

any village, city or county in the United States. No matter what the market situation, his product—in its full line—is there whenever and wherever the physician needs it.

The Pharmaceutical Manufacturers Association

Turning now to the Association for which we are speaking today, let me quickly describe its structure and the companies that make up its membership, and tell you something of their accomplishments and aspirations.

The PMA is a non-profit trade association which traces its history through two predecessor organizations to 1907.

Its 136 active members engage in the production of prescription drug products—those which are primarily dispensed by licensed pharmacists at the direction of medical, dental and other practitioners who are licensed by state law to prescribe and administer them. These member firms account for upwards of 95 percent of the prescription drug products made and sold by the entire industry in the United States at the present time.

PMA firms currently have facilities in 44 states. In the United States, the prescription drug industry employs 125,000 workers, including a high percentage of scientists and research specialists. The annual payroll is more than \$897 million. They pay taxes of approximately \$506 million per year to federal, state and local governments in this country.

These figures do not take into account the activities of the thousands of supplier companies that depend wholly or in part on the prescription drug industry. The wages, dividends and taxes paid by the manufacturers of packaging materials, machinery and other equipment represent another sizable contribution to the economy.

Member companies vary greatly in size. Several do an annual business of less than \$200 thousand, while others have drug sales of \$100 million or more. Approximately one-half of our member companies would qualify as "small business" as that term is defined by the Small Business Administration.

Drug Industry—Competition and Accomplishments

No one company accounts for more than 7 percent of total domestic prescription drug sales, which last year reached more than \$3 billion. This low degree of concentration is approached by very few other manufacturing industries of comparable size.

Constant striving for discovery and excellence has resulted from competitive rivalry in the marketplace and through such competition has come the strength and viability of the drug industry which has contributed so much to medical progress over the years.

The pharmaceutical industry as we know it today is very young—less than 30 years old. Within these three decades, we have seen the emergence of a variety of new drugs that have all but revolutionized the practice of medicine—sulfonamides and antibiotics, cardiovascular preparations and anti-depressants, vitamins, hormones, and tranquilizers—an impressive array of drug products that have virtually wiped out some killing diseases, have shortened the length of the average stay in hospitals, have reduced the space requirements of mental institutions, and have been a boon to doctors everywhere in the practice of their calling.

These developments reflect the results of an outstanding system for the discovery, production and distribution of drug products which have made a truly unprecedented contribution to human progress. The system may not be flawless. It is, however, the most efficient, the most dynamic and the most innovative of that of any country in the world.

From 1940 to 1966, an amazing total of 823 new single chemical entity drugs were introduced as prescription drugs in the United States.

Perhaps I should explain that a "single chemical entity" in the field of pharmaceuticals is a unique substance unlike any other drug. It becomes the active ingredient in one or more drug products, or it may be employed as one or two or more active ingredients in so-called combination products.

At this time, I would like to submit for the record a compilation of the 823 new drugs which have been introduced since 1940. The list¹ was prepared for PMA by Paul de Haen, Inc., the nation's foremost authority on the origins of drugs.

The compilation is significant in your consideration of this great industry for

¹ "Review of Drugs 1940-1966", *American Professional Pharmacist*, Paul de Haen, Inc., November, 1967.