French Comité National

Democracy, confusion abounds

One of the major and unique institutions of French scientific democracy, the Comité National, a king of scientific parliament with effective power over the work and careers of thousands of French researchers, is to be transformed.

That fact alone would lead to a great deal of heat, given the generally polemical French nature. But the fire has been stoked even higher by the decree, just published, which describes the transformation. It leaves so many loose ends that many French scientists remain unclear whether they can vote for candidates to the new parliament or not.

This is important, because of the potential power invested in the Comité National: if a scientist can vote for a candidate, at least he or she is assured of some kind of representation.

The Comité is the 1,200-strong board of assessment of the Centre National de la Recherche Scientifique (CNRS). CNRS is only one of the principal French research organizations, but it is the biggest and arguably the most important — at least for basic science; this year CNRS controls a budget of more than FF 6,000 million (over £500 million), and supports 9,322 scientists and 14,514 engineers, technicians and administrators. In general, the best of the university laboratories are at least "associated" with (or partly supported by) CNRS. And within this organization the Comité National plays a role by giving its advice (which is usually accepted) to the CNRS research directors on such matters as the hiring and firing of staff, opening and closing laboratories, and the awarding of grants.

The Comité National may appear to be no more than a collection of peer review committees — and it certainly does function in that way, divided into 45 sections each of 25 people according to subject or research. But the Comité is unique because it is an *elected* body, with a French electorate now totalling perhaps 20,000 people; and the key to the squabbles over the Comité is the question of what groups will be represented and to what extent?

Jean-Pierre Chevènement, minister for science and industry, was unhappy with the Comité that he inherited (the last election to the Comité National was in 1980; President Mitterrand came to power in mid-1981) for two main reasons — its subject structure was out of date, and it lacked representation from the technicians and administrators.

The new decree for the Comité sorts out these matters, and others besides. Chevènement has slightly increased the number of Comité seats that he can name himself, on advice from the CNRS directorate. He can now name eight rather than nine of the 25 members of each Comité (the rest being elected); and four seats per section are now reserved for election by engineers, technicians and administrators. The remaining 12 seats per section (just under half) are to be determined by election by scientists. But how is a scientist to be defined in that context? It is here that the new decree is unclear, and it is here that there will be plenty of discussion and acrimony before the next elections to the Comité National, planned for early 1983.

For the new decree actually decreases the right of certain university researchers to an automatic vote. Previously any researcher could vote; now only researchers with a "link" (the word is deliberately ambiguous) to CNRS may vote. This may be quite reasonable — after all, the Comité directly affects only CNRS employees — but CNRS is so important that researchers were pleased to have their little right to "meddle" in CNRS affairs.

Now that right seems to have gone. Or has it? According to the decree, scientific institutions that are not part of the CNRS may still appoint certain of their staff to vote for the Comité. Among those institutions could be universities. So there may yet be a back door to a voting right. And certain other categories of people do not have an automatic vote, but may receive one if they themselves apply to CNRS for the right.

What this means in effect is that almost every scientist and technician in France will have some way of getting a vote for the Comité; but for some a vote will come more easily than for others. It seems the ministry hopes that this solution will reduce political argument about rights to vote, but at the same time it will be a hard winter for the CNRS elector committee which, between now and January, will have to decide exactly who can vote and why. This process alone will take fully six months, CNRS estimates.

Robert Walgate

US computer industry

Paying the price

Washington

Federal Judge Harold H. Greene has raised the price that American Telephone and Telegraph Company (AT&T) will have to pay for the privilege of entering the data processing and computer game.

Ruling on 11 August on the proposed anti-trust settlement between AT&T and the Justice Department, Judge Greene said he would accept the basic deal, under which AT&T gives up its local telephone companies in exchange for the right to enter the unregulated computer market. But he insisted on certain modifications. The local telephone companies should be allowed to keep publishing the Yellow Pages directories, which are a big money-maker; they should also be permitted to market, but not manufacture, telephone equipment, he said. Under the original settlement, both of these options would be reserved for the parent AT&T company.

The judge also insisted that AT&T be barred from entering the "electronic publishing" field for at least seven years. This excludes AT&T for the time being from a variety of electronic information and news services; newspaper publishers have been especially worried that AT&T's grip on the country's communication system would give it an unfair advantage in this fledgling industry. Under Judge Greene's proposal, AT&T apparently could still supply transmission lines and terminal equipment for such ventures, but could not do the actual collection and compilation of information.

The anti-trust law limits the judge to making suggestions; he cannot order changes in the settlement. He can, however, reject it, and Judge Greene did not mince words: if the parties do not agree to his "suggestions", he will throw out the settlement and reopen the anti-trust case — which has already dragged on for eight years.

AT&T's vice-president and general counsel, William Keefauver, said "AT&T has a strong incentive to accept a decree and free ourselves from the business restrictions of the 1956 decree". (The 1956 settlement barred AT&T from entering the unregulated computer market. It resulted from earlier charges that AT&T was using revenues from its monopoly telephone business to subsidize its competitive ventures.) Failure to accept Judge Greene's terms means that those barriers remain. Keefauver said that the judge's suggested modifications "don't dramatically impact the thrust of the decree".

The Justice Department is less certain to go along with the changes. It had demanded that local companies should not market telephone equipment — a competitive business — while operating as regulated monopolies. The judge ruled that this was merely "theoretical consistency", when in fact allowing the companies to market equipment would increase competition — and at the same time keep rates down.

AT&T and the Justice Department have 15 days to respond to the judge. Earlier this year, Representative Timothy Wirth (Democrat, Colorado) introduced legislation to stiffen the terms of the anti-trust settlement; he later withdrew it in the face of heavy lobbying by AT&T.

The judge's suggested changes appear to incorporate a substantial portion of the Wirth plan, in particular letting the local companies keep the Yellow Pages and the right to market equipment. But, significantly, the judge did not recommend

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the other major point in Wirth's package: breaking off Long Lines (AT&T's long-distance network, which holds a virtual monopoly on interstate communications) from the more competitive divisions of the company. AT&T would thus retain Long Lines, Western Electric (which manufactures communications equipment), American Bell (the new subsidiary entering the computer market), and Bell Labs without restrictions on how research and development funds are allocated.

Stephen Budiansky

US biotechnology

Re-entry plans

Washington

E.F. Hutton, the large US financial company, is making its second entry into the potentially lucrative field of founding and backing fledgling biotechnology companies. In September, Hutton will begin offering investors limited partnerships in California Biotechnology Inc., a new company organized around the talents of three prominent university researchers. Hutton has already grossed $5.4 million in startup capital for the firm, which is now building a laboratory in Mountain View, in the San Francisco area.

Cal Biotech, as the firm is called, will have as director of research Professor Brian J. McCarthy on leave of absence from his position at the University of California, at Irvine. John Baxter of the University of California at San Francisco, has agreed to consult exclusively for Cal Biotech, although he will retain his professorship at the university. The third star is to be John Shine of Australia National University at Canberra. Shine will also consult exclusively for Cal Biotech, and work for the company under contract at his lab in Canberra, according to Hutton official Zsolt Harsanyi.

The company plans to use DNA techniques to develop pharmaceutical drugs, which could be tested and marketed by major pharmaceutical firms. Cal Biotech's role will be limited to development and ownership of the drugs themselves. Initially, the group plans to pursue development of human pharmaceuticals including those useful for cardiovascular diseases and anti-inflammatory purposes. However, Baxter and Shine have developed a way to produce beta-endorphin, the patent for which is held by the University of California. Baxter's laboratory has also cloned human and bovine growth hormone gene, so the company's work could proceed in those areas as well.

"What makes our company different from other biotechnology companies" says the firm's president Alfred G. Scheid, a long term consultant and former Hutton employee who makes rather a speciality of founding new companies, "is the combination of top scientists and access to a continuing flow of capital." Besides sponsoring the company financially, Hutton has also lent one of its executive vice presidents, William G. Baker, to be chairman of the board. Hutton itself invested an undisclosed amount as part of the $5.4 million fundraising.

Harsanyi says that come September, investors can put up a minimum of $5,000 to become limited partners in Cal Biotech. Using a little-noted provision in the tax law (that has been available for research and developments partnerships since the mid-1970s), they will be able to deduct perhaps as much as 99 per cent of the money they invest if the company spends the money in that year. Thus, the attractiveness of the investment depends on Cal Biotech's financial planning, which may explain why Hutton is taking such a deep interest in its management. Besides the tax writeoff, investors will receive a share of any instant royalties and profits the company earns from drugs that are sold, which could start as early as 1988, Harsanyi says. The company itself will be the general partner, splitting profits and royalties with the group of limited partners.

The approach of forming a company around a group of researchers and limiting its scope to their research is a major switch for E.F. Hutton following its failure with an alternative approach. In February 1981 Hutton raised $40 million to start DNA Science, a company planned to sponsor biotechnology research in many institutions around the world. Most of the initial investment was to go to the Weizmann Institute in Rehovot, Israel, to support work directed by Christian B. Anfinsen who had moved there after retiring from his post at the US National Institutes of Health. Baxter's laboratory in California was also due for support.

Research funding by DNA Science was mixed up with possible marketing rights granted to two major firms, and the whole cabbodle was to be managed by a businessman, E. Russell Eggers, with two Hutton officials, Harsanyi and Nelson Schneider, as vice presidents. But the structure of the company was too unwieldy and the 1981 tax law cancelled out some of the expected tax benefits from investment. So on 4 August 1981, the investors got their money back.

The lesson of DNA Science, Harsanyi says, is that investors in biotechnology are attracted by key people, such as Anfinsen and Baxter. The most promising approach, therefore, is to structure a company around these people, not expecting them to do management and marketing but assuring their access to capital for research and development. Whether Cal Biotech can develop a group of important products, to see them through the hurdles of trials and testing, and bring its investors golden returns, remains to be seen.

Deborah Shapley

Biotechnology centre

Links between industry and biotechnology research are thriving at the University of Leicester. Four companies are putting up approximately £1 million between them to establish a new biotechnology centre at the university. And the Science and Engineering Research Council (SERC) has promised the new centre £180,000 for capital equipment.

Industry's interest in Leicester is particularly timely. The University Grants Committee (UGC) recently awarded the university £50,000 of its grant earmarked for biotechnology to create three new lectureships. The university is now hoping to persuade the grants committee that one of those posts, for a yeast specialist, should be created within the new biocentre. The others are reserved for a plant biotechnologist and a mammalian geneticist within the university proper.

The companies prepared to put their money into research at Leicester are Whitbread, the brewers, Gallaher, the tobacco company, Dalgety-Spillers, the food manufactures and John Brown Engineers and Constructors whose main claim to biotechnical fame is the construction of the Pruteen plant for ICI. They have guaranteed support to the new centre for five years and have already agreed a programme of research. The centre will be concerned primarily with recombinant DNA technology, although questions of scale-up may be considered later. The research programme will consider plasmid DNA regulation and protein secretion in yeasts and the analysis and structure of genes in higher plants.

Money from the four companies should be sufficient to keep about eight researchers employed for five years, but the centre will also be trying to build up a sound contract research business. Patents resulting from work carried out under the core programme will be shared between the four companies and the university. The share of revenue will depend on how the patent is licensed. Ultimately, the centre hopes to build up a contract research business, the profits from which will be ploughed back into the centre. Precisely how much the university will earn from its association with the centre remains uncertain.

Even if the university has little to gain financially, it is intended to benefit from the small teaching commitment that the centre will take on. Training is also to be provided for employees seconded from industry. Initially, the centre will be housed in a suite of laboratories in the university's pre-clinical medical sciences building (for which it may pay no rent), but it may later build its own accommodation if cash can be raised.

Judy Redfearn

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