



The Daily Dish

Illumina and the Holy Search for Grail

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 16, 2022

Good morning. It's time to play Harry Truman's favorite role: two-handed economist. On the one hand, we have President Biden's fervent desire to succeed in his "[Cancer Moonshot](#)" of ending cancer as we know it. On the other hand, we have his policies, which serve to undercut that goal. First, it was the [TRIPS waiver](#) for COVID-19 vaccines, whereby the international agreement to protect property rights in international trade was used to undercut the very innovation incentives that had delivered the highly successful vaccines for COVID-19. Then came the infamous Inflation Reduction Act and its incredibly [bad drug policies](#) that featured price controls, abusive taxation, and diminished innovation.

Now we have the Federal Trade Commission (FTC) and the companies Grail – which is developing a multi-cancer early detection (MCED) test, and Illumina – a manufacturer and seller of sequencing instruments and consumables for next-generation sequencing systems. Illumina and Grail are seeking to merge and accelerate the arrival to market of Grail's MCED test. In March 2021, the FTC [sued](#) to block the \$8 billion vertical merger, but on September 1, 2022, an FTC administrative law judge ruled against the FTC. To make things really interesting, not long after, the European Commission blocked the same merger.

To get the complete blow-by-blow, read Fred Ashton's [latest](#).

For Eakinomics, two main points are in order. First, Illumina started Grail and spun it off as a separate entity. It seems relatively benign that it would go back to the original structure. Clearly, the FTC would beg to differ, but there was no movement to force Illumina to spin it off.

Second, it is hard to argue that the merger would hurt competition in the MCED market because *there is no such market*. The test is in development and no other such test has been approved by the Food and Drug Administration. In the absence of actual market data, any assertion of harm to consumer welfare is purely conjecture.

In short, the latest contribution to the Cancer Moonshot is to hinder the development of innovative ways to detect cancer earlier. Terrific.