

Mr. GORDON. But what happened to it, Dr. Markham?

Dr. MARKHAM. Well, now we can be a little bit more specific in the risk and return of American industry you have. That was the volume we were discussing before lunch.

I think I am correct on this. If you turn to page 60 of the Risk and Return in American Industry, the disorder that that drug created was discovered in, I believe, 1952. If you will take a look at Parke, Davis & Co., the manufacturers of the drug—

Senator NELSON. Just a minute. We do not have the right one before us.

Dr. MARKHAM. Its profits were reduced almost by 50 percent. Now, they went from a 20 percent rate of return in 1952 to 11.4 percent in 1953. Let me make it clear, I have not, Senator, made the precise analysis that can establish the cause and effect on this, but following your own line of reasoning earlier, it looks as though that was a significant blow to Parke, Davis & Co. in terms of what happened to profits.

Mr. GORDON. Dr. Markham, even though, as I understand it, Parke, Davis' profits had fallen, it was still 1.1 percent of net worth after taxes or less than 3 percentage points below the average for all large drug firms for that year.

Dr. MARKHAM. Well, that may be; I do not know where you get the 12 percent. My table does not show that. If you go to earnings on assets—

Mr. GORDON. Well, I went some other place. I can put that source in the record, too.

But even then, when the profits went down, it was still less than 3 percentage points below the average for all large drug firms for that year.

Dr. MARKHAM. Oh, sure. What one then has to ask himself is, suppose two product lines had been hit. The probability may not be high, but suppose it had.

Mr. GORDON. And incidentally, do you know what happened to Chloromycetin last year? Sales were \$45 million in the United States and over \$70 million worldwide.

Dr. MARKHAM. It may be, but I see by the morning paper, that has not solved all of Parke, Davis' financial problems. I do not want to read this into the record.

Mr. GORDON. We are talking about Chloromycetin now.

Dr. MARKHAM. Yes. All I am saying is that even though it may have come back, disorders do get cleared up, I assume, the point is really a very simple one. A single product that gets hit because of this particular risk drops the profits by 50 percent. I do not think anyone would argue that that is not a significant risk.

Mr. GORDON. Even then they could still be making a high return on their investment.

Senator NELSON. So the record will be clear, do you have the total sales of Chloromycetin for the year 1952 versus total sales by the company? I would like to have that projected. We do have the figures on the sales of Chloromycetin, I believe, for last year, which were \$45 million in the United States and \$70 million worldwide and it represented a major factor in Parke, Davis' total sales.