Mr. GROSSMAN. Do you feel this is much more so than in comparable industries? Is it not the same thing? Somebody could find out that if I drink a Coca-Cola I am going to have gout, and the whole Coca-Cola Co. goes down the drain. And they have only one product.

Dr. WHITNEY. That is a possibility. Do you consider that a serious one?

Mr. GROSSMAN. I consider it as much of a risk as another industry that has made huge profits for 15 years.

Dr. WHITNEY. The way I see it is the industry that invests the most heavily of any industry in research and development incurs thereby a tremendous risk. Their profits and so on are being risked in research and development year after year.

Mr. GROSSMAN. Is there not anything that industry can do, for example, to act to prevent these things from occurring? Are there any steps that the industry could take, in terms of reserves against these risks, that they could take to lower the risk, whatever the risk is?

Dr. WHITNEY. You mean, for example, if they reduced their dividends, put their money in reserve and if 5, 10, 15 years from now, they stop being productive, they would pay the dividend out of that?

Mr. GROSSMAN. I am not suggesting——

Dr. WHITNEY. You are suggesting reserves.

Mr. GROSSMAN. I am asking is there any way to cut down on these risks?

Dr. WHITNEY. How can you cut down on the risks of research? That is something for the scientists to do. They do their best to get results. They cannot guarantee them.

Mr. GROSSMAN. Are these risks not borne out by profits, then?

Dr. WHITNEY. Oh, I think the profits—we do not know. In the long run, we will not know until the end of the 20th century. The profits are high, but the risks are also high.

But by point is not that the risks are so high. This is my predecessors' point.

Mr. GROSSMAN. When does risk become contingency; when does contingency become infinitesimal?

Dr. WHITNEY. In the railroad industry, I think there were no big railroad failures in the 1900's. The New Haven failed in the 1910's, the Milwaukee failed in the 1920's, and then only in the 1930's did it appear what a bid situation railroads had been in for decades, and they had been considered a prime investment.

Mr. GROSSMAN. In the report we have been looking at earlier, Searle reported profits of at least 20 percent since 1950. I do not see the 1966 figures. You say you are not an investor. Would you be afraid to invest in that company because of the risk?

Dr. WHITNEY. I certainly would.

Mr. GROSSMAN. Would you be afraid to invest in General Motors because of the risks?

In other words, you are not an investor, I take it.

Dr. WHITNEY. You are wrong in that. I have not considered the General Motors risk so severe as the drug company risk. It may be as severe; I have not considered it so. If the risks were as mild as you make them out to be——

Mr. GROSSMAN. I face risks every day. Don't we all? I want to know how much more this risk is than the risk of walking across the street.