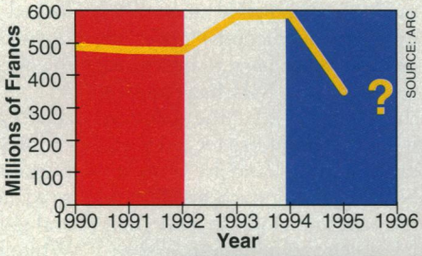
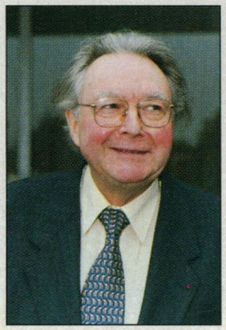
ARC Affair Troubles French Scientists

Allegations of financial mismanagement in one of France's largest medical charities may threaten future funding, and they have prompted soul-searching among biomedical researchers

PARIS—For nearly a quarter of a century, Jacques Crozemarie was France's undisputed czar of cancer research. As president of the Association for Cancer Research (ARC), one of the nation's biggest charities, Crozemarie raised hundreds of millions of dollars and helped fund the work of thousands of French scientists. But last month, after a government auditing court found evidence of mismanagement of the association's finances and several members of ARC's administrative council called for him to step down, Crozemarie resigned (*Science*, 26 January, p. 437). Judicial authorities have now opened a criminal investigation into some of the auditing court's findings.



SOURCE: ARC



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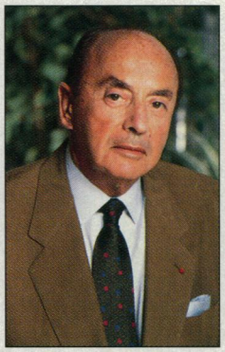


SILBERSTEIN

Troubled ARC. Lucas (*left*) replaces Crozemarie (*above*) as fund-raising slides (*above left*).

As the scandal continues to broaden—the French press has published new allegations, which Crozemarie has denied, about Crozemarie's personal dealings with companies that ran the organization's publicity and fund-raising campaigns—biomedical researchers fear that a critical source of funding may be in danger. ARC raises almost all its money from public donations, relying heavily on TV advertising and direct mail campaigns, and—depending on how the accounting is done—it had been pumping between $30 million and $60 million a year into research. Now, researchers fear, this scandal might cripple ARC's ability to raise funds.

And some believe that the research community itself bears a share of the blame. ARC's 31-member administrative council includes some of the country's most notable cancer experts, and just a year ago hundreds of leading French scientists signed an open letter defending Crozemarie and ARC against "insinuations, rumors, and nonverified facts." Nevertheless, ARC's council has taken a bold step to bolster the organization's credibility by appointing Michel Lucas to replace Crozemarie. Lucas is the former head of France's Inspection Générale des Affaires Sociales (IGAS), a government agency with broad-based investigatory powers. Beginning in the mid-1980s, Lucas had tried to alert government ministers about his concerns over ARC's finances and what one IGAS report termed Crozemarie's "quasi-theocratic" rule of ARC.

But some researchers doubt whether this will be enough to restore the organization's reputation and safeguard its fund-raising abilities. "I am very pessimistic," says Alain Sarasin, director of the Institute for Cancer Research in the Paris suburb of Villejuif and a member of the ARC council. "I think that in the next years the budget is going to diminish significantly."

Even before the current scandal broke, donations in 1995 were down by 40% compared to the previous year. This drop followed press leaks in December 1994 of a critical report about ARC that Lucas had submitted to France's health minister. In an interview with *Science*, Lucas said that ARC, which has about $120 million in reserves, may be able to ride out the scandal. But some researchers fear that even a short-term cut in ARC's grants will be keenly felt.

The stakes for French scientists are high: Although only a few labs rely on ARC for the majority of their funding, the association plays an important role in plugging the gaps left by the stagnant budgets of France's public research organizations, particularly the Centre National de la Recherche Scientifique (CNRS) and the biomedical research agency INSERM. "The fraction we get from ARC is only about 10% of our total budget," says Pierre Chambon, director of the Institute of Genetics and Molecular and Cellular Biology near Strasbourg. "But this 10% percent is crucial."

Any drop-off in ARC's funds, moreover, will be felt across a broad swathe of biomedical research, for ARC has defined its mission to include wide-ranging basic research in cell and molecular biology. "ARC is very progressive compared to other [medical charities]," says Jean-Paul Thiery, director of the cell biology research unit of the Institut Curie in Paris. For example, Thiery says, the association funds fruit fly genetics, "because a lot of genes controlling fruit fly development are tumor suppressor genes in human beings."

A particularly worrisome area, in which ARC has played a critical role, is support for graduate students and postdoctoral fellows. These so-called "bourses" are "very difficult to find in France," says Sarasin, who believes preserving these funds should be a priority while ARC rides out its current troubles. The bourses are a lifeline for French graduate students completing their final year of doctoral studies, because the education ministry only provides a stipend for the first 3 years (*Science*, 2 February, p. 686). "I wouldn't have been able to finish [my doctorate] if I didn't have it," says Muriel Boube, a fourth-year graduate student in developmental genetics at the Paul Sabatier University in Toulouse and one of 279 students holding an ARC stipend.

Spreading the blame

Although French scientists are agreed on the key role ARC plays in French research, they are far from unanimous about the degree of responsibility that France's research community should bear for the scandal. Some scientists are particularly critical of ARC's administrative council. "The council is to blame to a certain extent," says Thiery, for not probing more deeply into ARC's finances. "We should start over with completely new people," Thiery adds. Roughly half the council members are leading physicians and researchers, and Thiery is concerned that a large proportion are current or past recipients of ARC funds. "The people on the council cannot be the recipients of the money themselves," he says.

But that may be easier said than done, for it is difficult to find a biomedical researcher in France today who has not benefited from ARC funds at one time or another. And Léon Schwartzenberg, a cancer expert at the Paul Brousse Hospital in Villejuif and member of the ARC council for the past 15 years, says the very success of the organization made him and other members hesitate to look deeply

into the organization's books. "We had no reason to criticize," Schwartzenberg told *Science*, "because each year the association grew more prosperous, and each year there was more money for research programs." Maxime Schwartz, director-general of the Pasteur Institute, agrees: "The scientific community was very happy to have a source of financing, and the majority did not want to look further."

Schwartzenberg and other members of the council say they were surprised to read the auditing court's findings that only about 27% of the money raised by ARC was being given directly to research (as opposed to cancer prevention programs and administrative costs), because Crozemarie had stated publicly many times that the figure was roughly 50%. "He hid a number of things from us," Schwartzenberg says, claiming in particular that budget figures presented to the board were not clear about the way the money was divided up. (Requests from *Science* to Crozemarie's attorney for an interview with ARC's former president or responses to these and other accusations have gone unanswered.)

Pierre Tambourin, director of the CNRS's life sciences department and the agency's representative on the council, claims that for a time Crozemarie even kept the auditing court's findings from the council. At the council's meeting of 21 June 1995, Tambourin told *Science*, he asked Crozemarie if he had received the court's preliminary report. "He said this report had not yet arrived," Tambourin says, an account that Schwartzenberg confirms. But Tambourin later learned that Crozemarie received the preliminary report many days earlier. The court's final report, a copy of which has been obtained by *Science*, states that the preliminary report was transmitted to ARC's president on 8 June.

There may be some question about what the council knew, and when it knew it, but there's no doubt that the French government had been well aware of concerns about ARC for a long time. Lucas and his IGAS inspectors had prepared three reports critical of ARC since 1984. Lucas told *Science* that his last report—which was written in 1991 but did not become public until it was leaked by the French daily *Le Monde* in late 1994—was submitted directly to the health minister at the time.

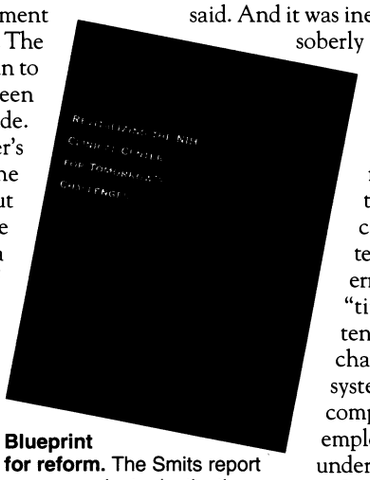
Lucas says he is prepared to continue as ARC president as long as he is needed. He adds that he wants to "renew things and send a clear message to the public" about his desire to change the way ARC functions. In that spirit, he says he is hoping for "about a dozen resignations" at the next meeting of the administrative council, scheduled for 14 February. That would be good news to researchers like Pierre Chambon. "We don't want the public to believe French scientists were involved in this scandal, because it's not true," he says.

–Michael Balter

CLINICAL RESEARCH

NIH Clinical Center Gets a Boost

In its glory days, the big hospital at the National Institutes of Health—called the NIH clinical center—was unrivaled. By the mid-1990s, though, the 1953-vintage research powerhouse had fallen on hard times. Costs were rising; patient enrollment was on the decline; intractable management problems were growing worse. The physical plant itself had begun to fall apart, and fixing it had been on NIH's agenda for a decade. This week, however, the center's prospects picked up with the release of a report that lays out a new structure to manage clinical research there, and a promise from Secretary of Health and Human Services (HHS) Donna Shalala to request funds to start building a new hospital.



Blueprint for reform. The Smits report argues against privatization.

Part of the impetus for this turn of events came from a suggestion that virtually nobody among the top brass at NIH or HHS seemed to like: Last year, a panel of the vice president's "reinventing government" campaign said NIH should fix its clinical center by privatizing it—by using private contractors to manage the research. NIH leaders feared that hiring outsiders to run an operation that is at the heart of NIH's research enterprise would entangle them more, not less, in the coils of the federal bureaucracy. So NIH's overseers at HHS set out to find a better solution. Last March, Shalala commissioned an independent panel to review plans for the center and develop a better management system (*Science*, 7 April 1995, p. 20). This review, chaired by Helen Smits, deputy director of HHS's Health Care Financing Administration, has now sent its recommendations to Shalala.

The Smits report, which is being released this week, concludes that the center should not be privatized. Instead, the report says, NIH should create a new, centralized management structure headed by a governing board of 15 members, nine of them from outside government. The panel, which gathered helpful tips from visits to 30 top-ranked hospitals and clinics around the country, also recommends that the center have "a clearly defined budget of its own," and that it be granted exemptions from federal purchasing and personnel rules to increase its flexibility. As the first order of business, it urged the center to develop a strategic plan and to seek the privileges of a federal "reinvention laboratory," which would exempt it from certain procurement and hiring regulations.

In the past, Smits says, the center was a collection of fiefdoms run by separate institute chiefs, overseen by a series of committees that made decisions by consensus. The process was reminiscent of what you might find "in an Oxford common room," Smits said. And it was inefficient. The report notes soberly that this governance system suffers from a "lack of clarity," that its budget process is "unwieldy," and that planning is poor or nonexistent. In addition, the report found the clinical center's purchasing systems—hampered by government regulations—to be "time-consuming, labor-intensive, costly, and slow to change." As for the personnel system, the report said it is "so complex that managers and employees find it difficult to understand."

In a meeting with *Science* last week, Shalala gave the Smits report an unqualified endorsement. Shalala says she would like NIH to move ahead quickly on these recommendations, which have already been given a nod by NIH Director Harold Varmus. Shalala also told *Science* she will be asking Congress for funds to start construction of a new building for the clinical center in the 1997 budget. This new hospital—which will take 4 years to complete—would be smaller than the present one, with 250 beds instead of 450. But Shalala says it would be more "flexible," housing a wider variety of clinics and research labs.

Shalala acknowledged that HHS's decision to conduct an independent review of the clinical center had ruffled some feathers—but she added that this was a good thing. "There's nothing wrong with shaking up the system," she said. Originally, "When people came in to tell me what the new [clinical center] building was going to be," she said, "it was clear there was no strategic plan; they just told me how much it would cost and how many beds there would be." Shalala said she had no qualms about asking NIH to do a better job of justifying its plans. In 1995, she noted, "everybody was talking about privatization," and "the [NIH] institute directors were scared to death." But she believed that if she asked an independent group to develop a thoughtful plan, "at the end of the process [the institute directors] would say it was worthwhile."

Shalala's strategy may have worked, judging by the initial responses of NIH offi-