the campaign for
**SUSTAINABLE Rx PRICING**

# *After Corporate Tax Cut, Big Pharma Doubled Shareholder Payouts while R&D Stayed Flat*

**Drug prices are out of control.[i] Big pharma claims its high prices pay for research and development. But big pharma spent its 2018 corporate tax cut on increasing payouts to Wall Street rather than further investing in developing new cures.**

*Between 2017 and 2018, pharmaceutical companies[ii] more than doubled shareholder payouts,[iii] while increasing research and development spending by only 6%.*

- *The shareholder payout increase is over **17 times higher** than that for research and development spending.*
- *Compared to average spending from 2013 to 2017, shareholder spending **nearly doubled in 2018**, almost 5 times the rate of the research and development spending increase.*

## Shareholder Payouts and Research and Development Spending Before and After Tax Cut

| | | | |
|---|---|---|---|
| *Shareholder Payouts* | *$43 B* | *$91 B* | *112%* |
| *Research & Development* | *$47 B* | *$50 B* | *6.4%* |

*17x*

### *If the increase in shareholder payouts were instead invested in R&D, spending on R&D would have increased by $51 billion in 2018.*

*i* ABC News. (February 26, 2019). Big pharma defends rising cost of drugs, lawmakers say they are gaming the system. https://abcnews.go.com/Politics/pharmaceutical-executives-capitol-hill-answer-questions-rising-drug/story?id=61300335

*ii* Representative spending for the industry reflects the ten largest U.S.-based pharmaceutical/ biotech companies for which prescription drug sales represented at least half of revenue (Abbvie, Amgen, Biogen, Bristol-Myers Squibb, Celgene, Eli Lilly, Gilead, Merck, Pfizer, and Regeneron). Financial data are aggregated by S&P Capital IQ from the years 2013 to 2018. Data inputs are as reported and may reflect one-time events.

*iii* "Shareholder payouts" include shareholder dividends and share repurchases.