or will the drug companies become like the fire and property insurance companies, merely holding companies of capital, not actively expanding their own markets, but going into other ventures which are, may be, less profitable on the average, but have less risk and which they feel more confident in.

This is the thing which worries economists when there is regulation proposed. If there is excess profit, profit above the risk level, then there is no harm to the normal flow of capital in reducing the profit.

But if the profit is concomitant with the risk level, the harm is a potential threat to capacity in that industry, and that is the only reason we commend such a study to your attention, pointing it out not as proponents of specific points of view, but a proponent of a more general point of view that regulation must take into effect and into account, not only the rate of return but the risk in the industry, and asking only that that judgment be made.

I am critical, personally, and admit this is a personal point of view, about the FTC year-in and year-out ranking industries by rate of return, and indicating by implication that ones at the top of the list are bad for the economy. This is a false statement, and cannot be justified by even the most elemental of the textbooks. They should also have another column ranking the riskiness.

Senator NELSON. I have not followed it, obviously, as closely as you have. Did the FTC issue a report that those industries which ranked so high are somehow doing damage to the economy, or is that your opinion?

Mr. PLOTKIN. It is my interpretation, not from reading only the entire report but from the news release, the way they point things out, there is an implication.

In discussing it with my students at MIT, they have read the news release, I have received questions as to why is it bad to be profitable.

Senator NELSON. Did you read the actual report of the Federal Trade Commission yourself?

Mr. PLOTKIN. I read the whole, the entirety of the report. But I feel as far as influencing public opinion, the news release is sometimes more potent, and I concentrate heavily on that as well, because I know that not many people are professional economists and will not read the whole report. That is always the danger of epitimization and summary.

Senator NELSON. But I am just trying to get this straight in my mind. Are you saying that the Federal Trade Commission says something derogatory about high profit companies, or are you just saying the very fact that they released the high profit companies somehow is derogatory by implication?

Mr. PLOTKIN. I am saying that they release information in such a way that it has been interpreted, to my knowledge, by not very sophisticated students of economics as implying some derogatory function.

I am not saying that the FTC does imply it, but I would think it would be useful if in addition to listing the companies in order of return, they also listed the companies in order of riskiness.

Senator NELSON. Do they have sufficient information to list them in order of riskiness?

Mr. PLOTKIN. They have the finest economists who certainly could create a measure of risk the way they have created it at MIT and