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- John Burton  
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There has been increasing talk about a threat to the biotech industry if California and other governments facilitate the importation of cheaper drugs from Canada.

A clue to this development comes in a news report noting "18,000 executives, lobbyists and scientists (were) expected to show up" for this week's biotech conference in San Francisco. Somehow, I think if the scientists came first and the lobbyists were left out, we probably wouldn't be hearing about this. It's true that California, like Illinois, Oregon, Minnesota, Wisconsin, Boston and others, are looking at Canadian drugs in response to pressure from constituents to do something about outrageously high drug prices. According to the Kaiser Family Foundation, prescription drug spending in the United States tripled between 1990 and 2001 and has grown at double-digit rates for the last seven years.

At the same time, recent expenditure reports for top pharmaceutical companies show CEO compensation packages ranging from \$23.9 million to \$150.9 million. That was for one year.

California's drug importation package is a modest one. My bill, SB1144, simply requires the Department of General Services, after receiving the appropriate waiver from the federal government, to include Canadian sources when shopping for the best price for the drugs it purchases for state prisons and hospitals. This could save up to \$30 million a year. When you look at the executive-compensation levels, it is pretty clear our proposal isn't going to break anyone.

Among the other legislation California lawmakers are looking at are bills to help consumers who are going to buy Canadian drugs anyway (and a million of them do, nationwide) and get them safely by having a Web site list safe sources.

The pharmaceutical industry is facing growing skepticism on its safety claims regarding Canadian drugs (I don't see a ton of bodies piling up over the border due to bad drugs, and if foreign quality control is such a concern, I assume Pfizer will be moving its Lipitor plant here from Ireland posthaste). So the industry is now shifting its anti-importation focus to the potential harm to the biotech industry's research and development. The only way for companies to do research and development is to rip off consumers? That's like saying the only way Willie Sutton could make money is by robbing banks. A recent study from Boston University suggests importation of less expensive pills would help the pharmaceutical industry, because people who are now skipping pills, or splitting pills, or just not filling prescriptions would become full consumers.

California's support for the biotech industry has proof not so much in the pudding as in the more than \$600 million in R&D and investment tax credits biotech companies have used since 1990 and in the publicly funded research done by the University of California at its campuses, medical centers, national laboratories and Institutes for Science and Innovation. UC faculty and graduates

have founded 1 in 3 biotech firms in California and 85 percent of California biotech companies have UC-trained scientists and engineers in key R&D positions.

California has also taken the lead in protecting biotech companies' ability to conduct stem-cell research. After President Bush's misguided sop to religious fundamentalists by limiting funding and access for research, California passed laws to ensure our industry can perform this research. We've also just placed on the ballot a bond measure that could provide \$3 billion for stem-cell research.

There are challenges to the biotech industry that must be addressed -- keeping UC at world-class quality; producing a workforce suited for the industry; improving transportation and access to affordable housing. These are the areas biotech leaders should be pushing -- and partnering with government officials -- to solve.

There is also a threat to biotech, the source of so much product for the pharmaceutical industry, if it allows itself to be used as the front for maintaining an out-of-whack system of pricing and profiteering. From what we are hearing from our constituents, public anger over drug prices is reaching Proposition 13 levels. Not relieving this pressure could mean a forced solution down the road far less palatable than perhaps lowering prices by cutting back on some of the omnipresent ads or by setting compensation at mega- rich instead of filthy-rich levels.

We're in a time of tough choices when governments are looking to save taxpayers' money and consumers are looking to save their families money -- even if it means looking to Canada. I would think an industry inspired enough to sequence the human genome should also be able to help ensure that consumers can afford its innovations.

*Sen. John Burton, D-San Francisco, is president pro tem of the California Senate.*

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