



Creating Jobs

in the Industry



Dr. Safi Bahcall

SAFI BAHCALL, PH.D., CEO, Synta Pharmaceuticals, discusses how the extension of the R&D tax credit for life-sciences companies can accelerate job creation.

➔ **PV: What do you think employment within the industry will look like in 2012?**

BAHCALL: As the U.S. economy continues to recover, albeit slowly, my hope is that we will see growth in the R&D sector. Investment in R&D is what drives the innovation that is critical to the overall health and well-being of our society and the country's ability to compete globally in science and technology leadership.

Historically, the life-sciences industry in the United States has been clustered around hubs on the East Coast, particularly in Massachusetts, New Jersey, and Pennsylvania, and on the West Coast, specifically around San Francisco and San Diego.

I expect jobs will continue to be created in and around those hubs simply because they have the critical mass in talent and infrastructure, which attracts both the formation of new companies and growth of existing companies. Boston, for example, has attracted Novartis, Merck, AstraZeneca, Pfizer, and other multinational pharmaceutical companies to build new research centers, which have led

to many jobs. This is due in large part to the critical mass of top medical centers, biotechnology companies, and venture capital.

Recently a number of regions outside of these hubs have made determined efforts to create biotechnology clusters. I'm hopeful efforts in states such as Michigan, Florida, Wisconsin, and others will continue and succeed. We need all the innovation we can get to meet the challenges ahead of us.

➔ **PV: How can an R&D tax credit work to bring jobs to the pharmaceutical industry?**

BAHCALL: It is critical for the health of the U.S. biopharmaceutical industry to stimulate growth in R&D jobs. Industry leaders are working hard with the federal government to achieve legislation that will extend the R&D tax credit as one way to increase investment in innovation.

The United States used to lead the world in providing R&D tax credits; we now rank 17th out of the 21 OECD (Organization for Economic Cooper-

ation and Development) countries in this regard. The current policies encourage companies to create jobs and direct R&D spending overseas; we need at least parity with other countries' tax policies if we want to bring R&D resources back to the United States.

➔ **PV: Why is removing the barriers to innovation so important?**

BAHCALL: Maintaining U.S. leadership in science and technology and addressing the serious healthcare issues facing this country require policies in place that encourage innovation. Reducing the barriers and increasing incentives to innovation can help companies create new drugs, lower the total costs of healthcare by preventing expensive hospital stays, and create new jobs in America. **PV**

Standing Up for Innovation

Safi Bahcall, Ph.D., CEO of Synta Pharmaceuticals, who is a member of a working group of President Obama's Council of Advisors on Science and Technology, is outspoken in his views that the federal government can do more to encourage innovation and job growth in the life-sciences industry. He supports extending the R&D tax credit and creating a new angel investor tax credit; removing barriers to retaining foreign Ph.D. students trained in the United States; and novel public-private partnerships.

"A vibrant life-sciences industry can help lower the total cost of healthcare by preventing expensive hospital stays," Dr. Bahcall says. "The life-sciences industry has lost more than 100,000 jobs in the last five years. We are training foreign scientists and discouraging them from remaining in the United States."

Dr. Bahcall is meeting with leaders from the House of Representatives to discuss policy initiatives that could support job creation and innovation in the U.S. economy.

Synta, a biopharmaceutical company, is among 13 companies that are being highlighted as an example of innovative firms that are being hampered by government in their effort to create American jobs.

Synta has a differentiated chemical compound library, an integrated discovery engine, and a diverse pipeline of clinical- and preclinical-stage drug candidates with distinct mechanisms of action and novel chemical structures.

All Synta drug candidates were invented by Synta scientists using the company's compound library and discovery capabilities.

The Economic Contribution of the Pharmaceutical Industry

- » More than 674,000 workers were employed in the biopharma industry in 2009, providing high-wage and high-quality jobs and contributing to the development of vibrant regional economies across the U.S.
- » Beyond direct employment, the industry also supported an additional 3.4 million indirect and induced jobs.
- » Together, the biopharmaceutical sector-related workforce received \$258 billion in wages and benefits in 2009.
- » The overall economic impact of the biopharmaceutical sector on the U.S. economy (as measured output) totals more than \$917 billion on an annual basis. This impact comprises \$382 billion in direct impact of biopharma businesses and \$535 billion in indirect and induced

impacts (an output multiplier of 2.4, meaning that every \$1 dollar in output generated by the biopharmaceutical sector generates another \$1.4 in output in other sectors of the economy).

- » The biopharmaceutical sector is also an important generator of revenue for the federal government and state and local jurisdictions. The biopharmaceutical sector, directly and through the multiplier effect, generated almost \$33 billion in state and local tax revenue and more than \$52 billion in federal tax revenue in 2009.

Source: Battelle. For more information, visit battelle.org.



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