

Mr. GORDON. From here to Australia which is half way around the world?

Mr. CONZEN. Yes. In terms of value of the material it is insignificant.

Mr. GORDON. Now, how about all other costs? Are there any costs there that are any lower than here?

Mr. CONZEN. Oh, yes. For instance, we do maintain a research establishment which costs us over \$10 million a year in this country, but not in Australia.

Mr. GORDON. All right, you did the research in the United States. But don't you have to pay for the research that you conduct here?

Mr. CONZEN. We continue to do so.

Mr. GORDON. Why aren't you asking the Australians who used prednisone to help pay for the research?

Mr. CONZEN. They have to pay their share, and the total foreign business, as I said before, yields a profit which compares favorably with the profit which our domestic business contributes to the overall corporate earnings. Incidentally our total volume in Australia on Meticorten is about \$2,000 a year.

Mr. GORDON. That is beside the point. Are you saying that you are making as much profit selling it at \$7.70 in Australia as you are when you sell it here for \$17.90?

Mr. CONZEN. Oh, no; I am not saying this.

Mr. GORDON. Then they are not paying for their share of the research costs, isn't that right?

Mr. CONZEN. They are paying a share but we cannot break it down to a few dozen bottles of Meticorten in Australia as to what their share to our overall \$11 million budget is. It is impossible.

Senator NELSON. But I do not think you could claim a lower cost of doing business in Australia because the research plants are located in the United States any more than you could claim lower costs in Los Angeles if your research plant is in New Jersey. You are selling the product some place.

Mr. CONZEN. Yes. The difficulty is the allocation.

Senator NELSON. That is a rollcall vote. I think we are going to spend some money and I do not like to miss it, so I have to go up there and vote. I have asked all the questions I had in mind, and you have been a very gracious and fine witness. Even though we may have asked a sharp question or two, it is all in the objective of seeking information. We appreciate your coming very much. You have been very helpful and your testimony has been valuable to the committee.

We have some charts that I have used in part which will be printed in full in the record.