Mr. GORDON. You are not saying that?

Mr. SQUIBB. No, I am not saying that. It could be or could not be. It might or might not be the case, but I am definitely not saying that they are low because of competition. There may be competition in terms of what they are thinking about in a given foreign country, and there is certainly competition here. Competition is engendered at the high level by trademark promotion and competing for the doctor's attention, which we are doing here, and spending money to do it.

Mr. GORDON. I am talking about price competition now.

Mr. SQUIBB. You can set your price high if you put on your strong sales promotion, and produce large volume.

Mr. GORDON. But, that kills competition. Why do you have sales promotion? In order to try to differentiate your product, to show that it is a different product from anyone else's.

Mr. SQUIBB. That is right. I think we are talking about competition in a different framework. You are right. What you are talking about, our efforts here is to kill competition by taking all of the market yourself. That is true.

Mr. GORDON. Now, coming back to the risk business, how many PMA members have gone out of business in the last 10 or 15 years? Do you know of any?

Mr. SQUIBB. I do not know of any.

Mr. GORDON. Can you tell us how many times during, say the last 10 years, have the profits of the large PMA members fallen below the average for the industry as a whole?

Mr. SQUIBB. Well, the studies I have seen in this connection have always indicated that the pharmaceutical industry represented by these top producers has been higher than average, and among the top one or two industry groups. They have always been in the last 10 years well above what might be considered average or normal return.

Mr. GORDON. Can you tell us how the drug industry might be affected by cyclical factors, say depressions?

Mr. SQUIBB. Well, certainly in the past, the drug industry has only been slightly affected by this, which can be expected because purchases for medicines are probably the last thing that you cut out when you are hard up. Also in good times you do not go out, rush around and buy a lot of unneeded medicines. But I think that there is going to be even less such effects in the future as the Government steps in buying more and more medicine and reimbursing more and more of the medical bill. Psychological forces are going to have even a lesser effect. They will have very little effect.

Mr. GORDON. Now, as to product obsolescence, are there many products which have been losses to the drug firms? What is the extent of the losses?

Mr. SQUIBB. Well, there are many products which are on a downward sales curve, and there are many products at a given moment on any given sales list, I believe, which are losers in themselves and by themselves. They have been winners in the past and now they are losers.

Mr. GORDON. Why do they retain them?

Mr. SQUIBB. Well, I think that one of your witnesses touched on this very well. He said sales departments find it hard to let these things go.