MERCK CASE STUDY 2

Merck's Case Study

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Pharmaceutical companies are a billion-dollar industry which Merck & Co. Inc. happens to be the 5th largest pharmaceutical company in the world having a net worth of $39.8 billion and headquartered in New Jersey (Ellis, 2017). Operating in a mixed economy, Merck & Co. Inc. performs under capitalism, which the means of production are privately owned while functioning under features of socialism of governmental regulation of the Food and Drug Administration (FDA). Each new drug produced by Merck or any other pharmaceutical company is strictly scrutinised in the Center for Drug Evaluation Research (CDER) under the umbrella of the FDA for safety and effectiveness, quality and quantity, research and development incentive along with other concerned stipulations. After Merck attempted to market a new drug and failed, the management team decided to use the company's assets to manufacture and distribute a drug called Mectizan for a charitable purpose, though the company was known for being a profit organization. The primary objective of this paper is to show whether the business decision made by management is ethical.

Research scientists, William Campbell and Mohammed Aziz from Merck discovered a drug, Mectizan, which alleviates the symptoms of onchocerciasis which is more commonly known as river blindness. The symptoms of river blindness are intense itching, persistent rashes, skin discolouration which then leads to blindness (Rea, Zhang & Baras, 2010, p. 294). The drug Mectizan is a human formulation of Ivermectin which was originally meant for animals. Onchocerciasis has become an endemic problem in 30 countries of Africa, and Latin America, which is caused by a parasite carried on by a black fly that breeds in swiftly flowing rivers and stream (River Blindness Elimination Program, n.d.). After some rigorous drug testing through clinical trials to assure Mectizan's safety, Merck tried to market the drug to the World Health Organization (WHO) and several U.S health agencies. Aside from marketing Mectizan, Merck requested the US government to obtain funding for the distribution to impoverished countries. Merck's attempts to sell and gain financing were unsuccessful.

These failed attempts led to the forming of Mectizan's Donation Program (MDP) which is now the longest-running disease specific-drug donation of its kind which more than 2 billion cumulative treatments have been given and reaching more than 146,000 communities. Through MDP, it has eradicated river blindness in 4 out of 6 countries in Latin America and regions in five African countries (Mectizan, 2017). The management team led by P. Roy Vagelos decided to use the company's resources for a charitable purpose with the intention of following the company's core values. Merck & Co. Inc.'s core values of "preserving and improving human life" and "being committed to the highest standards of ethics and integrity" (Merck's Mission Statement, 2005) are aligned with the founder of the company, George W. Merck's value which is "medicine is for the people. It is not for the profits. The profits follow and if we remember that, they have never failed to appear" (Rea et al., 2010, p. 303).

The management team's decision is believed to be more on the principle of Utilitarianism rather than Deontology. Kant's ethical theory of deontology is said to be non-consequential in that actions are not right or wrong because of its outcome but deemed right or wrong because it is grounded on rules (Fieser, 2015). Deontology puts the highest value on the motives of action which is to make decisions based on the right moral reasons based on obligation set by Merck's policy and regulation. Because Merck is a profit organisation and its primary duty is to its shareholders, the action decided by the management of donating Mectizan would be immoral because the resources given to charity could be converted to dividends of the stockholders. The possibility of shareholders willing to sacrifice its earnings for the cause of charity is unlikely and would, therefore, be deemed unethical. The rigidity and the strictness of deontology are the weakness of this principle which focuses only on the action based on the set of rules disregarding the moral consequence. Additionally, the complexity of life situations at hand is never taken into consideration and that the deontological moral system does not provide a precise method to resolve conflicts between moral duties.

On the contrary, the actions of Merck's management to distribute the drug Mectizan for free to third world countries is ethical which reflects the principle of Utilitarianism maximising the happiness of the majority. Donating the medication would create a more balanced use of resources because the company's excessive amount of capital and the medical knowledge, which these third world countries do not have access. Utilitarians would declare that this action allows society at an advantage causing the greatest good for humanity. Likewise, donating the drug to heal the sick and those suffering from the disease would bring about extreme happiness and joy for these ill-people alleviating much distress to those suffering. Those treated for the disease along with their families as well as their country would be in a more favourable position than they would if the drug had not been provided because it would enable those to become more productive in society. The decision made by the management reflects the second component of utilitarianism which states that the action is right when the consequence produces the greatest amount of happiness and pleasure and wrong if it causes displeasure and pain (Fieser, 2015). Additionally, the cost-benefit analysis of utilitarianism is viewed when the management's decision is morally right because the consequence of their action was more favourable exercising the underlying sensitivity leading to the greatest good for humanity. Scarce resources such as people are considered limited and valuable and protecting them for the improvement of civilization would be the ideal decision, as Mill would also agree that human life should be valued at all cost. These are the reasons utilitarianism is better suited than deontology.

**Possible objections to the thesis statement**

Other scholars and commentators would object to the notion that utilitarianism is better suited to serve man than deontology. According to utilitarianism, an action is right if it is capable of producing the greatest amount of good to the largest number of people. In this respect, the rightness or wrongness of a course of action is determined by the ability of that action to be of benefit to the majority. The consequences of actions are inconsequential as long as the actions satisfy the greatest number of individuals in society. On the other hand, deontology considers the moral grounds of an action without considering the benefits. According to the utilitarianism, an action is wrong when it is morally unacceptable even when it satisfies the majority of people in the communities. Grain and Schein (2012) are against utilitarianism is that it may cause massive destructions and may at the same time permit trends that are destructive to morals.

**Rebuttal to the objection**

While it is true that there are some aspects of utilitarianism that are unacceptable, the fact that utilitarianism advocates for the right of the majority of the people should be sufficient to justify an action. Take for instance, as Christians say, the death of Jesus Christ. While it is morally unacceptable, Christians believe that Jesus Christ died to redeem man and repair the damaged relationship between God and humankind. As a result of this death, it is stated that there is a new hope in humanity. When an action is being undertaken, there are instances in which the process or procedure may not seem right and satisfactory. However, if these actions are to the benefit of the greater majority in the society, such actions are considered as right.

**Closing remarks**

The decision by Merck to use its resources in producing drugs and using them for charity purposes presents a great ethical question. When the company produced the drug, the primary aim was to eliminate a condition called Onchocerciasis. Over the past few years, the situation had become endemic and caused massive pains and deaths to individuals in many countries. When Merck researched the condition, the researchers found out that there is a drug that could help manage the disease. When the company sought resources from well-wishers and other organizations, it failed to obtain the resources that it could use to produce the drugs. It was at that point that the company decided to produce the drugs and supply them charitably. The decision by Merck has been discussed immensely by both deontologists and utilitarian advocates. From both sides, it appears that there are sound arguments for the case. However, in the long run, the utilitarian approach seems to carry the day. The utilitarian approach focuses on the benefits that a course of action has on the people. In this respect, the decision by Merck is suitable and plausible since it is of benefit to the majority of the individuals who use the drugs.

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