

Re: The Bullshit Parade

Source: <http://sci.tech-archive.net/Archive/sci.med.nutrition/2004-07/0515.html>

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Date: 07/16/04

Date: Fri, 16 Jul 2004 18:20:33 +0300

16 Jul 2004 09:15:01 -0500 in article <cd8nt5\$4s@mean.stat.purdue.edu>
hrubin@mean.stat.purdue.edu (Herman Rubin) wrote:

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>*It is large scale testing which is the big expense. Often the
>small scale testing is done by smaller organizations, who then
>find a big company to help with the big risk.*

>

I refer again to the NEJM's editorial

Angell M.

The pharmaceutical industry—to whom is it accountable?

N Engl J Med. 2000 Jun 22;342(25):1902-4

<URL:<http://content.nejm.org/cgi/content/full/342/25/1902>>

<URL:http://www.mercola.com/2000/jun/24/pharmaceutical_industry.htm>

<URL:<http://www.karlloren.com/Diabetes/p17.htm>>

where Dr. Angell writes about drug companies R&D costs as follows:

"The top 10 drug companies are reported to spend on average about 20 percent of their revenues on research and development. (9) (Many critics charge that marketing and promotional costs are misleadingly included in this figure.) But the pharmaceutical giants have so many drugs in the pipeline at any given time that they can count on being able to bring a certain number of drugs to market regularly."

and she compares these costs to the profits of these companies:

"It is instructive to compare the research and development costs of the large drug companies with their profits. The top 10 drug companies are reported to have profits averaging about 30 percent of revenues — a stunning margin. (4,10) Over the past few years, the pharmaceutical industry as a whole has been by far the most profitable industry in the United States. (9,11) According to a recent issue of Fortune, in 1999 the pharmaceutical industry realized on average an 18.6 percent return on revenues. Commercial banking was second, at 15.8 percent, and other industries ranged from 0.5 to 12.1 percent.

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(11) An industry whose profits outstrip not only those of every other industry in the United States, but often its own research and development costs, simply cannot be considered very risky."

It seems that whatever risks the big pharma has to take, they are not very large.

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Matti Narkia