

mendous price differentials which distinguish the generic from the trade name or trademark ethical drug; isn't that a fair statement?

Dr. CHERKASKY. I think that that is substantially correct. However, we purchase a great many brand names, and I think that the prices for those are higher than they should be if the entire practices of the drug industry were sound, but other than that reservation, yes, Senator.

Senator JAVITS. And what is endemic in this situation as it has been gradually demonstrated to us is apparently the unbelievably large advertising and promotion content which even invalidates the idea that the overall profit is necessarily so sky-high as to be shocking.

Yes, they do very well, these drug companies, extremely well, but apparently the built-in promotion and advertising expense is beyond belief. We might just as well eliminate possibilities as a conclusion. Are you aware of any impropriety in the relationship between prescribing doctors and druggists?

You know, there was a time in the past where that was quite scandalous. I gather because it hasn't even been referred to, that these are things that happened before, but there is no attribution of any relationship to any propriety practice insofar as these high prices for ethical drugs that are trademarked and trade brands, as a matter of general repute.

Dr. CHERKASKY. I think that is correct. I think it was a problem at one time. I think that if it is one, it is not a major one.

Senator JAVITS. Exactly.

Dr. CHERKASKY. That particular abuse.

Senator JAVITS. Now, Doctor, I think what we are after is two things. I don't want to characterize the subcommittee which has been led in a very gifted and, I think, a very able way by our chairman, Senator Gaylord Nelson.

One, is all of this promotion and advertising necessary to the dissemination and acceptance by the medical profession of the latest advances? That would be point one.

And point two, if it is necessary, assuming it is necessary, is it being done in an extremely wasteful way and at extremely high cost, far more than its economic worth?

Dr. CHERKASKY. Well, I would say to you that I think the advertising campaign is destructive. In fact, Senator, it confuses. I think that it is a huge expenditure. I won't make any comment about what the return is on that expenditure because I am not able to do that. I think, however, that one of the serious problems that we must deal with is to bring this whole terribly costly campaign of advertising, which I guess costs upward of three-quarters of a billion dollars a year, under some kind of control. Unfortunately, what has happened, because of the blandishments of our terribly clever advertising people, is that advertising has become a substitute for doctor education, and a very poor one. I think that a large part of this advertising expense clearly makes no contribution to the community, to the doctor, and, as you have indicated, maybe not even to the profits.

Senator JAVITS. There is, however, some expense factor which is necessary. In other words, there is some dissemination of information to the doctor, or even to the hospital, perhaps even some advertising to give the public a sense of institutional confidence. I notice you speak of