Mr. GORDON. Are you acquainted with the Sainsbury report recommendations on the elimination of brand names? Let me put it this way. What they suggest is that the first manufacturer adopt a name, a trade mark, and then every other manufacturer can use that name. That will be the name.

Mr. STETLER. "New drugs should be marked only under Commission approved names" they say. And I think they are talking in terms of a generic concept. But, of course, the 1962 Drug Amendments gave the authority to FDA to make the decision on generic names. So really we have this provision right now.

Mr. GORDON. Mr. Stetler, on behalf of the subcommittee I want to thank you very much for giving us a very fine statement. We are extremely sorry that we could not hear all of your people. We look forward to hearing the rest of them on the 29th.

Mr. STETLER. Thank you. And I really appreciate the chance to be here today to present our views.

(The complete prepared statement submitted by Mr. Stetler follows:)

STATEMENT OF C. JOSEPH STETLER, PRESIDENT, PHARMACEUTICAL MANUFACTURERS ASSOCIATION

Mr. Chairman and Members of the Committee, I am C. Joseph Stetler, President of the Pharmaceutical Manufacturers Association. Accompanying me are Lloyd N. Cutler, Special Counsel to the PMA, and Dr. A. E. Slesser, Associate Director, Quality Control, Smith Kline and French Laboratories.

I welcome the opportunity to appear today to answer charges made against the pharmaceutical industry during the current hearings of the Committee, and to describe how the industry serves the public health. I am not, of course, in a position to answer charges or questions addressed to any particular company. You have already heard testimony from representatives of five leading pharmaceutical firms, and I am confident that any other PMA member company you desire to hear will be willing to testify.

My statement and those of the other witnesses scheduled to appear on behalf of the Pharmaceutical Manufacturers Association will be addressed to the principal questions which have been raised here, as well as to other issues which we believe merit the Committee's consideration.

We have submitted, with our prepared statements, a considerable volume of additional material which we would like to have included in the printed record of the hearings. It consists mainly of the results of a broad range of studies by authorities in their respective fields, undertaken to provide the Committee with a comprehensive picture of the industry's operations and achievements, and to place in better perspective some of the testimony you have heard to date.

The PMA witnesses who follow me today and later will comment in greater detail on many of the points I will touch on briefly in my testimony. We will deal with the issue of prescribing and dispensing drugs by their generic names, and will discuss drug prices and profits. We will deal with research trends and expenditures. We will discuss the high-risk characteristics of the pharmaceutical industry and its need to attract capital for growth and for continued health progress. We will also discuss the vital aspects of production and engineering techniques and quality control in the manufacture of drugs, and the differences that may exist among drug products containing the same active ingredient, but which come from different manufacturing sources. We will set forth the unique importance of the industry's promotional efforts in the delivery of product information to physicians.

The backbone of this industry consists of the innovators—those firms that strive, through creative effort, to assure the continuing flow of valuable new pharmaceuticals, and to maintain the highest quality standards for their existing products. There are other companies in the pharmaceutical industry which engage only in the manufacture of drug products developed by others. I am not here to criticize these non-innovators. Theirs is a legitimate business undertaking. All firms marketing high quality drug products at competitive prices perform an important economic function. The fact remains, however, that their costs of