

of having these costs financed entirely by the sick. And this is a question which deserves much consideration.

Senator NELSON. You suggest that the more equitable distribution of the cost of drug research might also be accomplished if more were cofinanced. Would you elaborate on that? How and in what way?

Dr. STEELE. Well, the argument is that drug research, particularly fundamental research in drugs is ultimately a philanthropic activity which benefits everybody. You might say in a narrow sense, if a person is sick, he benefits and benefits exclusively from taking a drug which he has prescribed for him and which he pays for. However, the narrow view is overly narrow, in that availability of the drug protects the health of everyone. To the extent that individuals who have diseases prevent the disease from continuing and affecting others, the society as a whole will gain. The availability of good medication increases the health standards, the health potential, of the economy as a whole whether or not the medication has to be used.

It is a potential benefit.

If the sick benefit entirely, then the people who by virtue of the sick's having obtained medication do not themselves become affected. So they benefit in a sense almost unjustifiably at the expense of those who have had to pay for medication and because of their sickness, have been in perhaps a worse position than others to pay for the medication and hence for research.

Senator NELSON. What you are saying is that since it is a benefit to the whole public, the individual and the public who never becomes ill, it is in the nature of an insurance benefit. You may own insurance, never have an accident, never become ill, but it is a protection if you do.

Is that what you are saying?

Dr. STEELE. Yes, this is it.

Senator NELSON. How would you finance more of this research?

In what way? Would you contract with companies to do it?

Dr. STEELE. You could do that provided that the benefits to society were not disproportionately appropriated by the companies involved.

I think that primarily, basic research is an activity which is not done too efficiently or effectively by profit-oriented firms. Obviously, you cannot tell what is going to happen when you start on a basic research program. You want to increase your knowledge. You may end up benefiting your competitor rather than yourself.

Research may be a fruitless activity for years, and the loss a company may incur on this basic research may deter it from doing further research. So I think research either under public foundations, universities and so on, or public financing of private research, with appropriate restrictions on patent monopoly could be carried out more effectively.

Senator NELSON. Thank you.

Mr. GORDON. Is not this the principle of roadbuilding, of building highways? The Government pays for highways throughout the country and in States as well. You do not expect the users of the roads to pay for them. Do we not consider that all of the society benefits by it through the opening of communication and so forth? Is that not the same idea?