# COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

## (Present Status of Competition in the Pharmaceutical Industry)

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**WEDNESDAY, MAY 26, 1976**

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

The subcommittee met, pursuant to notice, at 10 a.m., in room 318, the Russell Senate Office Building, Senator J. Glenn Beall, Jr. presiding.

Present: Senator Beall.

Also present: Benjamin Gordon, staff economist; Judah C. Sommer, minority counsel; and Karen Young, research assistant.

Senator BEALL. The subcommittee will come to order.

At the outset let me apologize for keeping everybody waiting. When Senator Nelson graciously asked me to preside on his behalf, we had to readjust our schedule.

As you can note, there is one light on above us which indicates there is a vote on the Senate floor. I will make a brief opening statement. We will start the testimony. I will disappear briefly while you are giving your testimony and I will be right back after I vote, however.

The Monopoly Subcommittee of the Senate Small Business Committee is holding hearings today and tomorrow on drug company practices in the promotion and labeling of drugs in the United States and Latin America.

The subcommittee has accumulated considerable evidence over the years that the drug companies are not telling the same story about their drugs in all countries. Claims for their effectiveness and the extent of disclosure of hazards vary from country to country. A particularly blatant example is the well-known antibiotic chloramphenicol. While the labeling in this country mentions serious side effects, including aplastic anemia, grey syndrome (which causes death) and says that this drug should be used only when less dangerous drugs are not effective, the labeling in Italy stated that:

> It is a very significant fact that Chloromycetin therapy is conspicuously devoid of side effects. The medication enjoys a high degree of tolerance with both adults and children. In the few cases where reactions have occurred, these are generally limited to mild nausea or diarrhea and only rarely does their gravity impose suspension of treatment.

It is interesting to note that at the annual meeting of the stockholders of the Warner-Lambert Company in 1972, 97 percent of