

# Reorganization of UK medical research

## MRC recovers funds from Rothschild?

A plan for reversing the Rothschild disposition of funds for British medical research is to be considered by the Medical Research Council (MRC) at its meeting today (23 October). The proposal, which has already been agreed by the Cabinet and was notified to the Advisory Board for the Research Councils on Monday of last week, may involve an increase of £12 million a year in the annual budget of the MRC, now running at £56 million a year.

Both the Department of Health and MRC at the official level appear to have arrived amicably at the proposal now being decided. One argument in its favour has been the difficulty experienced in the past several years in operating an effective Chief Scientist's Department within the Department of Health. Officials of MRC have also been swayed in the direction of the proposed arrangement by the recognition that, over the past decade, the funds available for contract work from the Department of Health and the Scottish Home and Health Department have been a declining proportion of the total budget for medical research in Britain.

The council will be expected at its meeting today to strike a balance between the benefits of a larger annual budget and the commitment it will now be expected to make to applied medical research. The proposal being considered involves no explicit strings, but representatives of the Department of Health will expect to be listened to more seriously in future if the council elects to take the funds now offered. If the council accepts, the Minister of Health intends to announce its decision

J.L. Gowans, MRC secretary



next Tuesday in the House of Commons.

Formally, the Department of Health cannot off its own bat transfer funds from its own budget to that of MRC, which is dependent on the Department of Education and Science for its annual budget. This is why the feasibility of the proposed transfer of funds has had to be approved by the Cabinet before it could carry conviction with the council. But the redistribution of funds also entails an issue of principle — the abandonment of Lord Rothschild's "customer-contractor principle", at least as far as medical research is concerned.

The Rothschild doctrine, made public in 1971 and promptly accepted by the Conservative government of the day, recommended that 25 per cent of the then MRC budget should be progressively transferred to the Department of Health in the succeeding five years and that the department should use the funds concerned to commission research, not necessarily from the MRC.

One prominent feature of the Rothschild recommendations was the suggestion that each government department should be equipped with a "strong" chief scientist's department capable of making informed judgements of the department's need for research and of deciding how (and by whom) these objectives would best be met.

At the outset, MRC was more vigorous than the other research councils in its opposition to the Rothschild proposals. MRC also stands out among the research councils for the difficulties it has found in

working out a smooth relationship with its sponsoring departments. Committees set up to suggest promising directions for applied medical research have been frustrated either by the lack of funds or the imprecision of their terms of reference. Research commissions by the Department of Health to MRC have generated uncomfortably large files of paper, while the council has been left with the sense that a substantial part of its annual spending is soft money.

At the Department of Health, difficulties have arisen because of the lack of full-time officials with a background in research. The chief medical officer has statutory responsibilities for the health of the population, and may find a conflict of interest between his day-to-day responsibilities and the planning of research. The National Health Service, presumably the prime customer in Rothschild's sense, is, however, administratively separate from the Department of Health proper.

An affirmative decision by the council at its meeting today will require that MRC equip itself to plan and execute programmes in applied medical research ranging from clinical research to the conduct of social surveys related to the effectiveness of medical care in Britain. The prize for success could well be a budget enlarged not merely by the £12 million of Rothschild money but a substantial slice of the further £14 million spent each year by the Department of Health and the Scottish departments on commissioned research with contractors other than MRC.

## Genentech makes splash on Wall Street

Washington

"One of the most spectacular market debuts in recent history." That was how the *Wall Street Journal* described the first day of public trading in shares in Genentech, the San Francisco company which has been among the leaders of those aggressively pursuing the commercial exploitation of recombinant DNA technology.

Initially the company has proposed to offer one million shares at between \$20 and \$30 each. But demand was so great that an initial price of \$35 was fixed for members of an under writing syndicate through which the shares were made public last week. An extra 100,000 shares were made available, providing the company with an investment — once brokerage commissions had been deducted — of \$36 million.

During the day of frantic over-the-counter trading, in which more than half of the shares were resold by their original purchasers, the price rose at one point to \$89 a share, eventually dropping back to \$71. As the company has 7.5 million shares, this gives it a value of more than

\$500 million.

On paper, the Wall Street dealings have made multimillionaires of Genentech's two founders, Mr Robert Swanson, its president and chief executive, and Dr Herbert Boyer, vice-president and professor of biochemistry at the University of California, San Francisco.

Both own just under a million shares in the company. The principal shareholder is Lubrizol Incorporated of Cleveland, which previously bought 1.5 million shares in the company at \$10 each. Kleiner and Perkins, an east coast venture capital firm, hold almost a million shares. The remainder are divided between directors and employees of the company.

Some employees have benefited from originally being paid in shares rather than cash. Robert Scheller, for example, a graduate research student at the California Institute of Technology, was given 15,000 for helping with research on human growth hormone four years ago. The stock is now worth more than \$1 million.

The prices reached by the shares during the first day of public trading were con-