

# Commercial Markets Created by Abortion: Profiting from the Fetal Distribution Chain

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**ABSTRACT:** The abortion divide is commonly viewed as an ideological conflict, but there are other aspects to be considered. Abortion-related businesses, silently springing up and maturing over the past forty years, influence the abortion debate from an economic perspective. Financial considerations wield considerable power in maintaining the status quo. This paper focuses on commercial sectors whose origin and growth are a result of legalized abortion. The business aspects of the abortion industry are not widely known. They include supplying electively-aborted fetuses to industries that exploit them for economic gain. An unintended consequence of the essentially unencumbered right to abortion has been the creation of a vast and lucrative market in fetal tissue, fetal organs, and fetal parts. Supply is met by abortion facilities. Demand comes from government, educational, and commercial institutions involved in research and development in biotechnology, pharmaceuticals, and the cosmetics industry.

**T**HE ABORTION DIVIDE is commonly viewed as an ideological conflict. Does a woman's right to make reproductive choices eclipse the right to life of a developing human being? Often the debate begins and ends at this level of discourse.

There is a particular cultural vision that provides motivation and justification for access to legal abortion by focusing on a woman's autonomy, privacy, equality, and right to self-determination. Understanding this vision is fundamental to understanding the deep reluctance of the pro-choice community to abandon the status quo as it relates to abortion. By the same token, those who reject abortion do so based on an anthropology that embraces as central the individual human person, human dignity, intrinsic worth, and the right to life, regardless

of stage of development or state of life. This vision of the person is irreconcilably at odds with the acceptance of the permissibility of abortion.

Setting aside the ideological questions for a moment, it appears that abortion-related businesses, silently springing up and maturing over the past forty years, could be influencing the abortion debate. The reality of these businesses is not often part of the general public's knowledge or concern. New commercial opportunities, however, have undoubtedly been created by the abortion industry.

Is there a commercial case for preserving the abortion industry in its present form that transcends ideology? How much power do financial considerations exert when weighed against the societal norms and laws governing abortion? Money, sometimes called "the root of all evil," may play a larger role than believed in the complex calculus of abortion. If the public were aware of this, might its ideas about abortion politics change?

Abortion has permeated unexpected segments of society by creating new commercial markets and molding existing ones. Various industries have found ways of profiting from abortion, some directly and some more remotely. Following the money trail can expose some of the special interests that contribute to abortion's stranglehold over the American culture.

Little is widely known about the business aspects of the abortion industry that relate to its function of supplying electively-aborted fetuses to industries that exploit them for economic gain. An unintended consequence of the essentially unencumbered right to abortion has been the creation of a vast and lucrative market in fetal tissue, fetal organs, and fetal parts – markets that could not have developed without a legal and protected abortion structure. The extensive availability of fetal parts has aided technological advances in the pharmaceutical industry and has shaped product development in the cosmetics industry.

All of this has profound ethical implications. It is necessary to shine a light on these clandestine practices in order to stop them. In *Caritas in Veritate*, Benedict XVI called for a global movement from profits to ethics. "Once profit becomes the exclusive goal," he writes, "if it is produced by improper means and without the common good as its

ultimate end, it risks destroying wealth and creating poverty.”<sup>1</sup>

#### The Abortion Industry

*Planned Parenthood Economics.* The most direct financial gains from the abortion industry are obviously realized by those physically providing the abortions. The largest existing network of affiliated abortion clinics in the United States is Planned Parenthood Federation of America, a billion dollar enterprise. Planned Parenthood first performed abortions on July 2, 1970, the day after abortion became legal in New York State. Forty-three years later, its share of the U.S. abortion market was 27.5%.

In its most recently-released annual report for the fiscal year ending June 30, 2012, Planned Parenthood reported gross revenues of \$1.2 billion and profits (i.e., net revenues in excess of expenses) of \$87.4 million. Of its reported \$1.2 billion in revenue, 26% is from contributions, gifts, and grants from individuals and foundations. Another 26% is generated by clinic operations. It is estimated that 57% of this clinic income is from abortion services. In an internal policy mandate which was announced in 2010, all Planned Parenthood affiliates must provide abortions services effective in 2013, further confirming that this is its most profitable market segment.<sup>2</sup>

An extraordinary 45% of Planned Parenthood's revenue, or \$524.4 million, comes from government grants, contracts, and reimbursements, mainly under Title X and Medicare Waivers. Title X of the Public Health Services Act was passed in 1970 as a way to prevent a dreaded population explosion. It was to accomplish its objective by distributing free contraceptives to low-income families. Although Title X officially expired in 1985, Congress continues to appropriate money for the program, under which Planned Parenthood is the major beneficiary.

Medicare Waivers is an open-ended entitlement program that began in 1993, when the Department of Health and Human Services (HHS) decided to waive – for purposes of permitting the receipt of free

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<sup>1</sup> Pope Benedict XVI, *Caritas in veritate* §21 (June 29, 2009).

<sup>2</sup> “Planned Parenthood’s New Abortion Mandate,” in *Texas Right to Life News*, <http://www.texasrighttolife.com/a/573/Planned-Parenthoods-New-Abortion-Mandate> [1-27-2011].

contraceptives – its usual income limits for qualifying for Medicaid.

In the Affordable Care Act of 2010, free contraceptives continue as a high priority item. This healthcare act requires all employers, with token exemptions for churches, to provide employees free access to a list of “preventative health services” determined by HHS Regulations. This list includes all FDA-approved contraceptives, including those with abortion-causing properties, female sterilization, and patient education and counseling on these services for all women of reproductive age. Again Planned Parenthood will be the predominant financial beneficiary of this government program.

*Clinical Trials.* An interesting element in Planned Parenthood’s revenue stream, and one that is not easily quantifiable, is its involvement in clinical trials. Funded by a broad array of government agencies, universities, private foundations, and pharmaceutical companies, twenty-eight of its affiliates have participated in thirty-three clinical trials over the past decade. Planned Parenthood not only augments its income through the trials but also enhances its professional identity by strengthening its university, government and industry profile. Thirty percent of these clinical trials included young teens, age thirteen to eighteen. A number focused on the African-American and Hispanic communities.

Early clinical trials conducted by the National Institute of Health and its pediatric branch, the National Institute of Child Health and Human Development, centered chiefly on birth control and emergency contraception. Pharmaceutical company participation was common in contraceptive studies involving oral drugs, injections, and device-related methods. Contraceptive trials gave way to a number of clinical trials involving medical abortion techniques and experiments using chemical abortion-drug regimes. Thus, in addition to being merely an abortion provider, Planned Parenthood is now closely involved in researching and developing new contraceptives and more efficient abortion techniques.

Although it is not known whether it has reaped any profits produced by virtue of its participation in clinical trials, the wealth of marketing information gleaned from these studies is likely to be of great value. Not to be underestimated is the usefulness of relationships being built within the pharmaceutical industry. This leads to the next link in the fetal distribution chain – the fetal tissue industry.

### The Fetal Tissue Industry

The fact that a fetal tissue industry exists might surprise many people. Few questions are asked about what happens to the millions of fetuses that are by-products of abortion. Generally, assumptions are made or the aftermath of abortion is not considered at all.

Simply defined, fetal tissue is tissue taken from a human fetus. It includes the entire fetus or his or her individual fetal parts – like blood, bone marrow, organs, brain, spinal cord, eyes, arms, legs, and so on. Scientific advances have expanded the definition of fetal tissue to include embryonic cells as well. The tissue can be obtained ethically from ectopic pregnancies or spontaneous abortion, but its most available and functional source is induced abortion. Its uses involve medical research and experimentation and product development.

Under the NIH Revitalization Act of 1993, the National Organ Transplant Act of 1984, and the Uniform Anatomical Gift Act of 1968, human tissue and organs cannot legally be bought and sold in the United States. Money can change hands legally only to reimburse donors for actual expenses incurred. Human tissues and organs should be distinguished for purposes of law from so-called renewable tissues, like blood, sperm, and perhaps ova, which can be legally bought and sold, depending on state law.

In response to reports that these laws were being circumvented with respect to the sale of fetal body parts, the House of Representatives passed a resolution in 1999 to investigate and conduct hearings on trafficking in fetal organs and tissue by private companies. In a letter to the House urging the resolution's adoption, the U.S. Conference of Catholic Bishops wrote: "The urgency of such a resolution is obvious in light of recent disturbing reports presenting credible evidence that private companies are working directly with the abortion industry in the trafficking and sale of fetal body parts, often harvested moments after an abortion to obtain 'fresh' tissue for researchers."

*Investigative Report.* The information at the heart of the ensuing hearings by the House of Representatives had been exposed by Life Dynamics, a Texas non-profit corporation. Its testimony involved an undercover investigation of the Comprehensive Health for Women

Clinic, a Kansas affiliate of Planned Parenthood.<sup>3</sup>

The report from Life Dynamics describes a system devised within the abortion industry to make a financial profit from the growing market in fetal tissues, body parts, and organs. The system tries to circumvent legal restrictions on buying and selling human bodies or body parts. Three participants are commonly involved – the “seller,” the “buyer,” and the “wholesaler.” The wholesaler (or middleman) enters into a financial agreement with an abortion clinic (the seller) to pay a monthly “site-fee,” comparable to rent, to the clinic. In exchange, the wholesaler is allowed to position a retrieval agent inside the clinic, where he is given access to the dead fetuses and a workspace to harvest their parts. The buyer of the fetal parts is generally the agent for a medical school, pharmaceutical company, biotechnology company, or government agency.<sup>4</sup>

The wholesaler’s profits can be substantial. There is generally a material difference between the amount that it costs him to harvest fetal parts and the amount that he is able to realize from the buyer. The most significant profit potential, however, rests with the end-user, the scientific researcher who resides in an educational or governmental institution or the product-development department of a pharmaceutical, biotechnology, or cosmetics company. The prospects for profit here are virtually unlimited.

#### The Pharmaceutical Industry

*Industry Dynamics.* The predominant industries engaged in fetal tissue research are part of the emerging “life science” industry – the pharmaceutical, biotechnology and biologics sectors. The pharmaceutical industry is involved in the discovery, development, production, and marketing of drugs licensed as medications. The field of biologics is narrower and typically involves highly specific and potent medicines derived from living cells, as opposed to chemical processes. It tends towards personalizing medicine through genetic testing and treating

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<sup>3</sup> M. Crutcher, *The Marketing of Aborted Babies* (Denton TX: Life Dynamics, Inc., 2000).

<sup>4</sup> Cf. M. Crutcher, “Baby Body Parts for Sale!”, *Life Dynamics.com* (2007), 1, in [http://www.lifedynamics.com/Abortion\\_Information/Baby\\_Body\\_Parts/index.cfm?&print=1](http://www.lifedynamics.com/Abortion_Information/Baby_Body_Parts/index.cfm?&print=1) [3-1-2008].

diseases at a molecular level. Biologics includes a wide range of medical products including bacterial and viral vaccines, blood and blood components, tissues, allergenics, somatic cells, gene therapies, and recombinant therapeutic proteins created by biological processes.<sup>5</sup>

Since the early 1980's, the pharmaceutical industry has consistently ranked as the most profitable industry in the United States among all industries listed in the Fortune 500.<sup>6</sup> Two developments took place in 1980 leading to this explosive growth and profitability and presenting tremendous potential advantages to both big pharmaceutical firms and small biotech companies. First, "Congress enacted a series of laws designed to speed the translation of tax-supported basic research into useful products."<sup>7</sup> The most significant and far-reaching of these laws was the Bayh-Dole Act, which enabled universities and small businesses to patent discoveries emanating from research sponsored by the National Institute of Health, the major distributor of tax dollars for medical research. Until then, taxpayer-financed discoveries were in the public domain. But with this act universities could patent and license their discoveries and charge royalties.<sup>8</sup>

Secondly, in a reversal of decades of prior law, the Supreme Court ruled against the U.S. Patent Office, which had long held that living things could not be patented. The decision, in a case called *Diamond, Commissioner of Patents and Trademarks v. Chakrabarty*,<sup>9</sup> ushered in the commodification of human body parts in the United States in that it "opened the door to the patenting of genes, cell lines, tissues, and organs. Human parts became products. Universities began to see their medical laboratories as profit centers and their professors as

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<sup>5</sup> U.S. Food and Drug Administration, "Vaccines, Blood and Biologics," *Resources for You (Biologics)*, in <http://www.fda.gov/BiologicsBloodVaccines/resourcesforyou/default.htm> [9-9-2009].

<sup>6</sup> The Fortune 500 is an annual list compiled and published by *Fortune Magazine* that ranks the top 500 U.S. closely-held and publicly-held corporations, ranked by their gross revenue.

<sup>7</sup> M. Angell, M.D., *The Truth About the Drug Companies* (New York NY: Random House, 2004), p. 7.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Diamond, Commissioner of Patents and Trademarks v. Chakrabarty*, 447 U.S. 303, 206 USPQ 193 (1980).

entrepreneurs.”<sup>10</sup>

The pharmaceutical industry recognized the potential to amass considerable gains from the legal and expanding fetal-tissue industry. It had the money and influence to do so. Vaccine development was an ideal first vehicle to realize this potential.

*Vaccines and Human Technology Manufacturing Platforms.* Historically, the commercial use of fetal tissue has revolved around the production of vaccines. Several commonly-used vaccines are cultured on “human diploid fibroblast cell strains” (HDGS) derived from electively-aborted human fetuses. Cells taken from fetuses aborted in the 1960’s, 1970’s, and 1980’s were used to develop these cell strains, which were then used to manufacture a number of childhood and adult viral vaccines.<sup>11</sup>

Until recently the discussion about tainted vaccines has been limited mainly to the sphere of pediatric vaccines. The population affected with the choice of underwriting the fetal-cell-developed vaccine market has been confined to parents of vaccination-age children. This is changing as the drug industry moves into ever more diverse biopharmaceuticals.

The Aeras Global TB Vaccine Foundation is working to develop a new tuberculosis vaccine using human technology manufacturing platforms. Merck Pharmaceuticals licensed the same fetal-cell strains to develop its HIV-1 vaccine, which is in clinical trials. Commercial production of “fully human monoclonal antibodies” or MAb therapies, is increasingly used in cancer therapies and unconnected to vaccine production. The door is open wide to development of additional human diploid cell strains, which will require more fetal tissue.

#### The Cosmetics Industry

Although there is much money to be made in the pharmaceutical industry, many working therein are undoubtedly motivated by the altruistic belief that they are working in service of humanity and acting

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<sup>10</sup> M. Peterson, *Our Daily Meds* (New York NY: Sarah Crichton Books, 2008), pp. 178-79

<sup>11</sup> Life Canada, Inc., “Viral Vaccines & Aborted Fetal Tissue: Common Questions & Answers” in <http://www.lifecanada.org/html/science/Vaccines/VaccineQuestionandAnswers.html> [9-3-2009].



to reduce human suffering. But what if the end can in no way be believed to justify the means? What if the end is so superficial that, instead of serving humanity, it is serving only vanity?

Anti-aging cosmetics developed using fetal stem cells fall into the loose and unofficial category of “cosmeceuticals.” This term, coined simply for marketing reasons and not recognized by the FDA for regulatory purposes, refers to a marriage between cosmetics and pharmaceuticals. Like cosmetics, cosmeceuticals are topically applied but contain active ingredients purported to have medical benefits that influence the biological function of the skin. Some biotech companies have turned to the development of these beauty products in the hope that the products will generate an early return on lavish investments made in stem-cell technology, knowing that prospects for therapeutic applications remain distant and vague.

At the low end, miracle claims are made for creams, serums, and emulsions developed using fetal cell technologies. The genesis of using fetal tissue for cosmetic purposes arose from its successful clinical application in burn victims, where fetal skin cell cultures were employed to heal second- and third-degree burns in children.<sup>12</sup> Stem-cell-based cosmetic lines expanded on these treatments. The commercial goal of the research was development of a cream designed to reduce signs of aging, to improve skin texture, and to reduce the appearance of wrinkles. The active ingredient, trademarked as PSP by the Swiss biopharmaceutical company Neocutis, is a combination of human growth factors and intercellular messengers.<sup>13</sup> All are unproven as to efficacy. All are extraordinarily expensive because they are not mass produced and have a very limited shelf life.

At the high end, exclusive clinics in various worldwide tourist locations market face-lifts and cosmetic procedures using tissues from aborted fetuses and stem cells from human embryos. The cells are said to rejuvenate the skin.<sup>14</sup> Wealthy American and British women who

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<sup>12</sup> K. Gale, “Fetal Skin Cells Help Heal Burn Wounds in Children”, *The Lancet* (18 August 2005), [http://www.redorbit.com/news/health/212483/fetal\\_skin\\_cells\\_help\\_heal\\_burn\\_wounds\\_in\\_children.html](http://www.redorbit.com/news/health/212483/fetal_skin_cells_help_heal_burn_wounds_in_children.html) [6-2-2009].

<sup>13</sup> Information available on Neocutis S.A. website at: <http://www.neocutis.com> [10-12-2009].

<sup>14</sup> M. A. Glueck, M.D.-R. J. Cihak, M.D., op. cit.

cannot avail themselves of these treatments at home due to regulatory restraints can travel to tourist destinations in Barbados, Hungary, Russia. Here they could spend \$25,000 per session on a treatment consisting of having liquefied fetal tissues injected into their bodies. The objective, according to promotional materials, is to feel refreshed and experience improvement in appearance, quality of life, and libido. Neither the effectiveness nor the safety of these treatments has been determined.

According to investigative reporter Brian Clowes, who uncovered the story for Human Life International, “Women in the Ukraine were paid \$200 to \$300 (three months salary) to carry their pregnancies to a very late stage and then deliver the babies alive in a kind of forced premature birth. The procedure allows the living baby’s organs to be harvested while they are still as fresh as possible.”<sup>15</sup> The parts are passed on to buyers, who screen the material and sell it at a substantial mark-up to a worldwide network of clinics.

#### Ethical Assessment

If the transcendence of man is not recognized and respected, if he is not accepted as a creature endowed with absolute value, he is easily reduced to a commodity. If human beings are not exceptional in the material creation, the vision of man as a profit center may well be acceptable. In some stages of life, he is the supplier; in some stages, the consumer. But profit is often the motive.

Legal and widespread abortion has made possible a host of clandestine businesses and business practices that thrive under the radar of the American people. Regulation and transparency would help in reform efforts. These remedies, however, are avoided out of fear of limiting access to abortion or inviting scrutiny by opposing ideological groups.

The moral law does indeed have a bearing on the just ordering of society. When morality is excluded from a civil society, the weak and the vulnerable are easily exploited for the benefit of the strong and powerful. This is the worst brand of injustice. It deserves to be brought to light and eliminated.

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<sup>15</sup> B. Clowes, *op. cit.*, p. 4.