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Price Controls Won't Make America Healthy

Trump's executive order will stifle pharmaceutical innovation, raise costs and endanger patients' lives.



Donald Trump and Robert F. Kennedy Jr. in the Roosevelt Room of the White House in Washington, May 12. PHOTO: ANDREW HARNIK/GETTY IMAGES

Full text :

President Trump signed an executive order Monday establishing a “most-favored nation” policy, which will effectively impose price controls on certain pharmaceutical products covered by Medicaid and Medicare. This policy emulates the Biden administration’s Inflation Reduction Act, which forces pharmaceutical companies to negotiate with the federal government on the prices of medications covered by Medicare—with the government holding all the leverage.

Such policies are a reaction to Americans outraged over paying higher prices for pharmaceutical products—including American-made ones—than European countries, most of which impose price controls. As Mr. Trump said last week, the U.S. is being “ripped off compared to the rest of the world.”

Outrage at the economic folly of other nations doesn’t mean price controls are good policy. Price controls limit innovation and have whittled away the European pharmaceutical sector. They’re also inferior to market-friendly policies that lower costs—such as greater price transparency, increased competition and regulatory reform.

Pharmaceutical companies are a popular punching bag. Trial lawyers have been assailing the industry for years, securing hundreds of billions of dollars in judgments and settlements. The companies price the costs of these lawsuits into their products, making lifesaving drugs more expensive for the government, insurers, employers and the American public.

High prices add to the industry’s unpopularity. Pharmaceutical executives have been villains in movies and television shows since the 1990s. Examples include “The Fugitive” (1993), “Jurassic Park” (1993), “The Constant Gardener” (2005), “Side Effects” (2013), “Dallas Buyers Club” (2013), “The Report” (2019) and “Matlock” (2024).

The industry has also long been under rhetorical and legislative attack from Democratic politicians. Presidential candidates from John Kerry to [Kamala Harris](#) bashed the pharmaceutical industry in their platforms, speeches and policy proposals. [Joe Biden](#) infamously sputtered, “We finally beat Medicare,” in his disastrous 2024 debate against Mr. Trump. But he was attempting to say, in a reference to the Inflation Reduction Act’s price negotiations provisions, “We finally beat Big Pharma.”

Republicans have largely been allied with the pharmaceutical industry, fending off Democratic attempts to impose price controls by making robust arguments for free markets and innovation. The GOP has repeatedly asserted that the pharmaceutical industry is the source of lifesaving medications and high-paying American jobs.

But this approach has waned in the past decade, especially following the pharmaceutical industry's support for Barack Obama's Affordable Care Act. Defeating the ACA was a top GOP priority, and many Republicans felt that the industry betrayed them by not reciprocating their longstanding—and politically costly—assistance against Democratic attacks. When the first Trump administration moved toward price controls in 2018, the industry's onetime Republican defenders were largely silent.

This anti-pharma movement has real-world implications. There is now bipartisan support for price controls that could discourage the development of vital products. Less discussed are the indirect consequences of widespread cultural hostility toward the industry.

Lawsuits not only drive up costs but also make companies wary of introducing new products that could generate legal vulnerabilities. Anti-pharma also increases regulators' skepticism toward the industry, making it harder for companies to get new products approved. One longtime biotech executive recently told me that he used to look forward to meetings with the Food and Drug Administration, as they were opportunities for friendly scientific collaboration. Now, after decades of anti-pharma noise, FDA officials meet him with crossed arms and cold stares.

Another consequence is lost talent. When pharmaceutical executives are vilified, talented young people might choose to avoid the field. Scientifically inclined American students could look to less unpopular technical professions, while immigrants—who make up 40% of the American pharmaceutical industry—could choose to move to nations with friendlier environments.

Americans are understandably frustrated about high prices. But the alternative to expensive new products is a slowdown in biomedical innovation. At a time when artificial intelligence, informatics and the unlocking of the human genome could generate tremendous advances in life-changing pharmaceutical products, it's a dangerous time to alienate the industry that brings those products to fruition.

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