Dr. WHITNEY. If they are going to sell in France at all, they have to meet the local price.

Senator NELSON. So there is no local competition here, and what you are saying is that because there is no competition in this country, they can charge what the traffic will bear.

Dr. WHITNEY. They are doing the same thing in France, selling in France for what they can get in France. You have not told me Smith Kline & French sells in France?

Senator NELSON. Yes; in France. They cannot do it unless they meet the competition.

Dr. WHITNEY. It is the same thing in France. Rhone-Poulenc has the monopoly in France.

Senator NELSON. Has it?

Dr. WHITNEY. Has their patent expired?

Senator NELSON. I do not know whether it has, whether it is cross-licensed or not.

I can give you a couple of examples of drugs manufactured in this country and sold at one-third the price in France and in Geneva after being shipped over there. What is your explanation for that?

Dr. WHITNEY. They are meeting the local prices. Otherwise they could not export.

Senator NELSON. And in this country, there is no competition.

Dr. WHITNEY. No, I am not admitting that. On a patent drug, there is only one product.

Senator NELSON. Right. You are correct.

I just would like to have you honestly confess, as an honest professor, that the reason for it is a monopoly in this country which allows a company to charge any price it pleases, and it will charge what the traffic will bear. And they will ship a product to another country where there is competition which they have to meet. So, the record is clear, they will manufacture drugs, and charge an exorbitant price here and then go overseas and meet the competition.

When I asked one of the manufacturers about this he said, "Well, the standard of living is lower in Geneva; that is why the price is lower." I said, "All right, how about Mexico City, where you charge three times as much as you do in Geneva, Switzerland?"

He said, "I could not answer that, I would have to ask the comptroller of the company."

What you have here is a price structure that defies explanation unless you are going to confess that they are monopoly situations, where the firms are going to charge whatever they can get.

Dr. WHITNEY. As a lawyer and as a Senator, you know that the patent law intends to give companies 17-year monopolies and they do it in order to give them enough profit to induce them to find further discoveries. You are stating what is expected. I do not think you should call it exorbitant.

Mr. CUTLER. Mr. Chairman, on your general proposition, some of the companies publish the proportion of their earnings that come from their foreign business and the proportion that comes from the domestic business. Generally speaking, their rate of return on investment on their foreign business is more or less the same as their rate of return on their domestic business. If they were by your standards charging