

the other corticosteroids which compete in this particular therapy area.

Senator NELSON. But they are way out of line with other prednisones?

Mr. CONZEN. That is right.

Senator NELSON. President Brown of Schering said in 1959:

We certainly would have to reduce our price to meet the competition if Merck reduced its price.

What has happened since then to invalidate that judgment and statement by President Brown?

Mr. CONZEN. What has happened is that the market in corticosteroids has so drastically changed in these intervening 8 years that this statement of 1959 is no longer applicable to today's market situation in this product.

Senator NELSON. But \$3 million worth of prednisone is being sold annually on the market here, and if the reduction in Merck's price of 1959 would have forced Schering to go down to meet the competition, I still don't understand why it would not force it to go down to meet the competition in this \$3 million market.

Mr. CONZEN. I think the answer lies in that Merck, to my knowledge, does not sell prednisone to any significant degree, so it is no longer an important factor in the market.

Senator NELSON. I think that is exactly correct. I think that is the reason. There is no competition on the retail market. This demonstrates what I have been trying to say all along. The one thing known on the market is Meticorten and Merck can reduce its price to a nickel, and no doctor is going to prescribe it because he does not know that Merck, or any of the other producers, meet the Medical Letter's standards or USP standards. The dominant name on the market is Meticorten; isn't that the case?

Mr. CONZEN. I would say that with 130 different manufacturers products of prednisone available on the market, there are few items in today's armamentarium to the physician which have that much or more competition. In other words, there is more competition in this than in many other instances I know of.

Senator NELSON. I cannot answer the question of my own knowledge, but before we are through we are going to check some drugstores. I think you will find out what I found out from half a dozen checks that all the drugstores have Meticorten. You can take the list of firms mentioned in the Medical Letter to your independent drugstores. Most of the druggists have never heard of them, they do not stock their products for the very reason that the doctor does not prescribe them. Therefore, you can hold your price any place you please, because if the physician does not know about comparable products—and it is said that he does not—then you have no competition. But in the foreign market, where you have to compete, where there are competing prednisones on the market, your price is down. That explanation is, I must say with all due respect to you, more convincing to me than your explanation.

Mr. CONZEN. Senator Nelson, I would submit that—

Senator NELSON. I think you have done an excellent job. I am not critical of you.