small firm may be jeopardized by the promotion of the large firm during the period when the smaller firm's patent may be valid.

So it could be effective around it, but not over it.

Senator NELSON. You think that the reason the major companies continue to emphasize very heavily the brand name rather than the name of the company is that they can effectively compete, then, in the retail market, where there is no price competition. They can compete effectively against equivalent quality generic drugs that are available at a much lower price.

Dr. SCHIFRIN. I would like to change that a little bit and I will agree with you 100 percent. The large firm can keep the small firm from competing with it, because the large firm, you see, which has popularized trade name use, renders the small firm, which can't promote under trade name, an ineffective competitive factor.

I think we are saying essentially the same thing.

Senator NELSON. You are aware that very frequently, the generic drug producer does compete very effectively against a major firm in competitive bidding situations; the city of New York, for example, purchasing for the public hospitals and the welfare department, asks for competitive bids and is well equipped to test the drugs—and generic firms do compete in that situation.

Dr. SCHIFRIN. Yes, sir.

Senator NELSON. Or would it be more apt to put it the other way around, that in that area, the brand name companies decide to compete with the generic firms by reducing their prices substantially. For example, we have cases where within the same 2- or 3-month period, a brand name is being sold across from city hall in New York to a community pharmacist for $8 a hundred and so forth, and then in the same period, the same company moves in and bids to New York City at $1.10 a hundred because they know they have to meet the competition the other brand names who are willing to compete, plus the generic people who are in that market, too.

Dr. SCHIFRIN. Yes, sir.

And I come to this point in my statement, but to the extent the large firms can shift the competition from price to promotional competition—that is, they can shift the burden from the selection of generic equivalents on a price basis—to have that selection done on a trade name basis, they render the small firm very impotent in competition, you see. Perhaps this chart——

Senator NELSON. Just one moment before you get to that.

Does that explain in part, at least, why the highest price charged by the manufacturer in every example I have seen, is always the price charged to the community pharmacist? In other words, if you look at a listing of all drugs by all companies—I have seen no exceptions—at the start you will see that the price charged the pharmacist is the highest price charged in America.

Then you look at bids all over the country to the Defense Supply Agency, the Veterans' Administration, hospitals all over America, cities and counties—and in almost every single instance, the price asked by the same company for the same drug is lower, many times one-fifth, one-tenth, one-twentieth as low as the price they charge to the community pharmacist. And in those instances where we find a