

1956 at 320 cruzeiros for 20 tablets, which at that time was the equivalent of \$4.41. Now, between 1956 and 1967 the price for Meticorten in Brazil has been increased eight times, and has risen from 320 cruzeiros to 2,480 cruzeiros. If one relates these steep price increases to U.S. dollars, because of the galloping inflation and the devaluation in Brazil of the cruzeiro, the price has actually come down to \$1.05. Now, we have no control over the prices which the government in Brazil permits the pharmaceutical industry, because when there is a devaluation, prices in these planned economies are frozen, and then after a while the Government usually permits an arbitrary increase in price for all commodities including drugs.

Senator JAVITS. We have some information which indicates that in Rio de Janeiro and in Bern, Switzerland your prices are very low, going down to \$1.59 and \$1.37 respectively for 30 tablets.

Mr. CONZEN. In Brazil my information is the price is \$1.05 for 20 tablets.

Senator JAVITS. What about Bern, Switzerland?

Mr. CONZEN. In Switzerland our price is five francs and 95 centimes, which, for 30 tablets, would be, at the usual rate of exchange of \$4.20, the equivalent of \$1.37.

Senator JAVITS. How do you account for that very marked difference between the Swiss price and the U.S. price?

Mr. CONZEN. I account for this difference as follows. The price has gradually come down in Switzerland where we do not operate ourselves, but where the business in Meticorten tables is in the hands of an accredited sole distributor who sets his own price, and these again are usually the result of negotiations with Switzerland, in other words, their social security system.

Senator JAVITS. Is the distributor taking the loss between what he pays you and what he sells it for at \$1.37?

Mr. CONZEN. He carries this item as a service item I would say, because the total sales in Switzerland of Meticorten in 1966 amounted to the equivalent of \$6,340.

Senator JAVITS. Nonetheless, in selling to him, are you accommodating your price to his need?

Mr. CONZEN. It is part of our overall foreign business to accommodate him, yes.

Senator JAVITS. So that there are wide differences between your prices to governments, which you call incremental, and your prices abroad—between those and your prices in the United States?

Mr. CONZEN. Yes, sir.

Senator JAVITS. This morning I explained to Mr. Burrows the problem of passing the cost at the retail level on to governments through the medicaid program, for example. Do you feel any need for adjustment, in order to deal with indirect governmental sales, to wit, where the Government pays the bill—as it does under medical aid—to your governmental sales where you sell direct to Government? How do you rationalize those two? In that one case apparently an enormous premium is being paid, if the Government pays indirectly through medicaid. On the other hand, if it seeks to get bids directly, it pays a very small amount. Now, doesn't that dictate that Government just ought to pick it up and distribute your product, or a product equivalent to it instead of letting the medicaid client go to the drug store?