Glaxo's China Scandal Exposes Big-Pharma's Ugly Underworld

An immense scandal involving pharmaceuticals giant GlaxoSmithKline (GSK) has been unfolding in China over the last year. It centers on a massive bribery operation uncovered by Chinese police that included nearly every aspect of GSK's business in China. Billions of yuan in bribes were channeled through an immense network to buy off doctors, hospitals, healthcare organizations, and even government officials to boost sales of GSK drugs.

The most recent headlines involve GSK's former head in China, Mark Reilly of the UK, who is accused of ordering staff to carry out the widespread campaign of bribery and subsequent cover-up. The Wall Street Journal's May 14, 2014 report, "Glaxo's Ex-China Chief Accused of Ordering Staff to Commit Bribery," would claim, "Gao Feng, a ministry official spearheading the probe of the U.K. pharmaceutical company, said revenue that came from alleged bribery amounted to several billion yuan since Mr. Reilly joined Glaxo's China operation in 2009. Glaxo pushed up the prices of drugs in China—in some instances as much as seven times the price compared with other countries—to fund its own bribery, Mr. Gao alleged."

The article would also claim (emphasis added), "Mr. Gao alleged that in previous years, Glaxo formed an emergency team to disrupt law-enforcement investigations into whether it engaged in bribery. "Glaxo's acts of bribery penetrated all aspects of the company's business operation," he said."

Bribery, Price Fixing and Cover-Ups: Just Another Day for Big-Pharma

CNN would report last year as the scandal first began making headlines that, "the U.K.-based GlaxoSmithKline, one of the world's largest vaccine makers, is now attempting to distance itself from its China arm -- which has been accused of using hundreds of millions of dollars in bribes to encourage the use of GSK products and artificially boost prices."

This appears to have been an attempt to contain fallout over the scandal. However, with recent revelations exposing that GSK's bribery scandal went straight to the top of its China operation, and with the full scale of the immense operation now emerging, it is clear that it was a matter of GSK's global policy and not merely an "isolated incident." In fact, this is not the first time GSK has been caught bribing doctors.

The BBC would report as far back as 2012 that GSK, as part of one of the largest healthcare fraud settlements in US history, would pay 3 billion dollars for "promoting two drugs for unapproved uses and failing to report safety data about a diabetes drug to the Food and Drug Administration (FDA)" and for "paying kickbacks to doctors." The BBC would quote US attorney Carmin Ortiz as saying, "the sales force bribed physicians to prescribe GSK products using every imaginable form of high-priced entertainment, from Hawaiian vacations [and] paying doctors millions of dollars to go on speaking tours, to tickets to Madonna concerts."

Considering that GSK's China operation included money channeled through more than 700 different travel agencies, bribery involving "Hawaiian vacations" or their Chinese equivalent, appear to be part of GSK's global business strategy.
More recently, BBC's April 2014 article "UK drug company Glaxo 'paid bribes to Polish doctors'," confirms that GSK's bribery racket reaches across Europe as well.

Literally from one side of the planet to the other, GSK lies, cheats, and bribes its way into profitability, constituting a dangerous corporate entity that puts its bottom line above the safety, well-being and health of the people it claims to be helping with its pharmaceuticals.

A Slap on the Wrist is a License to Continue

A Forbes article titled, "Three Ways To Understand GSK's China Scandal," claims that China created an environment that led to GSK's bribery scandal. Forbes' Benjamin Shobert claims that, "the realization that companies such as GSK did not create this situation, but are bearing unequal blame for it leads to the third, and most troubling way to understand the GSK scandal: China is broadly becoming a less hospitable place for multinational companies to operate." Apparently investigating bribery that did indeed take place, and holding those responsible for it accountable constitutes "becoming less hospitable" toward multinational companies. Such a sentiment says much of how multinational companies and their defenders across the Western media view themselves.

Forbes' narrative echoes a talking point that has appeared widely across the Western media's coverage of the unfolding scandal in China. One must wonder if GSK's bribery also included buying off members of the media, especially considering that similar bribery has been uncovered well beyond this "environment" Forbes and others describe in China.

That GSK's bribery is indeed systematic and global, spanning many years and with minimal consequences. That the British government, within whose jurisdiction GSK's corporate headquarters falls, has done nothing to stop it, indicates a much larger problem. Impunity and perhaps even complicity between GSK and governments charged with holding them accountable for unlawful behavior, appears to be that problem. The US and British governments appear to have merely slapped GSK on the wrist for its repeated offenses, perhaps simply to assuage public outrage, but for offenses GSK appears intent on continuing to commit.

Healthcare Determined by Banditry & Bribery, Not Performance

China, for its part, appears to be taking GSK's bribery seriously as part of a wider campaign to root out corruption that is directly impacting the well-being of the Chinese people and in turn, determining Beijing's ability to govern over its large and potentially rebellious population.

But other nations across Eastern Europe and Asia apparently aren't. GSK operates all across these regions, and if it is systematically bribing doctors in China, America and even in Poland, there is a good chance they are also bribing doctors and healthcare officials across the rest of Eastern Europe, Southeast Asia, India, and other parts of East Asia. The implications are troubling.

Instead of doctors, hospitals, healthcare institutions and organizations promoting pharmaceuticals that offer the best chances of making patients better, they are promoting pharmaceuticals those with the deepest pockets have bribed them to promote. Should these pharmaceuticals also offer the best chances of making patients better, it will be by sheer coincidence. With GSK also working around safety regulations, such coincidences are assured to be few and far between.

What results is a healthcare system built on cronyism, bribery, and banditry rather than science, technology, and proven performance. The short-term impact includes patients who are lied to and left potentially vulnerable to life-threatening conditions that are not properly cared for, corrupt doctors and healthcare officials that put profits before patients and pharmaceutical corporations with an increasing amount of unwarranted power and influence. In the long-term what results is an unstable, unsustainable healthcare system that must compensate for malpractice and corruption at every level.

It is clear that despite what big-pharma and its champions across the media claim, they are not operating in the public's best interests. They are operating purely for profit and are determined to obtain that profit not through producing superior pharmaceuticals, but through bribery and corruption that ensures no matter how useless or dangerous their drugs are, an army of doctors and healthcare officials will be on hand to promote and prescribe them.

Welcome to the underworld of big-pharma.

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