



Brand-Name Drug Companies Versus Generics: Lobbying and Campaign Contributions

There are basically two kinds of companies in the pharmaceutical business: brand-name drug companies and much smaller generic drug makers, who often compete with the brand-name companies for market share and profits.

The two types of drug companies also compete for political influence in Washington, D.C., and this week the U.S. Senate is considering legislation that would provide consumers with more timely access to lower-priced generic drugs – legislation strongly opposed by brand-name companies. This legislation (S. 812), the Greater Access to Affordable Pharmaceuticals (GAAP) Act, closes loopholes in the Drug Price Competition and Patent Restoration Act of 1984 (Hatch-Waxman Act) that allow brand-name drug companies to keep generic drugs off the market.

A look at the brand name and generic drug companies' lobbying expenditures and campaign contributions shows how outgunned the generics drug industry is when it comes to currying favor with the Capitol's lawmakers.

In its attempts to influence Congress, the brand-name industry has spent more than \$423 million during the last three election cycles while the generic drug industry has spent about \$10 million, or 2 percent of what the brand-name industry spent.

Lobbying: David Meets Goliath on K Street

- Generic drug companies and their trade groups have been outmanned on the lobbying front for the past five years and spent less than 2 percent of what the brand-name companies shelled out during that time. Brand-name companies and their trade groups spent \$388.9 million on lobbying compared to generic companies' \$6.8 million.

Lobbying Expenditures (Millions of Dollars) for Brand Name and Generic Drug Companies and their Trade Groups, 1997-2001

Drug Makers	1997	1998	1999	2000	2001	Totals
Brand-Name Drug Cos. and Trade Groups	\$72.6	\$69.3	\$82.5	\$89.0	\$75.4	\$388.8
Generic Drug Cos. and Trade Groups	\$.8	\$1.1	\$1.1	\$1.3	\$2.4	\$6.7
Totals	\$73.4	\$70.4	\$83.6	\$90.3	\$77.8	\$395.5

Source: Public Citizen analysis of Lobby Disclosure reports filed with the Secretary of the Senate and Clerk of the House pursuant to the Lobby Disclosure Act of 1995.

- In 2001, brand-name companies and their trade associations accounted for 97 percent of all pharmaceutical lobbying spending (\$75.7 million out of a \$78.1 million total). Brand-name companies also employed nine lobbyists for every one employed by generic companies.

Lobbying Expenditures (Millions of Dollars) for Brand Name and Generic Drug Companies and their Trade Groups, 2001

Drug Makers	2001 Lobbying Expenditures	Percent of Drug Lobbying Spending	Number of Lobbyists	% of Lobbyists by Drug Maker
Brand-Name	\$75.7	97%	927	90%
Generic	\$2.4	3%	107	10%
Total	\$78.1	100%	1034*	100%

The total number of lobbyists exceeds 623 because some lobbyists worked for more than one company. The 623 figure counts only the number of different individuals who worked for the industry in 2001.

Source: Public Citizen analysis of Lobby Disclosure reports filed with the Secretary of the Senate and Clerk of the House pursuant to the Lobby Disclosure Act of 1995. See the report *The Other Drug War II* on drug industry lobbying in 2001 at http://www.citizen.org/congress/reform/drug_industry/contribution/articles.cfm?ID=7827.

- A look at the two groups' trade associations also shows the power of the brand-name drug companies. The brand-name companies' group, Pharmaceutical Research and Manufacturers of America (PhRMA), spent more than \$11.2 million on lobbying in 2001 while the Generic Pharmaceutical Association (GPhA) spent less than half a million. In 2001, PhRMA spent more on lobbying and hired more lobbyists (82) than any drug company or pharmaceutical trade group.

Lobbying Expenditures and Number of Lobbyists for Brand Name and Generic Drug Company Trade Associations, 2001

Trade Association	2001 Lobbying Expenditures	% of Lobbying Spending	Number of Lobbyists
Pharmaceutical Research and Manufacturers Association	\$11,280,000	96%	82
Generic Pharmaceutical Association	\$480,000	4%	13

Source: Public Citizen analysis of Lobby Disclosure reports filed with the Secretary of the Senate and Clerk of the House pursuant to the Lobby Disclosure Act of 1995.

Campaign Contributions

- Brand-name and generic-drug companies and their trade groups have spent \$37.9 million on campaign contributions during the past three election cycles. Contributions from the brand-name companies make up 91 percent of that total. From 1997 to 2002, brand-name companies and their trade group gave \$34.5 million to candidates and parties while generic companies contributed \$3.4 million.

- In terms of just “soft money” – the unlimited corporate and individual contributions to the national political parties – brand-name companies and their trade group gave \$23.2 million while generic drug companies and their trade group gave \$3.1 million since 1997.

Campaign Contributions (Soft Money and PAC in Millions of Dollars) by Brand Name and Generic Drug Companies and their Trade Groups, 1997-2002

Drug Makers	1997-1998	1999-2000	2001-2002	Totals
Brand-Name Drug Companies and Trade Groups	\$7.9	\$15.7	\$10.9	\$34.5
Generic Drug Companies and Trade Groups	\$4	\$1.9	\$1.1	\$3.4

Source: Public Citizen analysis of Center of Responsive Politics data available at www.opensecrets.org. Total campaign contributions were found by entering soft money and PAC data for 76 brand-name and 126 generic drug companies and trade groups for 1997 to 2002.

- The top brand-name companies dwarfed campaign contributions made by generic drug companies. Indeed, the top two brand-name drug contributors, Pfizer (\$4.3 million) and Bristol-Myers Squibb (\$4.2 million), each contributed more than all generic drug companies and trade groups *combined* from 1997 to 2002.

Top Ten Contributors of Soft Money and PAC Donations by Brand Name and Generic Drug Companies and Their Trade Groups, 1997-2002

Rank	Brand-Name Drug Company Name	Amount	Generic Drug Company Name	Amount
1	Pfizer	\$4,275,901	Agvar Chemicals	\$909,875
2	Bristol-Myers Squibb	\$4,238,822	HBJ Investments, LLC	\$698,500
3	Eli Lilly and Co.	\$2,944,687	IVAX (Zenith Goldline)	\$457,000
4	GlaxoSmithKline	\$2,397,701	Barr Labs	\$268,215
5	Schering-Plough	\$2,185,225	Mallinckrodt, Inc.	\$228,613

Source: Public Citizen analysis of Center of Responsive Politics data available at www.opensecrets.org.

- Drug companies also contribute soft money to “527 groups,” and, again, brand-name companies dominate this type of giving. (527s are non-profit groups, regulated by the Internal Revenue Service, that are “primarily engaged in electioneering”; they can accept unlimited amounts of corporate contributions.) Brand-name drug companies and their trade group contributed \$914,947 to the largest 527 groups controlled by politicians and interest groups while generic companies have given \$65,000 since July 2000 (when disclosure was first required).
- “Politician 527s,” those groups controlled by one or more members of Congress, received \$707,980 from brand name drug companies and trade groups and \$45,000 from generic drug companies.