

Senator SCOTT. Machinery stocks, IBM, Xerox, and others like that have gone up fantastically.

Dr. MUELLER. In response to your question as to whether the stock market prices are responsive to public policy actions in the drug industry, I would say they are. As I indicated in my discussion of the investment analysts' views of the drug industry, one thing they discuss is that if there is increasing use of generic drugs, profits will come down. In other words, what they are predicting is: If your industry becomes more competitive profits are going to come down, and drug stocks are coming down, and this is true, I suppose, with respect to any public policy action that is going to affect drug prices.

So, I would not be at all surprised if this association exists. I ran across such comments in preparing this statement, as I looked at the way in which investment analysts viewed the industry. This is something they talked about.

Senator SCOTT. I notice there is no chart here which would tend to bear out or theorize—there is no chart of a steady rise in the valuation of these drugs. We are discussing only profits.

Dr. MUELLER. As I pointed out in the beginning, the stocks over this period have—stock prices relative to earnings have been very high. These ratios are far above the average of American industry. And I did not really think it was important for my comments to show the trends in stock prices. Over this period, however, they reflected the profit situation very accurately.

Now, it is possible—and it has happened—that there are variations—

Senator SCOTT. Maybe I have not made my point clear in these hearings. Because if this industry or any other is doing anything they ought not to be doing, we want to know about it. If there is anything that is statutorily wrong, we want to know about it. If corrective legislation is needed, we want to know about it.

But I get a little bit fed up, after 25 years of residence down here in this cave of winds, with the constant plea of Government to industry to produce more, make more money, give us more taxes, and then have other agencies of the Government beating them over the head all the time they are doing it.

Now, it seems to me that if the people are doing something wrong, let us know about it. But I do not think it is wrong to make a profit in this industry, and I have not yet heard a single witness in 25 years that convinced me that it was.

Dr. MUELLER. Well, I certainly will say nothing here today to try to convince you that it is improper. I am not carrying a club to beat any American industry. I have a job at the commission, and my part of it is to try to make our system work fair and competitively; that is all.

Senator SCOTT. I only wish some Government agencies would come before some senatorial committees occasionally in praise of industry, in praise of business, and not always appear in such an antibusiness aspect.

Dr. MUELLER. I agree with you 100 percent, Senator. And before the full committee—

Senator SCOTT. Because business is jobs, and if you praise business, you are praising job-making.