pharmaceutical research. A major shift of pharmaceutical research endeavor from private firms to public, university, and foundation channels could scarcely avoid resulting in gains. Private firms carry on relatively little basic research, and most of their so-called research budgets would probably better be described as applied research, product development, and product promotion. A large proportion of some very scarce human resources is wasted in the competitive duplication of research programs carried on concurrently by virtually all the major firms as is attested to by the virtually simultaneous discovery of many of the corticosteroids and antibiotics. In the absence of economies of scale, the removal of patent protection would induce new entry of many firms producing under constant cost conditions. The best remedy for a vertical or nearly vertical industry demand curve is a horizontal industry supply curve.

The second step is to make Food and Drug Administration inspection and regulation more adequate to meet the needs of the drug buyer and prevent his exploitation. The Food and Drug Administration should be given sufficient additional funds to allow it to inspect adequately the operations and products of all drug makers, large and small. It should further be given authority and additional funds requisite for the control of all drug advertising, and the labelling laws with respect to drugs should be amended to require that all ethical drugs be identified solely by the generic name, in conjunction with the name of the seller employed as an adjectival modifier. All advertising as well as labelling should be undertaken with respect to the generic name, coupled with the name of the seller, rather than concentrating upon the promotion of quasi-chemical syllable assortments. All advertisements should prominently feature suggested retail prices.

Both measures would tend to promote the same ends. The abolition of product patents would lead to the elimination of the monopoly profits which are necessary to finance intensive selling efforts and wasteful product-modification oriented research, and the departure of such profit possibilities would lessen the need for such advertising and the motivation for such research. The reform of drug nomenclature and advertising would enable physicians more easily to become aware of the nature of the drugs they prescribe, of the existence of lower-priced drugs, and of the precise nature of the alternative available in the drug market. The insuring of the adequacy of drug products inspection would render specious all activities devoted to the disparagement of lower-priced drugs.

Uncompromising measures, rigorously enforced, are indicated in order to halt, and in time to remedy, the existing misallocation of resources in excessive selling efforts, duplicative research and product development programs, and exceptionally high profit levels—all of which are characteristics of the industry and much of which is paid for by individuals who can ill afford to do so.