United States Congress have the courage to do what the rest of the industrialized world has done and tell the industry that they may no longer corner our sick and dying into an isolated, monopolized market and force them to pay "whatever the market will bear" for medicines they need to simply survive.

Mr. Chairman, thank you again for this opportunity to share my views.