The price in the United States is $57.58 a thousand to the druggist.

Now, as an economist, could you give me any idea why in this country, where the research was not done—Rhone-Poulenc obviously did most of the work and got the patent—it sells for $57.58 a thousand, and in Paris, it is $10.80 a thousand?

Dr. WHITNEY. If all goods were priced according to cost, you could throw my paper in the wastebasket. The law of attraction of capital by profits would not be allowed to apply. You have to direct capital where to go.

Prices are not normally set according to costs. That would be a different kind of economic system, one directed by the Government, perhaps.

Secondly, as to prices between this country and France, most products are different. You do not find the same price here as abroad. Their income is much lower. Their personal income, I would imagine, is one-third as much as ours, or less, and the prices are all at a much lower level there.

Senator NELSON. Well, we have cases, of course, where the drug is made in this country and shipped to Europe and sold cheaper in all European countries than it is here. That is not true of the American automobile overseas.

Dr. WHITNEY. Would you want drug companies to stop exporting?

Senator NELSON. I think you put your finger on it precisely, and we have raised this question before: There is competition in Europe so they have to meet the competition. They are licensed exclusively in this country and they do not have to meet any competition, so they can charge an exorbitant, a fantastically exorbitant price.

Is that true or is it not?

Dr. WHITNEY. If you reduce the price the way you are suggesting, to the French level——

Senator NELSON. I did not say to the French level. I just said——

Dr. WHITNEY. Something in between. There is some figure in between that would put them out of business completely. They alone do something like $20 million in research a year, maybe more. Then there is some higher price level that would cause them to continue their work, but gradually diversify out of drugs.

Senator NELSON. When the patent runs out and everybody can make it at that price, it will come down; will it not?

Dr. WHITNEY. I think so, and that is one of the real risks that a company in this industry has to take.

Senator NELSON. Where is the risk of a company that is licensed other than their investment in distribution and advertising? They did not do the research.

Dr. WHITNEY. If the product is replaced, there is a risk. The clinical testing they do is very great, too.

Senator NELSON. Everybody does that.

Mr. CUTLER. Smith Kline & French did it in this country. Rhone-Poulenc did not conduct the clinical testing in this country.

Senator NELSON. You do not see anything wrong at all in charging so much in this country, $10.80 in France, and up in Canada, selling at $2.60 to the Government, not to the druggist?

Mr. CUTLER. I do not draw the conclusions you draw from it.

Senator NELSON. I am trying to find some explanation.