

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

(Present Status of Competition in the Pharmaceutical Industry)

THURSDAY, MAY 27, 1976

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

The subcommittee convened, pursuant to recess, at 9:35 a.m., in room 318, Russell Senate Office Building, Senator Jacob Javits presiding.

Present: Senator Javits.

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

Senator JAVITS. The subcommittee will come to order.

This morning we will hear as witnesses Mr. Robert Ledogar, Department of Economic and Social Affairs, United Nations, New York, N.Y., and Mr. George Squibb of North Kingston, R.I.

The Chair wishes to make a brief opening statement before the hearing commences.

Today's hearing continues the Senate Monopoly Subcommittee's examination of pharmaceutical company practices in labeling and promoting prescription drugs sold in Latin America.

I share the concern expressed by the witnesses and by Senator Beall, who chaired yesterday's hearing, respecting the questionable practices of some drug companies in promoting the use of their drugs without adequate or appropriate prescribing information.

However, Senator Beall through his questioning of the witnesses, it must be clearly understood that:

a. Misleading and incomplete information to promote the sale of drugs by some American drug companies or their foreign subsidiaries in Latin America is beyond the jurisdiction of the Food and Drug Administration which regulates drug advertisements and promotion in this country.

b. Improper marketing practices should be subject to the legislative control of the foreign country in which they take place, for what goes on within any country is the responsibility of that country.

Grave questions have been raised that certain drug promotion practices abroad may be legally correct, but are they ethically and morally less than honest?

Now, it is my judgment that the United States may well have means to call domestic pharmaceutical concerns to account in the marketing of pharmaceuticals in foreign countries in order to require them to