In works

Colangelo leading drive

By John Stearns
and Ginger Richardson
The Arizona Republic

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Defining the future of downtown

The map shows current zoning and some existing and planned attractions in downtown Phoenix.

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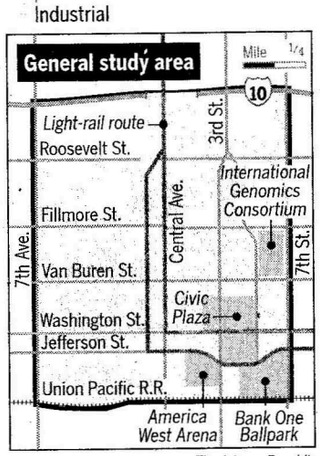
The plan, which calls for new housing and retail that would liven up the area and promote street life, is to be drawn up by March 1. Businesses and individuals are kicking in $1 million to obtain the plan from the Jerde Partnership of Venice, Calif., known for projects such as Horton Plaza in San Diego and the Bellagio in Las Vegas.

Defining the future of downtown

The map shows current zoning and some existing and planned attractions in downtown Phoenix.

Multifamily residential
Commercial
Industrial



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The goal is to link all of downtown's pieces, including new efforts like the biosciences center and the Civic Plaza, in a logical way to strengthen the core. Downtown promoters say that despite the gains of the past decade, the nation's sixth-largest city (and likely to hit No. 5 next year) still lacks a clearly defined urban center that is vibrant day and night and attracts residents and visitors.

"This is our time," said Colangelo, managing gen-

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Drug Makers Hand Democrats a Target On Prescription Bill

Washington

ONCE AGAIN, the pharmaceutical industry has overplayed its strong hand in Washington.

The Medicare prescription-drug bill moving through Congress includes language that explicitly prohibits the government from negotiating discounts directly with drug companies. That language is unnecessary. Both the Senate and the House structured their legislation to ensure that private-sector companies—and not the federal government—manage the new drug benefit. The superfluous provision was designed to give the drug companies some "extra protection." Instead, it has created a clear and easy target for opponents. Yesterday, one Democratic senator after another took shots at it. The provision was a payoff, they argued, for the tens of millions of dollars that the pharmaceutical industry has poured into Republican campaign coffers over the past decade.

In truth, allowing the federal government to negotiate drug prices is a bad idea for consumers. Why? Because the Medicare market is so large that the government wouldn't really be negotiating prices—it would be setting them. And if history is any guide, price controls would ruin the pharmaceutical industry, which—in spite of its ham-handed lobbying—has done more to improve the lives of Americans than any other industry in modern history. That's why Democratic Sen. Ted Kennedy of Massachusetts, at least until Saturday, opposed price controls and supported a Medicare benefit administered by private companies.

But by waving a red flag in front of opponents, the industry and its allies may have hastened the day when price controls become inevitable. The Democrats have now zeroed in on this provision, and are very likely to campaign on it in the coming election, and make its repeal a cornerstone of their health-care plans. Even Sen. Kennedy appears to have switched sides. "The next bill is going to be federal bulk purchasing" of drugs, he said, menacingly, on Saturday.

At some point—soon—the pharmaceutical industry needs to wake up and smell the No-Doz. The rapid rise in spending on prescription drugs in this country is a big political problem that won't go away with this legislation. And the industry's argument that current high prices are necessary to pay for developing blockbuster drugs is full of holes. Studies have shown the industry spends as much on marketing as it does on research, and that some of the top-grossing drugs—like Celebrex and Vioxx—are often no more effective than low-cost generics. Moreover, the industry makes extraordinary profits, and it sells drugs to affluent consumers overseas at a fraction of the prices it charges here.

is no reason," Sen. Kennedy said Saturday, "that the U.S. ought to subsidize the rest of the world on pricing."

In addition, it also ought to include federal funding for a new, independent agency to finance and analyze research on the cost effectiveness of new drugs. Right now, most drug research is financed by the industry, and is designed to determine only whether a drug is safe and effective. What's needed is more research to measure a new drug's cost effectiveness, as well as its effectiveness relative to other, lower-cost alternatives.

"Expensive new drugs should be tested against the best available generic," says economist Alain Enthoven, who has spent three decades advocating measures to inject real competition into health care. "Instead, they are now being tested against placebos." If the market is going to control prices,

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"Expensive new drugs should be tested against the best available generic," says economist Alain Enthoven, who has spent three decades advocating measures to inject real competition into health care. "Instead, they are now being tested against placebos." If the market is going to control prices, then those participating in the market need better information.

The Medicare bill has a little-noted provision that takes a step in this direction by providing $50 million to the Department of Health and Human Services for such research. That's a start. If the pharmaceutical industry gets smart, it will support further efforts to make the drug marketplace more efficient.

But if the industry continues to overplay its hand, then price controls are probably a political inevitability. "The day will come when Congress has to choose between raising taxes, cutting back on drug benefits for seniors, or hammering the drug companies," says Robert Reischauer, president of the Urban Institute. "Which will they do? The answer is easy: Hammer the drug companies. No amount of political power will stand in the way."

Alan Murray is Washington bureau chief of CNBC and co-host of "Capital Report," which airs Tuesday-Friday at 9 p.m.