

If Labour will pay more for drugs but not increase fund...

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According to [The Guardian](#):

Ministers are preparing to raise the amount the NHS pays pharmaceutical firms for medicines by up to 25%.

This has followed weeks of talks with the Trump administration and big pharmaceutical drugmakers. The government apparently believes this will end a dispute that has limited access to some medicines in the UK.

That, however, raises a simple yet critical question: if the NHS is to pay 25% more for drugs and Rachel Reeves has promised that there will be no more money for the NHS, then who will bear the cost of this decision?

First, let me be clear about what this means. The consequence of this agreement is that Labour appears willing to increase the profits of US pharmaceutical companies at a time when the NHS is already stretched to breaking point. There is no suggestion that this decision will lead to more drugs, better supply, or lower waiting times. This is simply a price increase. In other words, it is a transfer of wealth from the UK public purse to the shareholders of multinational corporations. And that, apparently, is now Labour's definition of sound economic management.

Second, the context matters. The NHS budget is not rising at a rate sufficient to manage the rate of inflation appropriate to the NHS under current government plans, as a result of which we know:

- * Staff shortages are chronic.
- * Some patients are waiting years for treatment.
- * GPs are exhausted and leaving the profession.
- * There are not enough nurses or beds.

Despite this, though, the government has found a way to ensure that pharmaceutical companies receive more money. That tells you everything you need to know about its priorities. It is not NHS staff who matter to them. Nor patients, come to that. Big pharma does.

Third, there are inevitable consequences. If a larger portion of the NHS budget is allocated to paying inflated prices for drugs, then less will be available for other essential services. That means:

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More rationing of care.

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Longer waiting lists.

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Greater delays in treatment.

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Increased pressure on staff.

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And, more people being pushed towards private healthcare out of desperation.

That last point is important. As ministers will well know, a health system that cannot meet demand is a business opportunity for those who can exploit the ability of some who can afford to buy their way out of waiting for care. What is again clear is that this policy is being designed not for public benefit but to open new markets for private gain.

It is also worth asking what the justification could possibly be. The claim is that paying more for drugs will improve supply and avoid shortages. But this is not credible. Drug companies already enjoy patent monopolies that allow them to set prices far above the cost of production. If the government truly wished to guarantee supply, it could use its purchasing power, its regulatory capacity, and its research base to insist on fair prices and secure supply chains. Instead, it is capitulating by rewarding price-gouging by rentier companies rather than resisting it.

This is not new. The pharmaceutical sector has long relied on government research and subsidies. Most new drugs originate in publicly funded laboratories before being transferred to private firms for commercial exploitation. The Covid era highlighted that. Yet the public is asked to pay twice: once for the research and again for the finished product. To call this a market is absurd. It is state-sponsored rent extraction.

The deeper issue is that Labour seems unwilling to challenge the ideology behind all this. It still thinks markets must be appeased. It still assumes that global corporations will punish governments that assert public control. It still behaves as if the UK were powerless to act in its own interests. The result is a politics of deference, not to voters, but to capital.

And when that deference extends to paying more for drugs while denying the NHS the funds it needs to function, the hypocrisy grows. This is not fiscal discipline; it is fiscal cruelty, dressed up as responsibility.

So, what follows?

If the government insists on increasing drug prices without increasing NHS funding, the result will be that those in need will suffer more, whilst the wealthy will escape the consequences, and all of this to preserve a relationship with a Trump administration and the illusion of “market confidence”.

Indifference to the needs of people of this country in the face of threats from the US administration and the big pharmaceutical industry reveals just how much Labour has descended into neoliberalism. It is hard to see a way out for it from an abyss this deep. Perhaps, [*like the Tories*](#), *it too now needs to be consigned to history, its day being over.*