adding to the burden of public suspicion unfairly. Sometimes a company has a published price for a product which is a fine target for "high-price" critics, but rarely, if ever, sells the item at this price because of the frequency and generosity of its deals on the product—deals which the retailers wait for with the certain anticipation of a bargain price. In the meantime, the published price remains for all to see and none to use, and as a perfect subject for critical analysis by industry's detractors. Manufacturers should take a new and hard look at their published retail prices compared with their average selling prices based on unit sales divided into the dollars received. Deals are importantly disruptive of orderly pricing introducing an element of uncertainty into the market that often confuses the manufacturer as well as his customer. They have been overused in fact, misunderstood in principle, and wrongly analysed in relation to their effect on profits often enough to make them an area for immediate and determined study by any management which believes in pricing reform as a prerequisite to the solutions of many of the industry's critical problems.

Mr. GORDON. When the PMA brought up the problem of generic equivalency a couple of weeks ago, one of its witnesses presented data to indicate that its antibiotic produced higher blood levels than the products of two other manufacturers, perhaps three others, I do not recall. Now, in your opinion, how meaningful is this type of a study?

Mr. SQUIBB. It is very meaningful if you are the manufacturer of one of those four products concerned. However, I think the generic equivalency argument which certainly has not yet been developed, is self-limiting, because you are working only with specific products, whether it be 10, 12, or 50, and you prove the equivalency of those products. Outside of what you are testing, you have no data whatsoever, and the fact that product A differs or is equivalent to product B, C, and D, or vice versa, does not cover F, G, H, I, and J at all. And in this vast field, whether you are coming in as a supplier of product A or product D or product F makes a big difference. The situation varies from where you approach it.

Mr. GORDON. You would say that no broad generalizations can be made?

Mr. SQUIBB. You cannot make generalizations at all. These are specific examinations of specific products for a specific purpose, and you cannot deduce a result in another area because product A and B are different. You cannot say that product A and F are different unless in fact you test product A and F, and so forth.

Senator NELSON. Let me inquire about that a moment. The assertion continues to be made by some representatives of industry that there is no such thing as generic equivalency. If that statement is to be meaningful at all, it seems to me, it can be argued technically that no two drugs are identical because no two things really are identical. But is it not correct that the assumption upon which formularies are established in this country is that using the clinical information that a therapeutics committee has, they can select drugs for their formulary, and although there may be four or five brands, brand names or generics, that purport to do the same thing and be the same compound, based upon their experience the formulary committee selects one.