October 4, 1988

## MEMORANDUM

TO:

SENATOR DOLE

FROM:

SHEILA BURKE

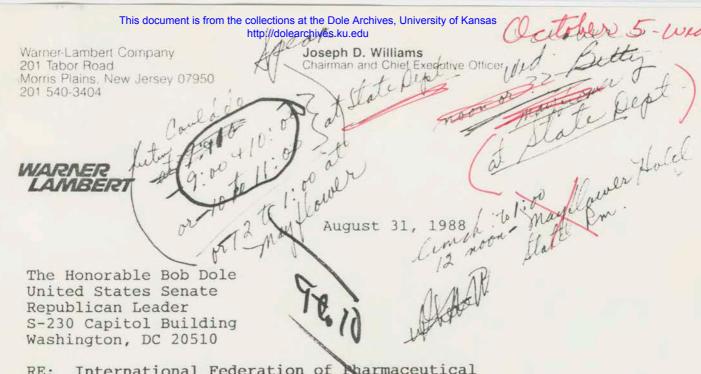
SUBJECT: REMARKS TO INTERNATIONAL FEDERATION OF PHARMACEUTICAL

MANUFACTURERS (IFPMA)

You are scheduled to address this group for 10-15 minutes tomorrow morning on the subject of the Health Agenda for the 1990's. There will be approximately 200-300 in attendance. The group is made up of the CEO's of pharmaceutical companies from around the world. As some of the group are non-english speaking, there will be a simultaneous translation of your remarks taking place.

The issues of concern to the group are not unlike those cited by the American pharmaceutical companies; government regulation, patent protection, research, and funding priorities.

I have attached some suggested talking points.



RE: International Federation of Abarmaceutical
Manufacturers Association (IFPMA)
14th Assembly - Washington, DC - October 5

Dear Bob.

I would like to extend an invitation for you to be the keynote presentor at the International Federation of Pharmaceutical Manufacturers Association's (IFPMA) Fourteenth Assembly on October 5, 1988 at the State Department in the Loy Henderson Room.

The IFPMA, which I chair this year, has membership in 51 countries around the world. The Federation deals with issues of health legislation, science and research in order to contribute to the advancement of the health and welfare of the peoples of the world.

The IFPMA Assembly is held every two years in a different member nation and is attended by some 350 executives and chief executive officers of pharmaceutical companies in the U.S. and other countries. The topics for the Fourteenth Assembly include the challenges facing the industry in the next decade, including research on AIDS, biotechnology and intellectual property protection.

Bob, we would very much like you to present 10-15 minute remarks on "Health Care in 1990s - View from the U.S. Senate." Elizabeth Bailey of our Washington Office will contact your staff in the next few days to learn if you can participate in this important international meeting. Our schedule would

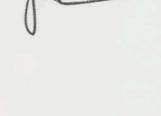
n /m. Jane - 20+ 835-3494

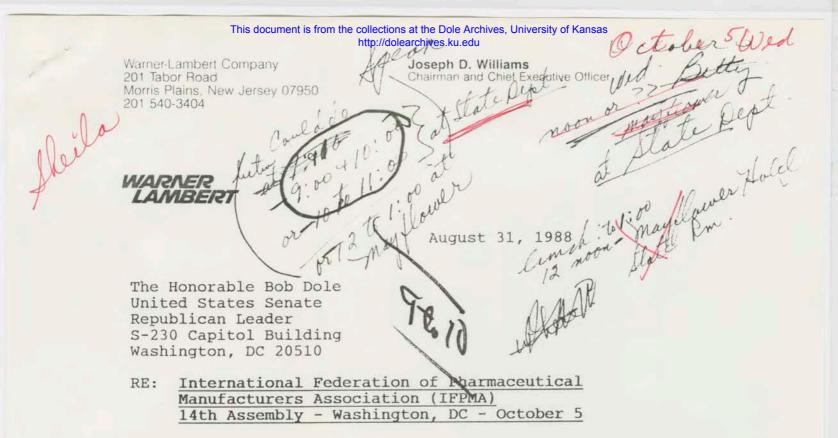
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permit your presentation at any time during the day, although I would like for you to be the lunch speaker.

Bob, many thanks for your consideration.

Best regards,





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SENATOR BOB DOLE 14TH IFPMA ASSEMBLY WASHINGTON, D.C. OCTOBER 5, 1988

HEALTH AND WELFARE FOR ALL THE RESPONSIBILITY OF A FREE SOCIETY

I'VE BEEN ASKED TO SPEAK VERY BRIEFLY ABOUT

HEALTH CARE AND THE RESPONSIBILITY OF A FREE

SOCIETY. CERTAINLY, THERE CAN BE NO MORE

IMPORTANT AN ISSUE FOR US TO CONSIDER.

ON THE FACE OF IT, INCREASING EXPENDITURES

INDICATE THAT SOCIETY IS MAKING PROGRESS IN

PROVIDING HEALTH SERVICES. TOTAL HEALTH CARE

EXPENDITURES ARE UP; THE PERCENT OF THE

POPULATION COVERED IS UP. AND, THANKFULLY, THE

IMPACT OF THESE EXPENDITURES IS REFLECTED IN LIFE

EXPECTANCY ESTIMATES WHICH HAVE INCREASED

MEASURABLY EVEN IN THE LEAST DEVELOPED

COUNTRIES. A COMPANION DECLINE IN INFANT

MORTALITY WAS ALSO MEASURE OVER THESE TWO

DECADES.

IT IS NOT DIFFICULT TO APPLY AN INCREASING
SHARE OF AN NATION'S GNP TO HEALTH CARE IF THAT
ECONOMY IS EXPANDING. INCREASING THE SHARE
APPLIED TO HEALTH CARE WHEN GROWTH SLOWS,
HOWEVER, IS ANOTHER MATTER.

HOWEVER, IN TIMES OF PERSISTENT DEFICITS, SUCH AS THE ONE MY OWN NATION FACES, NATIONAL LEGISLATURES ARE FACED WITH THE DILEMMA OF FINANCING INCREASED HEALTH CARE NOT FROM THEIR OWN POCKETS BUT THE POCKETS OF THEIR CHILDREN AS THEY BORROW FROM TOMORROW FOR WHAT THEY PURCHASE TODAY.

IN THE SIXTIES AND EARLY SEVENTIES, A GOVERNMENT WAS MEASURED NOT ONLY ON THE STATISTICAL INDICES OF HEALTH AND WELFARE -- LIFE EXPECTANCY, LITERACY, BUT ALSO ON THE DIRECT ROLE IT HAD IN ACHIEVING THE STATISTICS. POLITICIANS MEASURED THEIR FUTURE ON HOW MUCH OF THE NATION'S RESOURCES THEY COULD TURN BACK TO THE SOCIAL PROGRAMS. IN A WORD, HOW MUCH THEY COULD SPEND. RECENT EVENTS MAKE THIS NO LONGER. POSSIBLE.

THE DEFICITS, THE SLOWER GROWTH,

URBANIZATION IN MOST DEVELOPING COUNTRIES,

RECESSION AND UNEMPLOYMENT IN MANY DEVELOPED

COUNTRIES HAVE OCCASIONED A SEA CHANGE

WHEREIN THE "RESPONSIBILITY" OF GOVERNMENT HAS

SHIFTED FROM PROVIDING SERVICES, INCLUDING

HEALTH CARE, TO REDUCING COSTS.

THE "RESPONSIBLE" POLITICIAN NOW CITES NOT
WHAT HE HAS SPENT BUT WHAT HE HAS SAVED. THIS
"NEW" RESPONSIBILITY BEARS WITH IT CONSEQUENCES
THAT COULD BE UNPLEASANT FOR BOTH THE HEALTH
CARE PROVIDER -- IN WHICH I WOULD INCLUDE THE
RESEARCH-BASED PHARMACEUTICAL INDUSTRY -- AND
THE PATIENT.

IN SOME CASES, AS THE ONLY MARKET IN A NUMBER OF COUNTRIES, GOVERNMENT PROGRAMS DETERMINE, AT THE FIRST CUT, HOW MUCH WILL BE SPENT TO PURCHASE A PRODUCT AND AT WHAT PRICE. EVENTUALLY, UNAVOIDABLY, THESE PROGRAMS INFLUENCE OR EVEN DICTATE FUNDS ALLOCATED BY COMPANIES FOR PROMOTION, RESEARCH AND PRODUCTION FACILITIES. I SHOULD NOTE ALSO THAT FOR MANY NEWLY INDUSTRIALIZED COUNTRIES AN

INCREASINGLY MENACING COST CONTAINMENT

MECHANISM IS THE REFUSAL TO GRANT ADEQUATE AND

EFFECTIVE INTELLECTUAL PROPERTY PROTECTION FOR

PHARMACEUTICAL PRODUCTS. THIS IS AN ISSUE OF

CONTINUING AND GREAT CONCERN TO THE REAGAN

ADMINISTRATION.

WHEN WE TALK ABOUT HEALTH CARE AND THE
RESPONSIBILITY OF FREE SOCIETIES, WE ARE LED TO A
CONSIDERATION OF WHAT IS THE RESPONSIBILITY OF
GOVERNMENT TO PROMOTE HEALTH AND WELFARE FOR
ALL.

I WOULD SUBMIT THAT A BASIC OR FUNDAMENTAL "RESPONSIBILITY" OF A FREE SOCIETY IS TO ENCOURAGE A HEALTH CARE ENVIRONMENT WHERE A COUNTRY'S CITIZENS CAN ENSURE OR AT THE LEAST PROMOTE THEIR OWN HEALTH AND WELFARE AND PROVIDE A SAFETY NET TO THOSE WHO CANNOT. I WOULD ALSO SUBMIT THAT A GOVERNMENT HAS A RESPONSIBILITY TO PROMOTE THE APPLICATION OF PRIVATE RESOURCES TOWARD THE IMPROVEMENT OF HEALTH CARE. THE

PHARMACEUTICAL INDUSTRY COMES TO MIND IN THIS
RESPECT. FOR EXAMPLE ALL OF US ARE FACED WITH
THE CRISIS OF AIDS. WE MUST GARNER ALL OUR
RESOURCES AND COOPERATE TO PROVIDE RELIEF TO
THOSE WITH THE DISEASE AND PROTECTION TO THOSE
UNINFECTED.

HEALTH CARE IS A "TIME-INTENSIVE" PHENOMENON.

IT TOOK SOCIETIES GENERATIONS TO DISCOVER THE

NEED FOR WHAT ARE TODAY CONSIDERED

TO BE BASIC AND ESSENTIAL SANITARY PRACTICES. FOR
TODAY'S PHYSICIAN, MORE THAN A DECADE IS

DEMANDED FOR TRAINING. IT CAN TAKE TEN YEARS OR
MORE TO DISCOVER A NEW MEDICINE AND ANOTHER
TEN YEARS OR MORE TO EVALUATE ITS FULL POTENTIAL
BENEFITS. THIS IS, OF COURSE, PARTICULARLY
FRIGTHENING TO THINK OF GIVEN THE AIDS EPIDEMIC.

HOWEVER, IT CAN TAKE ONLY THREE MONTHS FOR
A BUDGET TO BE PREPARED OR AN ADMINISTRATIVE

DECISION TO BE TAKEN THAT WILL STRIP AWAY FUNDS

TO BE AVAILABLE FOR PHARMACEUTICAL PURCHASES,

THUS INCREASING SIGNIFICANTLY THE CORPORATE RISK

TO THOSE SEARCHING FOR NEW DRUGS.

BUT FRANKLY, WHILE I RECOGNIZE GOVERNMENT

HAS A RESPONSIBILITY TO CONTROL COSTS AND AVOID

WASTE THEY MUST ALSO ENCOURAGE INDUSTRY TO

CONTINUE TO SEARCH FOR NEW AND IMPROVED

MEDICINES.

WE HAVE AN EXPRESSION IN AMERICA -- "THE CUSTOMER IS ALWAYS RIGHT." HOWEVER, THIS MAY NOT ALWAYS BE SO. I BELIEVE THAT CUSTOMERS CAN MAKE UNINFORMED AND POORLY REASONED DECISIONS. THIS CAN BE TRUE WHEN THE CUSTOMER IS AN INDIVIDUAL --OR A GOVERNMENT. I SUBMIT IT IS THE RESPONSIBILITY OF INDUSTRY TO ENSURE THAT GOVERNMENTS ARE AWARE OF THE CONSEQUENCES OF THEIR HEALTH PROGRAMS ON THE INDUSTRY THAT DISCOVERS AND PRODUCES THE MEDICINES.

A TREMENDOUS INFLUENCE ON THE FUTURE OF THIS
INDUSTRY. AND SINCE THIS INDUSTRY IS ESSENTIAL TO
THE FUTURE IMPROVEMENT OF CURATIVE MEDICINE,
THESE GOVERNMENTS HAVE A RESPONSIBILITY TO ACT
IN SUCH A WAY AS TO ENSURE THAT FUTURE AND THE
INDUSTRY IN TURN MUST ALSO ACT RESPONSIBLY.

WE HAVE A RESPONSIBILITY TO AVOID PENNY-WISE
AND POUND-FOOLISH DECISIONS THAT MAY PRODUCE
SHORT-TERM REDUCTIONS IN FISCAL OUTLAYS AT THE
COST OF LOSING EVEN MORE COST EFFECTIVE
MEDICINES FOR THE FUTURE. BUT YOU TOO HAVE A
RESPONSIBILITY TO KEEP YOUR COSTS REASONABLE
AND HELP US HELP TO MAKE YOUR PRODUCTS
AVAILABLE FOR ALL -- RICH OR POOR.

ABOUT PENNY-WISE POUND-FOOLISH GOVERNMENT

COST CONTAINMENT PROGRAMS, ABOUT INADEQUATE

PATENT PROTECTION, ABOUT UNNECESSARY AND

BURDENSOME NEGOTIATIONS, I SUGGEST YOU GET TO

YOUR ELECTED REPRESENTATIVES AND LET THEM KNOW

ABOUT IT. THAT'S THE ONLY WAY THEY'LL FIND OUT.

THAT'S YOUR RESPONSIBILITY.

AND OURS IS TO USE THAT INFORMATION AND

MAKE RATIONAL DECISIONS THAT WILL HELP OUR

CITIZENS. YOU CAN WORK WONDERS -- BUT THEY ONLY

HELP IF WE COOPERATE AND MAKE YOUR PRODUCTS

AVAILABLE.

THANK YOU.