OISS FORM 51 (Rev. 11-82)

CONGRESSIONAL RECORD
PROCEEDINGS AND DEBATES OF THE 98TH CONGRESS

SENATE

BILL	DATE	PAGE(S)
S. 1306	Nov. 17, 1983 Part II	S16729

Action:

Remarks by Mr. Lautenberg

PROMOTING INNOVATION IN THE PHARMACEUTICAL INDUSTRY

● Mr. LAUTENBERG. Mr. President, in an increasingly competitive world economy, our Nation's success depends in large part on its ability to innovate. We must find ways to promote our people's inventiveness, which can lead to new processes and products that increase productivity, enhance the quality of life, and create prosperity for our businesses and jobs for our workers.

There are few industrial sectors whose vitality is as closely tied to their innovation as is the pharmaceutical, biotechnology, and health care products industry. It truly is a "high tech" industry. Research and development expenditures equal roughly 6 percent of the amount of total sales, more than many other research oriented sectors. Research and development expenditures in pharmaceuticals in the United States topped $1.5 billion, according to a 1980 survey.

Mr. President, roughly $1 out of every $4 of pharmaceutical research in our country is conducted in New Jersey. My State is a leader in the industry. It is home to 5 of the Nation's top 20 pharmaceutical and health care products firms and many firms in a range of sizes, including some of the new startup firms in the existing field of biotechnology. While other manufacturing sectors have lagged, this industry has continued to grow in New Jersey, accounting for more than 50,000 jobs in 1982, up 6 percent, over a 2-year period.

Mr. President, there are disturbing signs that despite its apparent prosperity, the industry's international leadership is threatened. Over a recent 15-year period, the U.S. share of worldwide pharmaceutical research and development was cut by more than half, from 60 percent down to 28 percent. During roughly the same period, the percentage of drug and medicine patents filed in the United States by American firms dropped by one-third, while the share held by Japanese, British, French, and West German firms increased.

Mr. President, we cannot afford to take our leading high technology industries for granted. We must continue to provide the incentives they need to continue to grow and meet increasingly vigorous competition from abroad. Competition in the pharmaceutical industry occurs in the laboratories, where scientists vie for the breakthrough that will mean longer and healthful lives for consumers, and increased profits and jobs for their companies.

Mr. President, I am joining several of my colleagues in cosponsoring two bills that I believe will help encourage our industry to continue to take risks, and to commit resources not merely to reworking old ideas, but also to seeking new and higher ground. The first bill, S. 738, would make permanent the tax credit on research and development expenditures. The second S. 1306, would restore the life of a patent on drugs whose effective term had been shortened by lengthy, albeit necessary, regulatory review.

S. 738 embodies an idea endorsed recently by a Senate task force on jobs and economic development on which I was pleased to serve. It is Government's critical role to provide the incentives to promote the productive forces in the private sector. The research and development tax credit—as opposed to broad scale supply-side tax cuts—has succeeded in encouraging increased expenditures in research and development despite a deep recession. It should be made permanent.

S. 1306 is an attempt to restore the effective term of patents shortened by regulatory review. As pharmaceutical products become more complex, lengthier and more involved testing is required. Meanwhile, the term of the 17-year patent runs. As the costs of basic and developmental research increase, the length of a patent is critical to a firm's decision as to whether it will have an opportunity to recoup its substantial investment in research and development. Mr. President, in the final analysis, the question involving patent term is whether we are providing sufficient incentives to innovate. I am disturbed by the apparent trends in our domestic industry. S. 1306 is an important step in reversing that trend.

American innovation is critical to our ability to compete in an increasingly international economy. Our pharmaceutical industry has prospered on the basis of its leadership in innovation. We must be watchful of the warnings. In the fast-paced world economy, one misstep can leave us well behind, two can make recovery almost unattainable. Mr. President, I am hopeful that S. 738 and S. 1306 will contribute to the continued vitality of our pharmaceutical industry, our economy and our role in international trade. We must continue to search for ways to promote the inventiveness that has been the key to American industrial competitiveness.●