

Mr. SQUIBB. Oh, yes.

Senator HATFIELD (continuing). Serving as a member of that committee?

Mr. SQUIBB. That is right.

Senator HATFIELD. And his background having been influenced by your industry?

Mr. SQUIBB. That is right, certainly. We even see the committee of physicians in a given hospital take turns, rotate in this responsibility over the years, and as a result you see the products on a formulary changed just as the physicians change in this committee. This is evidence of what you are talking about.

I think we have probably covered the pharmaceutical pricing background. I would like to raise or point out something here which I think has not gotten into the testimony yet too clearly, and that is on page 8, the top paragraph there. It is significant to note that the industry's pricing policies and practices have not only brought on sharp criticism from those in academic, press, and legislative circles outside the pharmacy and medical professions, but also from those within the professions. The drug press, pharmacy convention proceedings, records of legislative hearings, all are full of complaints of discriminatory pricing on the part of manufacturers from retail pharmacists, wholesalers, their trade associations; from puzzled physicians, purchasing agents, and institutional personnel both private and government-employed who are faced with responsibilities to maintain and dispense inventories of drugs. Friend and foe alike of the industry point with all sorts of degrees of alarm, shame, disgust, distrust, and perplexity at what is certainly a situation at best hard to justify, and at worst completely unreasonable, chaotic as well as shortsighted and stupid.

The criticism of drug pricing is even more bitter within the industry, within its customer framework, than it is in the full light of testimony in hearings such as this. Industry is struggling with this, but it does not seem to come to grips with it.

Now, let us see what can be done about pharmaceutical pricing, the public conception of which threatens a whole industry, and which could lead if not properly handled, to irretrievable steps of retribution and regulation which very well might have serious implications for the whole pattern of medical care in the United States—and not necessarily for its improvement. It is important that public confidence in the fairness of drug prices be restored, and that in so doing the future of an important industry's contribution to medical progress not be limited or proscribed to absolutely no one's benefit.

First, how can the industry by itself revise its price structure and restore some sanity into its marketing programs? It must be immediately realized that the concern here is with prices, and this being so, a concerted, cooperative approach by pharmaceutical companies is impossible, antitrust and conspiracy concepts being what they are. Actions must be taken and solutions found, company by individual company working within its own framework of costs, prices, and profits—not to mention its own competitive standing in a bitterly contested market.

In the first place and by far the most important of all, pharmaceutical management must understand the nature of the social climate