



Pfizer made mistake, new MichBio board member says

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For former U.S. Rep. Joe Schwarz - a Republican whose 7th congressional district included much of Washtenaw County - biotechnology is more than just a promising sector of the local economy.

As a medical doctor, advances in biotechnology and pharmaceuticals have directly affected his life.

Now, less than a year after losing his seat to Republican primary challenger Tim Walberg, Schwarz is bringing a physician's perspective to the MichBio board of directors.

MichBio, based in Ann Arbor, is the state's life sciences association.

In an interview with Business Review reporter Nathan Bomey, Schwarz explained why he supports the 21st Century Jobs Fund, believes Michigan should liberalize its laws on embryonic stem cell research and thinks Pfizer Inc. made a mistake.

Business Review: Why did you agree to join the MichBio board of directors?

Schwarz: Because I believe that one of the prime potential areas for business expansion in Michigan is biotechnology, and we have to have a very strong organization in this state representing the existing biotechnology companies and also with the goal of recruiting new biotechnology companies to the state.

MichBio, in my opinion, fills that bill quite well and that's where the future of research is. And with the Life Sciences Corridor up and running and with the Life Sciences Institute at the University of Michigan and also with research that's being done at MSU and Wayne State, we need to have a strong organization in Michigan promoting bioscience from A-to-Z.

What do you think about Jennifer Granholm's 21st Century Jobs Fund and do you think that it serves the purpose of promoting the life sciences industry successfully?

Well, to some degree. Any organization within state government in the time that I either served in state government or have been observing state government that have been set up to promote to discover and to partially fund new enterprises, from that standpoint, it's good.

It can't be a stand-alone. It can't be our only organization with that kind of a mission. The fact that it's there and there's recognition on the part of the Granholm administration that organizations like the 21st Century Jobs Fund are things that we need is certainly laudable, and their goals are laudable.

You were at the 2006 MichBio Expo and David Duncan said there that the biotech industry loses money every year. Do you think it will be an economically viable industry any time soon?

Every organization, every company that's dealing with new technologies - with nascent technologies - will lose money at the onset. And some companies quite obviously and historically don't survive. The product that they decided at their beginning was going to be a winner, proved not to be a winner.

That's the nature of companies that are on the cutting edge of new technology and also trying to promote and produce new products that are based on advance science. Some are going to make it and some aren't, that's the nature of the beast.

What was your personal reaction to Pfizer's decision to close its operation in Ann Arbor?

As a very deep Michigander, I was terribly disappointed to the point of being offended. I think Pfizer had - how shall we say - Pfizer had to make some choices. I don't think the choice they made was the correct choice.

But one has to understand that Pfizer headquarters is in New York City - they have a very large research campus in Groton, Conn., which I visited some years ago and it's quite impressive.

If one follows the business news about Pfizer, the performance of some of their products and maybe the failure to meet expectations on some new products, if you follow that scenario, you see, well, their new CEO and their board felt they had to make some decisions and alter perhaps some of their business strategy.

And they did. I just think it was the wrong strategy. And the idea of completely shutting down 2 million square feet of research space just across the river from one of the great research universities in the country to me is pennywise and pound foolish.

So I think I understand what they did, but I hardly approve of it. They made a decision, which they felt was a prudent business decision, and I as a Michigander and one who follows the biotech industry, one who follows big pharma and the companies that make up big pharma, think that Pfizer made a mistake.

That tremendously talented group of people at the Pfizer facility in Ann Arbor is not replaceable. You can't make a replica of what they had there elsewhere. So they're an East Coast company, their executives are basically East Coast people, and I have to say that in my lifetime, which is now getting to be relatively long, I've never felt the East Coast clique had an understanding of the Midwest and of the great research universities in the Midwestern states in Ohio, Indiana, Michigan, Illinois, Wisconsin and Minnesota.

But we know how good we are and there's no question in my mind that the slack will be taken up and that new and even better research is going to be done and that the commitment of the University of Michigan, of the city of Ann Arbor, of the state of Michigan to play over this unfortunate happenstance of Pfizer leaving - the commitment to play over that is tremendous.

And that's precisely what will happen, sooner rather than later, might I add.

Pfizer has maintained that the decision had nothing to do with the economic climate in the state of Michigan. Do you believe that?

Yeah, I don't think it had anything to do with the economic climate in Michigan. I think it probably had a lot to do with what they thought their own economic climate was. And I think that they felt they were a little too strung out.

But even with a very flat stock price, the company remains profitable with some great products on the market. And there's no question they will have other great products on the market.

So why they decided to close this facility, I believe, was corporate inside baseball. And I don't know that I recognize any particular logic in what they did.

You've been relatively vocal about the need to welcome embryonic stem cell research work in the state and at the federal government level. Have you seen any progress on that and what are some of your thoughts about that since you left Congress?

Embryonic stem cells are the only pluripotent stem cells. Embryonic stem cells are the only stem cells that can mature into every one of the over 200 types of cells in the human body.

I support adult stem cell research, I support amniotic fluid stem cell research, I support umbilical cord stem cell research, but none of those are pluripotent. And the arguments made by some that they are and that we don't need to do embryonic stem cell research truly raises disingenuousness to an art form. It just isn't so.

Michigan's laws preventing public funding for embryonic stem cell research are truly retrogressive. They're backward. And they put us right there with the great state of South Dakota as having the most counterproductive stem cell research statutes in the country.

While I have no personal animus toward the Bush administration or the people in it, they are flat wrong in their position on embryonic stem cell research. The federal government should be coming in with research grants out of the NIH for embryonic stem cell research.

Now, the Castle-DeGette Bill, sponsored by Congressman Mike Castle from Delaware and Congresswoman Diana DeGette from Colorado, which passed in the last Congress with 238 votes, passed in this Congress with 253 votes and passed the Senate both times. I think it got 64 votes in the Senate two weeks ago, which isn't quite enough to override a veto, but getting very close, only three votes short in the Senate. That bill will pass again in the next Congress.

And whomever the president of the United States is after Jan. 20, 2009 - that president will sign the bill. And there will be federal funds available for stem cell research. And Michigan should position itself for the time that that happens.

The only way that we can do that is to change our law. Now there are some great advocates for embryonic stem cell research in the legislature. Andy Meisner in the House and Gretchen Whitmer in the Senate and others.

But there probably aren't enough votes to get a bill package through that will change the climate in Michigan.

So the issue of embryonic stem cell research and liberalizing Michigan's laws on embryonic stem cell research is going to have to be on the ballot, in my opinion, in November 2008.

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