

Feature Article

Obama v. McCain: Who's Better for Pharma?

Survey Results

Author: John Mack

PMN78-01



Submit comments to the editor online at:

<http://www.forums.pharma-mkting.com/showthread.php?t=6075>

This article is part of the October 2008 issue of *Pharma Marketing News*.

For other articles in this issue, see:

<http://www.news.pharma-mkting.com/PMNissueOct08archive.htm>

Published by:
VirSci Corporation
PO Box 760
Newtown, PA 18940
infovirsci@virsci.com

A respondent to the ongoing Obama vs. McCain survey (PMN Survey) being hosted by *Pharma Marketing News* commented "I think JM will be better for industry in general and the pharma industry particularly." At first, I thought this person—who intends to vote for John McCain—was referring to me, John Mack. But, no I am not the "JM" running for US president and I am not John Mack, CEO of Morgan Stanley, the investment bank whose stock fell 26% on October 9, 2008 and which may be out of business by the time you read this. I feel honored, however, that the name John Mack (or "Mac"—short for McCain) is linked to the two events that are top of mind to every American.

But I am the John Mack who is interested in what the readers of this newsletter and others working within or for pharmaceutical companies think of Barack Obama and John McCain as presidential candidates.

In this article, I present what I have learned from the Obama vs. McCain PMN online survey—not just who intends to vote for whom, but also the thoughts behind that choice and implications for the pharmaceutical industry. First, some background.

"It's the Economy, Stupid" All Over Again!

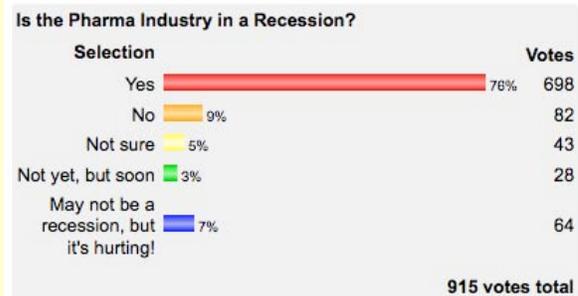
The economy and the election are now linked to such a degree that 59% of US voters say "economic issues" are most important to them in this election, according to a recent NBC/WSJ poll (vs. 15% who picked "domestic issues including health care, education and the environment" and 16% who picked foreign policy). In a Washington Post-ABC News poll conducted by telephone Oct. 3 to 5, 2008, 52% said the Economy/Jobs was the single most important issue in their choice for president, whereas only 9% chose health care, and 6% chose Iraq/War in Iraq.

Yet, healthcare is still a critical issue as evidenced by the September, 2008 Kaiser Health Tracking Poll (see "Why health care costs drive independents' vote"; see <http://tinyurl.com/46pgjiv>):

Election 2008 finds that health care has crept up in importance as an election issue in recent months among a key voting group: political independents, who ranked it as highly as Democrats did in this poll. Roughly one in four (26%) independents rank health care as one of the top issues they would "most like to hear the presidential candidates talk about." Health care's importance has risen among independents by eight percentage points since April. At the same time, health care has dropped even further down Republicans'

Is the Pharma Industry in a Recession?

In March, 2008, Pharma Marketing Blog began its "Is the Pharma Industry in a Recession?" poll (see <http://tinyurl.com/47bpbk2>). To date, over 900 people have responded. More than two-thirds of these respondents believe that the industry IS in a recession.



priority list (now mentioned by 11%, a new low) and stayed roughly stable among Democrats (25%).

Amidst the collapse of some of the country's financial institutions and the subsequent government interventions, the economy overwhelmingly ranks as one of the top issues voters want to hear about from the candidates, claiming a majority among independents (54%) as well as among Republicans (55%) and Democrats (59%). Iraq remains an important election issue for one in four voters overall (25%) and health care has returned to third place (21%) as gas prices have declined slightly as an issue (down from 25% in June to 19%). It should be noted that the poll reflects responses from September 8 through 13, before the worst of the financial crisis became public.

Recent economic events are having a real impact on Americans' pocketbooks: More than six in ten say they are experiencing at least one "serious problem" from a list of specific economic challenges, up slightly from last month (63%, up from 58%). The number of Americans reporting a serious problem "paying for health care and health insurance" rose six percentage points from just one month ago and now stands at 30 percent.

With regard to which candidate Americans say they will vote for, results from the latest Newsweek poll (<http://tinyurl.com/49rnij>) conducted October 8-9, 2008, gave Obama 52% and McCain 41% of the vote ($\pm 3.4\%$). Eighty-eight percent (88%) of Hilary Clinton supporters said they would vote for Obama and 50% of women voters chose Obama vs. 41%

Continues...

for McCain. Meanwhile, 57% of respondents to the PMN Survey said they intend to vote for Obama and 32% for McCain (see “PMN Survey Results” below).

Issues of Importance to the Drug Industry

Of course, it would be interesting to know how people working in the pharmaceutical industry view the candidates. There have been a number of articles in trade publications and statements from industry spokespeople that shed some light on this, but there are no surveys—except for the PMN Survey—that is specifically targeted to professionals working within and for the pharmaceutical industry.



Pharma Marketing Forums
2008 Presidential Election News & Views Forum

You can keep up to date on articles and comments relating to campaign issues of importance to the pharmaceutical industry by reading items posted to the 2008 Presidential Election News & Views Forum on Pharma Marketing Network at <http://tinyurl.com/4ovusq>. Visit daily for updates or receive daily or weekly notices of updates by e-mail (site registration is required to receive e-mail updates).

According to Jim Greenwood, a Republican who retired in 2004 after six terms in the House to take over the Biotechnology Industry Organization (BIO), “We will not make an endorsement and, frankly, it is because there are not such great differences between these candidates that it would make sense for us to make such an endorsement,” Greenwood told reporters. “If you look at the presidential candidates, we conclude that they’ve both said some pretty good things about biotechnology,” Greenwood said (see “Biotech industry not seeing much difference between McCain, Obama”; <http://tinyurl.com/53yzvb>).

For the pharmaceutical industry, however, there may be some important differences between the candidates. The article, “Poll Reversal” (see <http://tinyurl.com/3ty8l7>), published in MM&M summarized a few of the differences:

“Obama’s Plan for a Healthy America declares that he will ‘tackle needless waste and spiraling costs by

increasing competition in the insurance and drug markets.’ More precisely, he would:

- *“Establish an “independent institute” to conduct comparative effectiveness studies on drugs, devices and procedures;*
- *“Allow Americans to buy their medicines from other developed countries if the drugs are deemed safe and prices are lower outside the US;” [See “Obama Aide: ‘Less Enthusiasm’ About Drug Reimportation After Heparin”; <http://www.forums.pharmamkting.com/showthread.php?t=7121>]*
- *“Increase the use of generic drugs in the new public plan, Medicare, Medicaid, FEHBP (Federal Employees Health Benefits Plan) and prohibit large drug companies from keeping generics out of markets; and*
- *“Repeal the ban on direct negotiation with drug companies and use the resulting savings, which could be as high as \$30 billion, to further invest in improving healthcare coverage and quality.”*

“McCain’s Straight Talk on Health System Reform plan, by contrast, running a trim 1,379 words compared to Obama’s 6,900-word opus, says only that he would ‘look to bring greater competition to our drug markets through safe re-importation of drugs and faster introduction of generic drugs.’

“That blurb belies McCain’s somewhat antagonistic history with the drug industry. In 2002, he collaborated with Sen. Chuck Schumer (D-NY) on legislation aimed at reducing what they saw as ‘abuses’ of the 1984 Waxman-Hatch Act by making it harder for branded drug makers to stave off generic competition. In 2003, he opposed the Medicare Part D prescription drug benefit, which he characterized, in an Iowa primary speech, as ‘another unfunded entitlement to the fiscal train wreck that is Medicare.’

“McCain, striking a Goldwaterian pose, would scale back the benefit, which the drug industry lobbied hard for, by raising premiums for the plan on couples earning more than \$160,000 a year. And he has been an aggressive advocate for reimportation of drugs from Canada and direct negotiation of drug prices for federal programs like Medicare and Medicaid.”

Follow the Money

The pharmaceutical industry traditionally has given much more money to GOP candidates than to Democrat candidates. Not any longer. Looking at all donations from the entire the pharmaceutical/health sector, including Political Action Committees (PACs) and individuals, Obama is favored over McCain nearly two to one (see Figure 1, pg. 4).

Continues...

Among the top 20 pharmaceutical companies, donations are about evenly split between the two candidates with 51% going to McCain and 49% to Obama. A few Big Pharma companies are donating more to Democrats than to Republicans (see "Top Pharma Contributors to Federal Candidates and Parties" <http://tinyurl.com/5qhgna> and Figure 2, below).

PMN Survey Results

Nearly 300 (N=297) readers of Pharma Marketing News, visitors to the Pharma Marketing Network portal site, online Forum, and Pharma Marketing Blog have responded to the "Who's Better for Pharma: Obama or McCain?" online survey (see

<http://tinyurl.com/4p5hff>). The results to date (October 11, 2008) are presented here along with comments from selected respondents who have given permission to quote them. This survey will be available online until the eve of the election.

NOTE: Approximately 40% (116/297) of the responses to the PMN Survey was collected after the economic crisis began and the \$700 billion federal government "bailout" plan for investment banks was proposed by the Treasury Department on September 20, 2008. Approximately 15% of respondents were not residents of the US. Unless otherwise indicated we present results from US respondents only.

Continues, page 6...

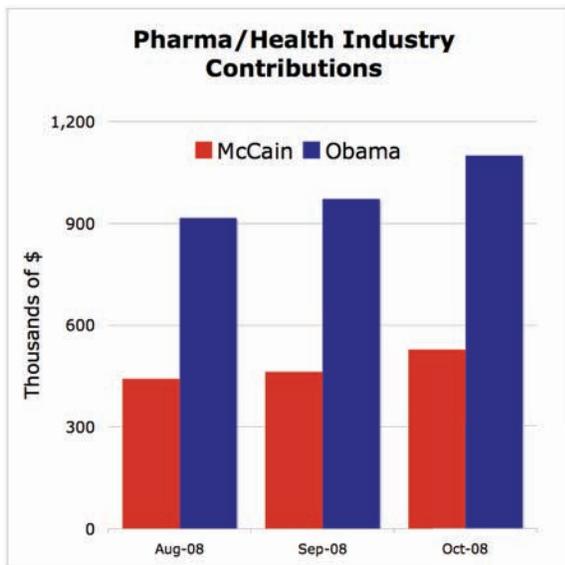
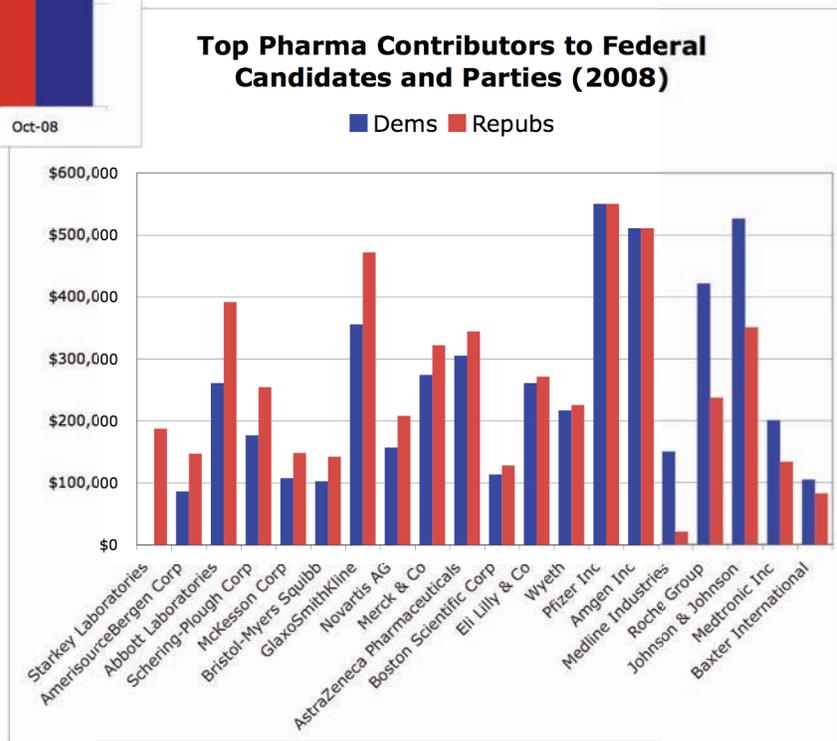


Figure 1. Source: Center for Responsive Politics. Data based on contributions from PACs – Political Action Committees – and individuals giving \$200 or more.

Figure 2. Source: Center for Responsive Politics. Only those groups giving \$5,000 or more are included. In many cases, the organizations themselves did not donate; rather the money came from the organization's PAC, its individual members or employees or owners, and those individuals' immediate families. Organization totals include subsidiaries and affiliates. All donations took place during the 2007-2008 election cycle and were released by the Federal Election Commission on Monday, July 28, 2008.



DTC Pundit Throws in Political Towel

Source: Pharma Marketing Blog, Friday, October 03, 2008; <http://tinyurl.com/3ul4sf>

Bob Ehrlich, Chairman of DTC Perspectives, admitted today in his e-mail OpEd piece that "It looks increasingly likely we will have a Democratic victory in November" (You may find the totality of Ehrlich's comments here: <http://tinyurl.com/4z7jxl>).

The results to date of the PMN McCain v. Obama survey seem to confirm Bob's fears: 55% of the 229 US respondents said they would vote for Obama, whereas 34% plan on voting for McCain. Looking at only US respondents employed at pharmaceutical companies, the numbers are 54% and 30%, respectively. Among the 179 US respondents that say they are "very" or "somewhat" supportive of the pharmaceutical industry, 51% said they would vote for Obama and 40% would vote for McCain.

Ehrlich also made an interesting comment comparing the pharmaceutical industry with the investment banking industry:

"Main Street dislikes drug companies almost as much as bailed out banks. Once the political opportunities wane for attacks on financial companies we can expect drug companies to be a nice juicy target. I do not anticipate any bans on advertising. I do expect much more vigorous enforcement from the FDA on drug company marketing practices."

It's not that we need MORE regulations from the FDA (or from the SEC). What we need is proactive ENFORCEMENT of regulations already on the books. As the *New York Times* reports ("Agency's '04 Rule Let Banks Pile Up New Debt, and Risk"; <http://tinyurl.com/4xwesb>):

"The [Securities and Exchange Commission]'s decision [to exempt investment banks' brokerage units from an old regulation that limited the amount of debt they could take on and] effectively to outsource its oversight to the firms themselves fit squarely in the broader Washington culture of the last eight years under President Bush.

"A similar closeness to industry and laissez-faire philosophy has driven a push for deregulation throughout the government, from the Consumer Product Safety Commission and the Environmental Protection Agency to worker safety and transportation agencies."

The Times could have added FDA to that laissez-faire agency list.

"It's a fair criticism of the Bush administration that regulators have relied on many voluntary regulatory programs," said Roderick M. Hills, a Republican who was chairman of the S.E.C. under President Gerald R. Ford. "The problem with such voluntary programs is that, as we've seen throughout history, they often don't work." - NY Times.

I think it's also fair to say that the public has a dim view of the FDA as evidenced by the fact that the agency is hiring outside PR consultants to improve its image and in typical closed-door Bush cronyism fashion, it surreptitiously bypassed government contract procedures to hire friends of friends (see Pharmalot post; <http://tinyurl.com/4beptz>).

The coming melt-down of the financial well-being of the pharmaceutical industry will not depend upon Main street's opinion of the industry. It will have more to do with weak pipelines and generic global competition -- some of the same worries that lead investment banks to seek special exemptions from regulations.

And, BTW, there are special tax breaks for R&D dependent industries (eg, pharmaceutical and high tech) in the bailout bill that just passed in the Senate. It just could be deja vu all over again!

John Mack

Respondent Profile

The vast majority (71%) of US respondents (N=251) either work for pharmaceutical, medical device, or biotech companies (27%) or for vendors and agencies that have pharmaceutical companies as clients (44%). Only 14% are from the general population (ie, consumers and/or patients). See Figure 3 for details.

Most respondents (77%) were very or somewhat supportive of the drug industry (breakdown: 51.4%/25.5% very/somewhat supportive) whereas a very small minority (10%) was very or somewhat unsupportive of the drug industry (breakdown: 2.8%/7.2% very/somewhat unsupportive). The remainder—13%—said they were neither supportive nor unsupportive (ie, Neutral).

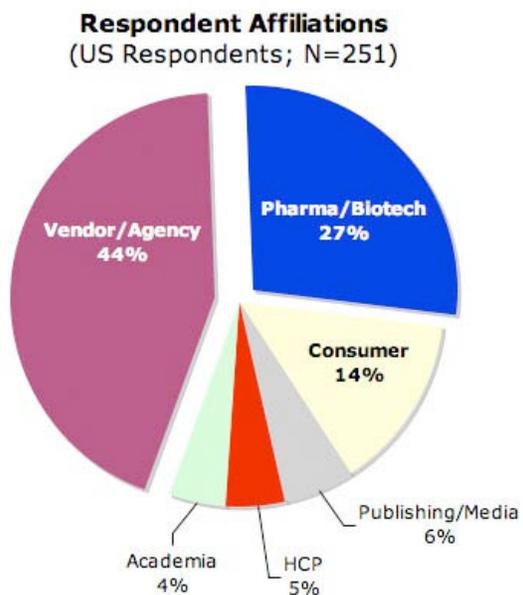


Figure 3. Survey Respondent Affiliations (ALL respondents). HCP=healthcare professional (physician, nurse, etc.)

Respondents Favor Obama by a Large Margin

The PMN Survey asked one simple question: Who do you plan to vote for in the 2008 presidential election? Overall, 57% of US respondents said they plan to vote for Obama, 32% for McCain, and 10% were undecided. Two respondents indicated "other" (ie, Bob Barr and Clinton).

Breaking the results down according to level of support for the pharmaceutical industry, Obama is the favorite among both the supportive and un-

portive/neutral camps (see Figure 4). Obama also leads McCain 48% to 43% among respondents who claimed to be "very supportive" of the drug industry (N=129).

Obama is favored by a majority of pharmaceutical/biotech company employees (55%), vendor/agency employees (57%), and consumers (60%), as shown in Figure 5 (pg. 7).

Who Will You Vote For? (US Respondents; N=251)

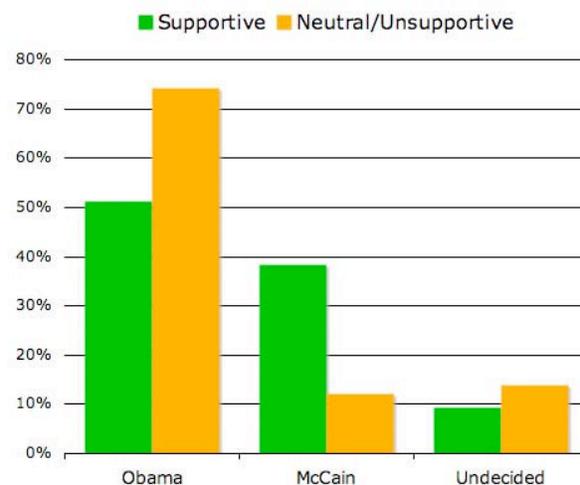


Figure 4. How US Respondents Intend to Vote by Support for the Drug Industry. Supportive (N=193), Neutral/Unsupportive (N=58).

Among the 46 non-US respondents, 80% of whom are very or somewhat supportive of the drug industry, 53% prefer Obama vs. 17% who prefer McCain. Of course, these people cannot vote, so the remainder indicated "Neither" or "Undecided."

Comments from Selected Respondents

The numbers from the PMN Survey are interesting, but of much greater value for continuing the discussion are the comments from respondents. To date, 126 respondents (about 50% of the total) left comments, a few of which are presented below (all comments will be posted to the 2008 Presidential Election News & Views Forum; see <http://tinyurl.com/4ovusg>).

Named respondents have given permission to reveal their identities. Otherwise all commentators are de-identified or made their comments anonymously without revealing who they were. Let's start with comments from Undecided voters.

Continues...

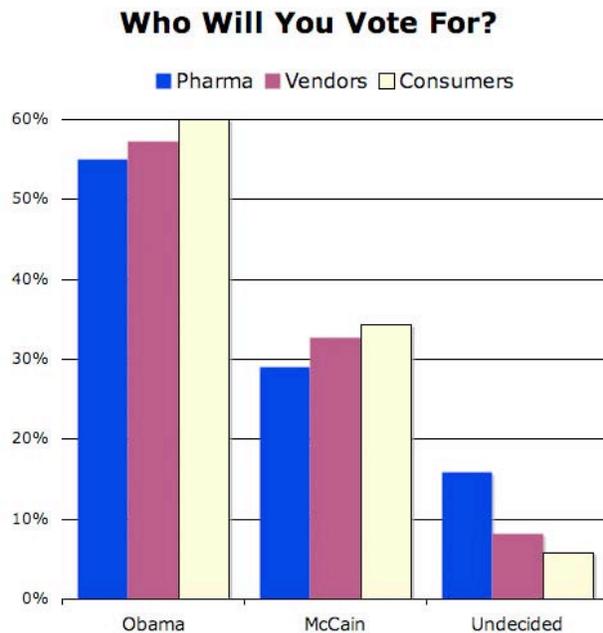


Figure 5. How US Respondents Intend to Vote by Affiliation. Pharma (N=69), Vendors (N=110), Consumers (N=35).

Comments from Undecided Respondents

Eight (8) of the 26 US undecided respondents left comments, some of which are presented here.

"I think both candidates are not Pro-Industry and it would be hard to find many legislators at the Federal or State level that are as well! My vote today is undecided, because given the current financial crisis, both are still talking and campaigning as if the thing never happened. And now that it has, I believe health programs are going to suffer even more. I believe there is no way Obama can fulfill his promises in healthcare although I think they are the better of two evils, and if elected, McCain's plan will have Insurers/Payers being the ones who will implement severe cost containment strategies that will have a negative impact on branded products. In the end, the industry needs to start to plan to work on a margin expectation of 10% instead of 20%. And even with that, it will cost a lot to stay in compliance with all the new regulations. Commercial spends could be cut by as much 30% in my opinion." – Robert Nauman, BioPharma Advisors, Vendor, Somewhat Supportive, Undecided

"I am against McCain on social issues i.e. abortion, and I think Palin is unqualified. Right now, it's important to vote for whomever will fix the economy, and I don't who that is." – Nicole Rivera, Product Marketing Manager, Devon Medical, Pharma, Very Supportive, Undecided

"I am not happy with Bush, I do like McCain, I do like some of what Obama has to say - I like each for the new they bring but I am not sure who is best at the job." – Anonymous, Vendor, Very Supportive, Undecided

"Fearful that both candidates will be bad for our industry, but McCain is the lesser of two evils." – Anonymous, Pharma, Very Supportive, Undecided

Some people responded to the survey before McCain or Obama chose a running mate. Only one undecided respondent, however, indicated that a McCain's choice of running mate might influence his or her decision.

Comments from McCain Supporters

Thirty-nine (39) of the 81 US undecided respondents left comments, some of which are presented here.

The following comment was made on 9/18/2008 before the October stock market crash and subsequent hit that most 401K accounts sustained due to that crash. Ms. Wilson, however, approved her comments without changes AFTER the recent fall of the DJIA.

"I don't think any of the candidates are Pharma friendly due to all the bad press from companies like Merck, TAP, Schering-Plough, Pfizer and the like. Also, the lobbying efforts of PhRMA in defeating Proposition 78 and 79 in California did not help Pharma's reputation. Additionally, the billions of dollars spent on advertising to the public puts the pharmaceutical industry into the category of used car salesman and ambulance chasing lawyers. I'm voting for McCain strictly due to my income level. His tax plan will be better for my 401K. Also, after struggling to save for years to buy his own business, my husband would suffer greatly under Obama. We've done the research and the sole proprietor and partner rate would rise from 37.9 percent all the way up to 50.3 percent! My husband will end up firing his employees or going out of business." – Nancy Wilson, Director, Managed Markets, Genzyme, Pharma, Very Supportive, McCain

"I think both candidates will be bad for the industry. The fact that the U.S. has been paying the lions' share of drug costs (consequently all R&D) is about to end. The industry is about to take a major hit." – Anonymous, Pharma, Very Supportive, McCain

Several McCain supporters cited the fear of "socialism" under Obama as a reason for supporting McCain. The following two comments are examples.

Continues...

“As John McCain is not a socialist, the business of Big Pharma can continue and support the economy.” – Anonymous, Vendor, Very Supportive, McCain

“not for socialized-medicine which will destroy innovation in the US pharma industry.” – Anonymous, Vendor, Very Supportive, McCain

“McCain has excellent decision making skills and he will reach across all lines to try to eliminate the grid lock in Congress. Obama does not have the experience to make sound judgements regarding any industry. He is a socialist and does not want corporations to prosper. He will tax corporations to death. It will be a very sad day for American business if Obama is elected. Free enterprise and entrepreneurship (sic) will be a thing of the past.” – Anonymous, Vendor, Very Supportive, McCain

“Barack is the executioner of the pharma industry and will tax what little money we can eke out away. The only constraint is the subprime bailout which may mean he doesn't have the money to create a monopsony.” [In economics, a is a market form with only one buyer, called "monopsonist," facing many sellers.] – Anonymous, Vendor, Very Supportive, McCain

“Obama and the Dems, while supporting IP protection for the entertainment industry, do not believe in it for Pharma, as we've seen w/AIDS drugs. Since Pharma will not be able to recoup as much after FDA approval ("benefit"), they will not invest as much in research and getting FDA approval ("risk"). Investors also understand this and move away from Pharm/biotech. Fewer new drugs to cure illnesses and aging will come to market. Fewer IPOs will allow companies to go public. The whole sector will slow down and patients will suffer. The Dems lack basic economic sense.” – Anonymous, Vendor, Very Supportive, McCain

“Government intervention with drugs for everyone means lowest cost and not best for patient. Also means drug companies will have less to invest in R & D if Obama is elected. A vote for Obama is a vote for not wanting future cures for disease and innovation in new medicines. 50% of pharmaceutical companies money comes from our government. If these funds are not there with a democratic elected - will the government fund R & D? and future cures? Therefore I must vote republican for John McCain.” – Anonymous, Pharma, Very Supportive, McCain

Comments from Obama Supporters

Sixty-seven (67) of the 142 US undecided respondents left comments, some of which are presented here.

“I think Obama is committed to addressing the need for universal health coverage. Any initiatives designed to

improve coverage will have direct impact on the drug industry, and although there may be an initial surge in demand for generics, the science and practice of medicine will continue to require innovative pharmaceutical therapies.” – Lynn Nezin, EVP, Business Development, White Space Healthcare Marketing, Vendor, Very Supportive, Obama

“As far as I can see, Sen. Charles Grassley is one of very few politicians at the national level who is attempting to weed out corruption and 'payola' - essentially racketeering tactics- in the FDA and big Pharma.” Added later: “If surveyed today, I would say I was voting for Obama, with reservations, because recent economic news makes write-in votes for someone not running a far less rational choice in the presidential election. But I will continue to look for local and national political candidates who actively support reform of the FDA, NIH, and federal-grant medical research projects, especially where the research involves gathering data on the psychiatric medicating of children.” – Mike Tierney, Application Software test lead, military & space R&D, Consumer or patient, Very Unsupportive, considering writing in Sen Charles Grassley of Iowa – now will vote for Obama

“I would have to be tied up and drugged before I'd vote for a Republican for President in 2008. I think it's inevitable that pharma will always be on the radar for legislators because it's too entrenched and it has so much money to dangle in front of them - appropriately or not! As such, I don't know whether either candidate will be 'better' for Pharma, but I know that four (or eight) more years of the same yadda-yadda-yadda will be 'terrible' for everyone!!” – Lauri Bredenfoerder, Chief Intellectual Asset, BValley Communications and Market Research, Vendor, Very Supportive, Obama

“I'm hoping Obama can change the tone and rhetoric in politics. I hope he makes be less cynical about what politicians can do to help Americans, particularly the uninsured. I also believe he has the intellect to find a solution to the current healthcare-bureaucratic (sic) crisis.” – Kevin Espinoza, Senior Director, Eurasia Ethics & Compliance Officer, Stiefel Laboratories, Pharma, Very Supportive, Obama

“I am voting for Obama because overall I believe he will be good for the economy. This is most important for supporting basic research and creating positive financing environment - which both are necessary for the overall pipeline health of the drug industry (I come much more from a biotech than a big pharma perspective). Plus if we can start moving towards a better healthcare system, we will need a healthy

Continues...

economy. To quote another great democrat, 'it's the economy, stupid.'" – Deidentified, Pharma, Very Supportive, Obama

"The Republican policies have virtually destroyed the U.S. economy. The last time there was a balanced federal budget and some degree of fiscal responsibility there was a Democrat in the White House and Dems controlled the House." – Dave Duff, Stinson Brand Innovation, Vendor, Very Supportive, Obama

"I believe the Democrats are more committed to healthcare reform that will, in time, benefit the industry. The present course diverts funds into the insurance industry and as those premiums continue to rise, more and more consumers will opt not to take prescribed medications simply because they cannot afford them." – Deidentified, Pharma, Somewhat Supportive, Obama

"At the risk of sounding cliché, its time for a change. McBush??? Who wants 4 more years of the same!?!? I think Barack will do much to improve our standing within the global community, have a progressive fresh liberal approach to managing the problems our country has, and its about time we get a young black man into the old white boys club. Its such a shame that he did not choose Hillary as his running mate... its time to get a woman in office, too -- but NOT Palin (aka McCain in a skirt)." – Anonymous, Vendor, Very Supportive, Obama

Good Luck to All

Whoever you support in the 2008 presidential election, and whoever wins, there is no doubt that the next several years will be very tough on the pharmaceutical industry and the nation in general. As mentioned above, many of us believe the pharmaceutical industry is in a recession and I am beginning to hear from friends that they have "left" their jobs to "pursue other activities." Jobs come and go, but friends are forever. Whatever we can do to help our friends and colleagues find new jobs or give their new endeavors a head start, we must do. Good Luck!

Pharma Marketing News



If you have not already cast your vote in PMN's Obama v. McCain Survey, it's not too late. This survey will run right up to the election and interactive results (except comments) will be available for all to view. You can be anonymous and your identity is never revealed unless you give permission. Access the survey here: <http://tinyurl.com/4p5hff>

P.S. If you already have taken the survey and wish to change your response – eg, you were undecided and now know who you will vote for – you can re-enter the survey and make changes as long as you use the same computer as before and have not cleared your cookies.

Pharma Marketing News

Pharma Marketing News is an independent, free monthly electronic newsletter focused on issues of importance to pharmaceutical marketing executives. It is a service of the Pharma Marketing Network, which brings together pharmaceutical marketing professionals from manufacturers, communications companies, and marketing service providers for wide ranging discussions and education on a multitude of current topics.

[Subscribe Online](#) • [Download Media Kit](#) • [Request a Rate Card](#)