



## MFN Would Have Devastating Consequences for Startups — And Beyond

### A MFN drug pricing regime would cripple America's biotech startups specifically — and the broader biopharma industry generally.

- MFN could reduce drug development by small biotech firms by [90%](#) and slash industry investment by hundreds of billions of dollars.
- The R&D cuts at small firms would crater innovation and productivity across the entire industry, since about [55%](#) of new drugs originate from startups and small companies with less than \$500 million in revenue.
- A National Bureau of Economic Research study estimated that reducing U.S. drug prices by 40-50% (as MFN would effectively do) could cause a [30-60% drop in R&D activity](#).
- A 60% reduction in R&D, in turn, would [prevent the creation of 342 new medicines](#) over the coming two decades, according to University of Chicago researchers.
- If America had imposed European-style price controls a generation ago, patients would have lost out on [117 new medicines](#) that'd never have been developed between 1986 and 2004, according to research from University of Connecticut economist Joseph Golec.
- America's biopharma industry [supports](#) 5 million jobs and \$1.7 trillion in economic output, about 3.6% of our total GDP. So massive R&D cuts would inevitably result in layoffs and create significant headwinds to overall economic growth.

### MFN threatens America's entire innovation ecosystem — not just the biotech industry.

- MFN is a backdoor attack on patent rights, since price controls functionally shorten the period of market exclusivity that patents and other IP protections would normally provide to breakthrough drugs.
- It'd set a disturbing precedent that could be weaponized by future administrations against any high-tech sector, not just biotech.
- There's no recent precedent for the federal government dictating the price of all products in an entire industry. Past sectoral price controls, during World War 2 and the 1970s, are almost universally seen as failed efforts that spawned a host of unintended consequences.

### MFN would undermine our national security.

- America's still world-leading biotech industry faces an unprecedented challenge from a rising China. Chinese-based firms now sponsor [30%](#) of global clinical trials, a ten-fold increase in barely more than a decade.
- A [bipartisan Senate commission recently warned](#) that China could soon surpass us, thanks to a "400-fold increase in biopharma R&D spending" over the past decade.
- China could weaponize any biotech advantage in a future conflict. So it's critical to maintain our lead. MFN would forfeit it.

## ABOUT THE ALLIANCE OF U.S. STARTUPS AND INVENTORS FOR JOBS:

USIJ is a group of inventors, startup companies, venture capitalists, incubators, and research institutions that have come together in the interest of safeguarding our nation's innovation ecosystem.