



## Response to Laura Katz Olson

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## Response to Laura Katz Olson

Laura Olson's review of my book nicely surveys, among other things, what I say about the commercial invasion of American therapeutics early in the 20th century and the toxic mixture of profit seeking and health care that resulted. While my book focuses to a great extent on organized medicine's long-standing and continuing entanglements with the drug industry, she looks at much later commercial invasion—of corporate capital into the clinical encounter between provider and patient.


We both address another ingredient—politics—in the insalubrious cocktail of money and medicine. In *Ethically Challenged*, Olson rightly directs some of our attention to PE's exercise of power in the halls of Congress that makes its huge profits at the expense of good health care possible. Profits generate power to protect and increase profits. In *Disorder*, I focus on the evolution of what might be called the "upstream" institutional causes of pathologies in medicine predating PE's invasion. At the root of that was organized medicine in alliance with the pharmaceutical industry. A legacy of that medico-political alliance includes, most importantly, the obstruction of universal health care and therefore the flourishing of commercialized health care financing and delivery. PE therefore entered a congenial environment for takeover.

To illustrate: in the early 1940s, the American Medical Association (AMA) raised \$1 million for a massive and successful campaign to fight national health insurance and therefore preserve the "American system of medicine." About 90% of that came from huge drug companies. In the 1950s, the AMA and the drug industry became enmeshed, and a revolving door opened between the two: in 1958, the Pharmaceutical Association of America (PMA) handed its presidency to the powerful editor of the AMA journal, who then, in 1963, moved on to a more lucrative job as president of Parke-Davis. The PMA then replaced him with the AMA's executive vice president. Money circled back. In the early 1960s, 17 of the largest drug firms gave nearly \$1 million to the AMA's political action committee in the first three years of its efforts to fight Medicare, in part out of fear of federal controls on drug pricing.

Although the AMA-pharma alliance failed against Medicare (except by making sure drugs were not covered and by preserving fee-for-service medicine), its successful obstruction of universal government health care opened the locks for the eventual "downstream" phenomenon of commercialized PE-care. Ironically, the conservative AMA of the 1920s onward had fiercely fought private health insurance as the "corporate practice of medicine" before eventually making peace with it on terms it approved of (again, most importantly, fee-for-service payment). But its current response to the new corporate invasion is downright feeble. It expresses worries more

about PE's threats to physician incomes and autonomy rather than to patients and society.

A final thought about a shared concern of Olson's and my book: in her response to my review, she emphasizes the crucial fact that PE operates stealthily, under coverage of darkness. In multiple insidious ways, it "seals off vital information both about their financial maneuvering and the consequences for the enterprises they buy, including workers, clientele, and communities." Well said. The effect is what economists call *adverse selection* in an *information-poor market environment*: a race to the bottom; the bad driving out the good; the survival of the foulest. In my book, I show how the progressive incarnation of the AMA before its 1920s reactionary turn and alliance with pharma was all about fighting adverse selection in various realms of medicine. It knew that the invisible hand of the market in medicine is all thumbs. Dangerous ones indeed to be squeezed under.

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