

Do you have an observation you would want to make about that?

Mr. SQUIBB. I think that is horrible. I think to the extent as you have described it, if that feeling exists in the industry, it negates the special social responsibility which I think anybody dealing in dangerous drugs has, because all drugs, even the greatest life-saving drug, has dangerous potential. I believe that every pharmaceutical manufacturer should without limitation or selection at all times disclose completely those things within his own knowledge of his product, making them available to everybody who is a potential customer. The fact that this might be in a country where there is no law as you say whatsoever, and you sell off the back of a wagon, this is no different. If you take any other attitude today, it is just disastrous, it is immoral, it is unethical, it is stupid. I think it is perhaps even worse than being stupid, and a number of other things which you can be, because it is bound to come back on you and bring retribution as soon as your drug is inevitably used by ignorant or uninformed people. In the long term this is not what you can live with. I think it is a horrible story that you recite there. I cannot see how a responsible company can fall back on "the law" to limit its burden for proper disclosure of things it knows about its products, good and bad both.

Senator NELSON. Thank you.

Mr. SQUIBB. Now we have come to the problem of research, maybe the stickiest of them all. We have seen this point brought up here already today.

Research costs are used more often than any other one factor as an explanation for drug prices whenever the pharmaceutical industry is replying to its critics—or even when it takes the initiative in one of its "image building" or "storytelling" phases. They are certainly part, and an important part, of the industry's operations. They are in the overall sense essential to keep the medical armamentarium of drugs moving ahead. However, a great deal more light needs to be shed on the general subject of pharmaceutical industry research and the costs thereof—both as to its own internal research organizations, programs, and procedures and as to the research projects it supports outside its own walls.

It is most difficult in industry circles to criticize "research," or even to attempt to stand off and look at it objectively. To many, drug research is almost a religion, and to question it in any practical way is to speak heresy. However, it must be said that there is a poor, wasteful, extravagant, unproductive, unimaginative, and pointless work being done under the category of "research" by the industry.

It would be perfectly astonishing if that were not the case.

The degree of this among all of the productive and sound research operations carried on is certainly open to argument. Most probably it varies from time to time and from place to place, but it always represents a sizable part, and a significant one because of the amount of money involved. There are several questions that should be asked by every pharmaceutical manager and in turn by his research director, and answers given before research objectives are set and funds to carry them out are committed. These questions involve such matters as the proportional size of research budgets both minimum and maximum in relation to basic operating costs or even to sales; number of projects