customer could normally buy. The price cannot be established for a large quantity that only the biggest chain drugstore could reasonably use. This is a trick which can be done, but which is not done in the drug business. It just cannot be done by coming out with a 100,000-tablet price which only Walgreen, for example, could use. This would be a sham, giving Walgreen a price advantage which is improper because the little fellow cannot either physically or financially buy 100,000 of these tablets. I think the pricing practice in the drug business in this area is extremely careful, is extremely closely advised by legal counsel, and is strictly within the spirit and the letter of this law which protects the smaller merchant against the larger potential commercial competition that he has. I think this is a very important fact which has affected prescription prices and is affecting today's prescription prices. Sometimes I think it is not always completely appreciated. No matter what you think about Robinson-Patman, you have to realize that this is one of the controlling factors in keeping these prices rigid and keeping them at the level at which they were originally established. There are no pressures to bring them down, no normal competitive pressures in the marketplace.

Senator NELSON. We have just talked about the situation where a company will sell 100 tablets of the same drug to the retail pharmacist for $17 and $1 to New York City. If you then allow a company to buy 100,000 tablets, and give it the price which you give to New York City, then you would end up driving the people out of business who are paying the $17 per 100.

Mr. SQUIBB. Out of business, that is the idea.

Senator NELSON. If you didn't have that price differential in the first place then you would have quite a different problem.

Mr. SQUIBB. Yes, and the fact that the industry has permitted it more and more and still seems to be following the practice as you pointed out, of having this tremendously wide variance, continues to keep them in trouble at their end. They do not seem to learn. They keep developing these very wide variants and I think it is going to get worse because the other area which we have not talked about yet, the private hospital area, is developing more into competition with the retail pharmacy area of operation, and in this latter area Robinson-Patman at this moment does not apply. Hospitals are nonprofit and are not judged to be in competition.

Senator HATFIELD. Mr. Squibb, let me clarify the record a bit by asking this. As I understand it, you take issue with some of the industry witnesses we have had who have stated very specifically that quantity buying does have a distinct impact upon the pricing differentials. You say in your testimony that package size and quantity discounts are minimal.

Mr. SQUIBB. I say that they are minimal at the retail level; that is, in sales to retail pharmacies. They certainly are not minimal in overall sales to private institutions, Government and privately controlled hospitals. I am talking here about the rigidity of the retail price list, in which five-percent quantity discounts or ten-percent quantity discounts are the maximum that are given.

Senator HATFIELD. As it would relate to the average consumer purchasing through a corner drugstore, the quantity buying by that drug-