

Senator NELSON. In addition to the prednisone that you buy in bulk from Upjohn, do you purchase any bulk compounds manufactured by other drug companies for the purpose of processing into tablet or other form for sale?

Mr. BURROWS. We purchase a steroid in bulk from Syntex to which we add another compound. I am not in a position to identify the other compound which is added but I can get that information if it is important to the committee. We process and sell the end product as Norlestrin.

Senator NELSON. What you purchase is the compound and then you add the excipients.

Mr. BURROWS. Right. It is more than an excipient. It is another active ingredient.

Senator JAVITS. I just asked Senator Nelson what an excipient is.

Senator NELSON. Neutrals, nonactive ingredients.

Mr. BURROWS. Nonactive ingredients.

Senator NELSON. Syntex, is that a Mexican corporation?

Mr. BURROWS. I think it is organized in Mexico and has an American affiliate or subsidiary. Its manufacturing facility for this particular compound is in Mexico.

Senator NELSON. Do you buy this steroid compound under its generic name, or do they have a brand name?

Mr. BURROWS. No, we buy it under the generic name and sell the end product under our own brand name.

Senator JAVITS. Mr. Burrows, I must say I am very bothered about this catalog business as far as the retail druggist is concerned, and may I tell you why? Perhaps you could help us.

This very morning it is widely advertised that the retail druggists in New York City are allegedly going to refuse to fill medicaid prescriptions for the city of New York on the ground that the city is insisting that they be filled in generic terms. Now, doesn't the maintenance of what you say is, for practical purposes, a fictitious catalog price enormously complicate our problems in that regard—in giving an air of unrealism to everything, including the practices of the retail merchant?

Here you say, "Our U.S. catalog price has no real significance because sales are virtually nonexistent to or through the retail drug trade." Yet with this catalog price I suppose there are a few sales really being victimized. It gives a completely false impression to the whole business, with your catalog 20 times your actual average sales price, as disclosed on page 4. As a merchandising proposition, isn't this bound to cause us tremendous difficulty with the retail druggist unless it is corrected throughout the whole pharmaceutical industry?

Mr. BURROWS. I don't think it is as simple as that. First, I think the doctor, if he elects to prescribe a Parke, Davis product, should have the right to prescribe a Parke, Davis product. I don't find fault with the price of \$17.88 per 100 tablets at which this item is included in our catalog. I find fault with the fact that we leave it in the catalog when this is not the kind of business that we should be pursuing.

We made an attempt at that business. We didn't succeed. We should have directed our attention to other more promising fields, and let this one drop. That should have been our alternative, and I think that it would have been prudent on our part if we had taken the product out of our list entirely. That we neglected to do, and it is the neglect