

Dr. COOTNER. It is an association of economists whose particular specialty is in mathematical and statistical approaches to economics.

Senator NELSON. That is the new school as contrasted with the classical economists?

Dr. COOTNER. That is one way to define it.

Senator NELSON. Who is the next witness?

Mr. CUTLER. The next witness, Mr. Chairman, would be Mr. Plotkin.

Mr. Plotkin and Mr. Conrad of Arthur D. Little have tried to make some empirical, if I can use an economist's word, measurements of risk in the drug industry, and have tried to correlate the relationship between their measurement of risk and return in that industry with an array of other industries across the entire spectrum. We would like to have Mr. Plotkin present that to you right now.

Senator NELSON. Both of these?

Mr. CUTLER. That is the booklet entitled "Risk and Return in American Industry—An Econometric Analysis."

Senator NELSON. That is the case in which charts are used by both witnesses?

Mr. CUTLER. That is correct.

Senator NELSON. All right. We are glad to have you here, Mr. Plotkin. Your biographical sketch will be printed at this point. You may proceed to give your statement.

(The biographical sketch of Mr. Plotkin follows:)

BIOGRAPHICAL SKETCH OF IRVING H. PLOTKIN

I am an economist specializing in econometrics and operations research. My academic training includes work at the Wharton School of Finance and Commerce (University of Pennsylvania) and Massachusetts Institute of Technology Sloan School of Management, Department of Economics (for which I am presently completing my doctoral dissertation). I have served as a consultant in preparation of econometric studies for several government agencies (Department of Justice, AEC, FDIC) as well as some of the nation's largest corporations. My work has been primarily concerned with decision making under uncertainty and the measurement of risk.

STATEMENT OF IRVING H. PLOTKIN, CONSULTANT IN ECONOMETRICS AND OPERATIONS RESEARCH, ARTHUR D. LITTLE, INC., CAMBRIDGE, MASS.

Mr. PLOTKIN. Thank you, Mr. Chairman and members of the committee.

I am Irving H. Plotkin, an MIT economist and a consultant in econometrics and operations research. As a part of their research for the Pharmaceutical Manufacturers Association, Arthur D. Little, Inc., has retained me to perform econometric studies of the risk/return pattern of the American economy.

Our full statement of the findings of this research and the relevance to the pharmaceutical industry is contained in the report "Risk and Return in American Industry—An Econometric Analysis",¹ just referred to by Mr. Cutler. I request that it be printed in the record as part of my testimony.

¹ The report "Risk and Return in American Industry—An Econometric Analysis," begins at p. 1746, *infra*.