

great detail to the intricacies and economics of this industry, and I would appreciate some explanation from them as to this situation.

Mr. CUTLER. Some of today's witnesses may be able to comment on the conclusions you draw but as to any factual dispute between us we would like an opportunity to study this chart and to respond to you at our next session.

Senator NELSON. Fine.

As I understand it, Mr. Cutler, you desire to have Prof. Paul Cootner, Mr. Plotkin, Mr. Gordon Conrad, and Professor Markham on a panel at the same time?

Mr. CUTLER. Yes, sir.

Senator NELSON. And would you identify the witnesses for the record?

Mr. CUTLER. Yes, I shall.

We have three groups of witnesses for you today, Mr. Chairman, to testify as to various economic issues that have arisen in these hearings. The first group consists of the four gentlemen you have just named who will testify to the relationship they find as economists between the existence of above-average risk and the existence of an above-average rate of return in that industry, and to the presence of above-average risk in the pharmaceutical industry.

These gentlemen are, first, on my immediate right, Prof. Paul Cootner who is a professor of finance at the Massachusetts Institute of Technology. To his right, Mr. Irving Plotkin, of the Arthur D. Little Co., in Boston, the consulting economist. To my far left, Mr. Gordon Conrad, also of Arthur D. Little, and to my immediate left, Prof. Jesse Markham, professor of economics at Princeton.

We would like to begin with a brief statement of the theory of the relationship between risk and return by Professor Cootner.

If we may, since all of these initial four statements are quite short, Mr. Chairman, we would like to have them delivered as a group, and then have the entire four submit to questions rather than have questions put to one which could better be answered by another. But we will, of course, abide by your wishes in the matter.

Senator NELSON. I have tried this so many times. It means we have to go back and reread and recheck the statements and if I don't have time to write down a question that occurs to me at the time the witness is testifying, I can't remember it later. But, if I ask a question of any one of the witnesses which someone else is better qualified or prepared to answer, I am perfectly happy to have that person respond to the question, and if that question is more applicable to a subsequent witness I would be glad to set it aside. But I would rather have the record show the questions and answers in the text as I go along, because it makes it easier to read the record and it makes it possible for me to ask the questions which subsequently I may forget to ask.

Mr. CUTLER. All right, sir.

Senator NELSON. If someone else can answer the question just let the witness identify himself for the record so that the record will show who is answering the question.

Mr. CUTLER. Right.

We would like to begin then with Professor Cootner, of MIT.