

about markets in manufacturing, I would find it difficult to find other examples that come close in these magnitudes.

Senator NELSON. What were the names of the two companies?

Dr. MARKHAM. I do not know, I suspect No. 5 was Merck. It would have to be. These are products and that is, I suspect, Diuril. But I have no idea of what the others are.

Senator NELSON. You say Merck is the one that had the 35 percent in 1957?

Dr. MARKHAM. No, sir; it is one that had practically nothing in 1957 and 27 percent in 1958. The others, however, had their shares of the market decline very perceptively.

Senator NELSON. If you will give me the name of the company that had 35 percent rate of return in 1957 and dropped to 16 percent in 1958. Does that column for the company run vertically?

Dr. MARKHAM. No, sir; it goes across the page. It dropped to 16 in 1958 and to 7.8 in 1959, 6.6 in 1960, and by 1965, that same product had dropped to 3.7 percent.

Senator NELSON. Now, then, it is company No. 5 here that went from $\frac{8}{10}$ percent to 72 percent of the market in that product, is that it?

Dr. MARKHAM. Yes, product No. 5.

Senator NELSON. Now, could you give us the names of those two companies? Merck is No. 1, is that it?

Dr. MARKHAM. No, sir; I am virtually certain that product No. 5 is Merck's Diuril. I do not know, but we can, I assume, supply data. Again, I have to defer to Arthur D. Little, because I do not know the particular conditions or safeguards that surround these data. But I assume they can be gotten.

Senator NELSON. Do you have the names of the companies?

Mr. CONRAD. Not with me.

Senator NELSON. I must say that does not help very much. But we have Merck Co. here in 1957-58. They went from $\frac{8}{10}$ percent to 72 percent of the market in this product. The earning assets column shows that they went from 13.79 in 1958, 14.060 in 1959, and down to 12.393 in 1960. So the fluctuation based upon the one who got 72 percent of the market was very tiny. If it were the same on the company that lost the market, I do not call that much of a risk factor, either, do you?

Dr. MARKHAM. Yes; I do consider it a significant factor.

First of all, I think it ought to be clearly understood that, take any group of firms, particularly looking toward the top, you are talking about firms who have somehow met risks, somehow or another you would expect that, by definition, the leading firms over a long period of time will be leading firms in almost any given year. That does not in any sense indicate that the risk is not there. Some firms undertake satisfactorily and successfully risk. There also are some winners. There are a few winners at Monte Carlo who win consistently. But that does not alter the probabilistic outcome of the gambling game.

Senator NELSON. Well, maybe so far as your mathematics and economic theory are concerned, it does not, but the cold, hard fact of the matter is that you can look at the earnings statement of General Motors and it will fluctuate 10, 15 times that much in a single year without any additional competition, holding the same share of the market. So now you say that a company loses a substantial share, a major share,