sort of thing produces. I think we have a special difficulty with profit when someone takes our product who does not want to take it in the first place.

Mr. GROSSMAN. What were the figures, I think 21 percent?

Mr. SQUIBB. 21.1 percent, a rate of return in 1965 had been 21 percent.

Mr. GORDON. After taxes?

Mr. SQUIBB. This is with an after-tax return of 21.1 percent.

Mr. GROSSMAN. Could you suggest to the committee what you think would be a fair return?

Mr. SQUIBB. I think a fair return, as I tried to say before, is the average return of comparable consumer goods industries that have a broad base of utilization. As a matter of fact if you want to pick out a figure, I think it is around 12 percent instead of this 21.

Mr. GROSSMAN. Do you think that some type of limitations on profit might drive out some of the smaller companies?

Mr. SQUIBB. No.

Mr. GROSSMAN. Leaving the field to the majors?

Mr. SQUIBB. No.

Mr. GROSSMAN. You do not think so.

Would you say that any action to reduce profits would necessarily result in lower prices to the consumer?

Mr. SQUIBB. Yes. You don't make an action to reduce profits per se. You do these things that I have outlined and some others, and you find what happens then, what you come out with. You plan and you budget ahead a 10- or 12-percent profit. You reconstruct your industry in a believable or a credible fashion for public acceptance rather than leaving the situation as it is now which is out of control.

Mr. GROSSMAN. I was just thinking for example of the steel industry which has been hurt very badly by imports and their profit margin has gone down, and we are all aware recently that their prices did not go down, but rather they have just gone up.

Mr. SQUIBB. Well, you have got a different situation here. I am saying the industry should be concerned with the opinion that outsiders have of it, because it is such a prime target for regulations. Specific regulation by people who can do it at legislative State and Federal levels. So these people will do it, unless we in the industry take in our hands to correct what are not really abuses legally, but evidence of good work done in the past. To get yourself to a 21 percent profit return you have to be pretty smart, you have to be creative, you have to have done something right to reach that position. But in reaching that position, you have opened yourself up, because of the nature of your industry, and this alone, to real serious problems.

Mr. GROSSMAN. The social responsibility.

Mr. SQUIBB. That is the point, and it is not to the point that your prices have gone down or other things in so doing, or that you have developed any drugs that are for killer diseases and all this kind of thing. That is beside the point, too. We have got to maintain ourselves in an atmosphere of extraordinary goldfish bowl credibility or visibility expected of all serving the health area, not only of the industry which we are talking about here today, but they expect it of everybody who is taking part of the health dollar. We want to be sure that the public's dollar, whatever is spent for medicine or hospital services or medical