Senator NELSON. It would change it to third or second?

Mr. PLOTKIN. It could change it to be equal to third or to second, but it would not materially affect these results.

Senator NELSON. What are the three industries which are higher?

Mr. CUTLER. Mr. Chairman, you can see all those figures on page 78, industry by industry.

Senator NELSON. Seventy?

Mr. CUTLER. Seventy-eight.

Senator NELSON. That risky gold-mining business is right up there in third place, I see.

Mr. PLOTKIN. I am very glad you asked about it, and perhaps this is a subject of many senatorial and congressional investigations, these days.

Gold mining was one of the industries which allowed us to have a good deal of fit in this relationship. We know gold mining does not operate under the normal economic pressures that confront companies competing for the consumer's dollar in the marketplace.

The price of gold is artificially established by administration fiat, independent of the demand for gold. Some question may be raised whether that fiat will be maintained, despite the demand for gold.

However, as an industry, it does not return a rate of return commensurate with the risks involved, which simply means that there is a distortion of the amount of capital that has flown into that industry. This is something to be expected when the Government is primarily controlling the market. It is not functioning along, and competing along, with other industries.

Senator NELSON. Did you operate on the assumption in your evaluation here that there are really no significant differences between the drug industry and the other ones that you have compared it with?

Mr. PLOTKIN. No, sir.

Senator NELSON. You say there is a difference in the gold-mining industry because its price is regulated. Did you take into consideration the fact that there is a high degree of control by the individual seller of the drug product in the market, and that he may very well be the highest priced with a product that is no better than one that sells for one-tenth of the price, and that there is no other industry that I know of in which that is true?

Mr. PLOTKIN. Let me trace through my logic of the gold industry much more carefully.

I, in no way, tried to determine the peculiarities of the individual industries ahead of time. I set up a standard of measurement, a definition of return, and a definition of risk which was reasonable—reasonable to a large body of scholarly economists—through which definition I looked at all industries with the same set of glasses, and then I looked at where they fall on this pattern.

After the analysis is done, I noticed that gold mining is seemingly out of the pattern, is one of the outstanding ones to be out of the pattern.

I then see whether I know of any reason which could cause it to be out of the pattern.

The statistical question, and this is why they call economics the dismal science, but perhaps statistics is equally dismal, and the statis-