

افغانستان آزاد – آزاد افغانستان

AA-AA

چو کشور نباشد تن من مباد بدین بوم و بر زنده یک تن مباد
همه سر به سر تن به کشتن دهیم از آن به که کشور به دشمن دهیم

www.afgazad.com

afgazad@gmail.com

European Languages

زبانهای اروپایی

by SAM PIZZIGATI
09.09.2019

The Political Economy of the Opioid Epidemic

Late this October, in Ohio, a jury will begin hearing evidence against the pharmaceutical giants that have manufactured — and profited royally from — the opioid epidemic.

This Ohio trial will be the most significant courtroom skirmish yet between Big Pharma and the over 2,000 states, localities, and other complainants that have filed suit against America's biggest corporate pill pushers. Opioid overdoses have left over 400,000 dead since the late 1990s.

The federal judge overseeing the consolidated lawsuits against Big Pharma would rather not see this trial happen. He'd like to see the parties come to some sort of pre-trial settlement, and this past Tuesday brought the first sign of serious movement on the settlement front. A press leak has revealed that a deal with Purdue Pharma — the corporation that ignited the opioid epidemic — may be in the offing.

That deal, according to press reports, would have the Sackler family — the clan behind Purdue Pharma — turn over to states and localities some \$3 billion. These billions would come directly out of the Sackler family private personal fortune. Up to \$9 billion more would come from Purdue Pharma as a corporate entity.

None of this, of course, may actually happen. In fact, some fear that the news leak might scuttle the talks and prevent any deal's completion. But if this particular deal should go through, would that be cause for celebration? Or just represent another end run around justice for Corporate America?

The Sacklers would certainly have cause for celebration. They would gain peace of mind — protection from future lawsuits — at a relatively affordable price. This past March, the

Bloomberg Billionaire Index conservatively estimated their combined personal and corporate fortune at \$13 billion. The personal and corporate payout the leaked deal envisions would leave the Sacklers, Bloomberg calculates, with at least \$1.5 billion in their personal portfolios.

And — special bonus — not one Sackler would have to spend time in a prison cell.

A PLAUSIBLE POLITICAL PATH

. . . to the end of CEO pay excess

What about the states and localities that have brought suit against Purdue Pharma? Does this deal make financial sense for them?

Some figures worth contemplating: The current effort to treat opioid overdosing and prevent prescription drug dependence, the federal Centers for Disease Control reports, is costing Americans \$78.5 billion a year. The White House Council of Economic Advisers, in an analysis of 2015 figures, puts the overall economic cost of the opioid epidemic at over \$500 billion a year.

The Purdue Pharma settlement, if accompanied by similar settlements with other Big Pharma corporations, could put a significant dent into these costs. But we know from the landmark 1998 tobacco industry settlement that cash from a settlement deal doesn't always end up where that cash ought to be going. Of the \$125 billion that has gone to states since the 1998 tobacco settlement, only 3 percent has gone to fighting smoking and helping tobacco's victims.

The rest has gone to general expenses of various sorts. In some states, tobacco settlement revenue may even be filling revenue holes left by tax cuts for the rich.

So does that leave the leaked Purdue Pharma settlement little more than a big nothingburger? Maybe not. The settlement, as reported, may offer a template for a broader restructuring of Big Pharma.

Under the settlement deal, the Sackler family would lose all its ownership stake in Purdue Pharma. The company would become a “public beneficiary corporation,” run by three independent court-appointed trustees and a new board of directors these trustees would name. All corporate earnings from this new “public beneficiary corporation” would go the plaintiffs in the lawsuits against Purdue Pharma.

This could prove to be an interesting model. Purdue Pharma, under the guidance of independent representatives of the public interest, could cease to be a company that

makes billions pushing dangerously addictive pills on America's most vulnerable communities.

Imagine if this approach became the model for dealing with all the Big Pharma drug manufacturers, distributors, and retailers that bear responsibility for the hundreds of thousands of opioid dead. Big Pharma would soon become, in effect, a public enterprise.

We could encourage this new corporate public spiritedness by legislating checks on the corporate pay incentives that have fueled the opioid crisis. We could, for instance, tax corporations that pay their top execs excessively more than their workers at higher rates than corporations that pay executives less and workers more.

In 2018, Johnson & Johnson CEO Alex Gorsky pulled down \$20.1 million, 268 times the pay of Johnson & Johnson's typical employee. Earlier this week, a judge in Oklahoma found Johnson & Johnson guilty of getting doctors to overprescribe its opioid-based medications. Over one recent six-year period, Gorsky's CEO counterpart at drug distributor McKesson had his company drop over 14.1 billion opioid pills on U.S. communities. That CEO, John Hammergren, retired this past April, after pocketing nearly \$800 million over his over 16-year CEO stint at McKesson.

Outrageous rewards like these incentivize outrageous behaviors. By legislating tax penalties for companies with wide CEO-worker pay gaps, we could tamp down these incentives and help ensure that future "public beneficiary corporations" serve the public interest.

So let's get at it. Let's not just insist that Big Pharma corporations pay up. Let's change America's corporate pay rules — and change Big Pharma in the process.

This column first appeared on Inequality.org.

SEPTEMBER 6, 2019