16, as were at work from 1950 to 1952, when they dropped a total of 15 percent. And maybe it did not have anything to do with product replacement or obsolescence at all.

Dr. MARKHAM. It may possibly be, and I am making no assertion that it is. Just to be again understood, I only say I am impressed with the magnitude of the change, the timing with the polio vaccine problem is unmistakable. That is as far as I would care to go.

Senator NELSON. Well, you have given us financial data about 29 companies, which we all have studied very carefully. The drug industry ranks as one of the highest in earnings of all industry.

Can you name for the committee among the 29, then, for which you have shown dramatic losses, one that suffered any kind of a detrimental effect as a consequence of drug obsolescence?

Dr. MARKHAM. I have not gone over these tables, Senator Nelson.

Senator NELSON. Oh, all right.

Mr. CONRAD. We have not gone over these tables in the detail, as you have suggested, that would be required to say with firmness what happened in the Cutter situation. We have not talked to the financial people and the marketing people about the specific impacts on their earnings from any of the drug changes that Professor Markham has been suggesting. But if we can just quickly read through the list and see where there were a number of instances of very significant change in profit level for these 29 companies.

Senator NELSON. But if they substantially restored their position, do you call that a risky company?

Mr. CONRAD. As long as the company is subject to significant fluctuation in its profit levels over time, the fact that it restored profit levels does not change the fact that it was a risky situation when it occurred. It was subject to the risk, the risk took place, the profitability dropped, the profitability then went back up. The company, through diligence and through research and development and good marketing, was able to return itself to the better position. But it is still subject, even after returning to this better position, to the same set of risks.

Senator NELSON. I just point out that even Cutter, which you recite as the sole example thus far, has met the industry average 7 out of the last 9 years, or even shown profits above it.

Dr. MARKHAM. No; I think you are possibly reading the wrong column. The column that we used in the study and that we used when we set the 10.75 percent all-industry average this morning, that is return on total invested capital, the second column, earnings plus interest over book capitalization.

Senator NELSON. You used column No. 2?

Dr. MARKHAM. Column No. 2 is the column that the study uses and the ones we referred to this morning when we calculated an all-industry average return over the 16-year period of 10.75 percent. Using that column, Cutter has been below that level in all except one year.

Senator NELSON. As a matter of fact, that is Cutter's position in the marketplace. They have only been above it twice in the last 16 years. So you have a company that does not have an earnings record that is at the average anyway. Right? They are low.

Dr. MARKHAM. And for 3 of the years prior to the polio thing, they were 9.9, 9.2, and 2.9.