Mr. GROSSMAN. I would just hope that others of the leadership that you mentioned and I mentioned would be free to come up here and talk to us and let us know what they think, without this kind of press release staring them in the face.

Mr. SQUIBB. That is their problem. I do not think you are going to get very many here right now.

Mr. GORDON. Mr. Squibb, isn't this a kind of intimidation that this is what anybody can expect from the industry if he comes up to testify along these lines; that PMA is going to put out a press release attacking him?

Mr. SQUIBB. I assume so. I am not intimidated and I do not think they figured I would be. But, I think it is too bad that they cannot try to make something good out of what I say, even if only a crumb.

I think we were on page 16, talking about the loss of the service products. A better answer to this situation is to try to price the losers more appropriately; they can carry a considerable premium because of the very rarity and urgency of their use, or to dispose of the product to some other firm which because of more suitable facilities, lower overhead, or other advantages can better produce the item. In any case, it does not appear that the practice of providing the medical profession with a few under-priced service items is any real or significant burden on overall earnings even giving no credit at all to the "goodwill" or "good public image" created by the practice and exploited with enthusiasm by public relations departments.

The pharmaceutical industry has historically been partial to special deals of the most extraordinary nature on its products—deals, of course, offered openly to all competitive classes of customers. Perfectly legitimate deals as far as Robinson-Patman or antitrust are concerned, but deals which are greatly disruptive of whatever price structure of a formal nature, and there is not much of it in any case, that may exist. For example, deals often go far beyond the one-free-with-a-dozen offer frequently found in case-good pricing, to such levels as five free with five, and even two free with one. It is not uncommon for an important pharmaceutical product of a strongly competitive nature priced at, let us say, $10 to the retailer to be offered by the salesman for a limited period of time at one free with each purchased, bringing the cost to the retailer for that purchase to $5. The use of this material on a refill prescription for an original which was filled with $10 material opens up all sort of intriguing pricing questions. Diversion, overbuying, substitution, special sales pressures for price alone—and many other questionable practices—are practically guaranteed by this sort of pricing. And, behind it all lies the question, what is the real price of the product?

Other types of deals offered seasonally for "inventory protection," or as stimulation for salesmen's selling activities, or as devices to move potentially short-dated merchandise, or as lures for improved dealer cooperation and support, all may or may not accomplish the intended purpose, but each without question seriously confuses the price basis for the product and contributes importantly to the feeling that the original off-deal price is somehow inflated and not really necessary. Deals add greatly to the difficulty of outsiders in understanding pharmaceutical sales operations, and even have the unfortunate result of