

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

(Present Status of Competition in the Pharmaceutical Industry)

MONDAY, MAY 10, 1976

U.S. SENATE,
SUBCOMMITTEE ON MONOPOLY OF THE
SELECT COMMITTEE ON SMALL BUSINESS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9:30 a.m., in room 318, Russell Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senator Nelson.

Also present: Benjamin Gordon, staff economist; and Karen Young, research assistant.

Senator NELSON. Today is the second in a series of hearings on the role of the drug industry in the postgraduate education of physicians.

The Monopoly Subcommittee of the Senate Small Business Committee has been studying for quite some time problems related to the development, marketing, and use of drugs. Since the prescribing physician is in reality the purchasing agent for the patient, our subcommittee has been particularly interested in the sources of information on which doctors depend for information about drugs.

It is well known that the drug industry spends vast sums of money on advertising and promotion. It is not well known, on the other hand, that the drug industry has also come to occupy a significant role in the postgraduate "education" of the doctor. This situation, in my judgment, is bad both for the public and for the medical profession. On April 28, Dr. Richard Crout, Director of the FDA's Bureau of Drugs expressed grave concern that the growing influence of the industry-sponsored medical education is a long-term threat to the integrity of his profession.

Dr. Crout testified that much of the written and audiovisual teaching materials on drugs and all other medical subjects a physician encounters throughout his professional career, are supported by the pharmaceutical industry.

This includes the vast majority of medical magazines which clog his daily mail, the clinical problems, the audiovisual teaching systems he studies in his spare time, the films and closed-circuit TV tapes he sees in his hospital conferences, and even the scientific exhibits and presentations by panels of experts he encounters at medical meetings.