

regard to its previous price until April 1956 when Parke, Davis repeated its previous bid of \$12.50. At that time Lederle's price was \$11.00 on the first sale of tetracycline hydrochloride, pricing it at the same level as its chlortetracycline. Lederle was low bidder, and was much surprised to find that Pfizer and Squibb had both bid \$19.58, and Bristol, \$18.97.⁷¹ For the next 2 years Lederle always bid

TABLE II

BROAD SPECTRUM ANTIBIOTIC PRICES TO THE ARMED SERVICES MEDICAL PROCUREMENT AGENCY AND TO THE MILITARY MEDICAL SUPPLY AGENCY, NOVEMBER 1951-JUNE 1960 (100 capsules, 250 milligrams)

Date	Chlortetracycline	Chloramphenicol	Oxytetracycline	Tetracycline-hydrochloride
(ASMPA)				
1951 November	15.30	15.30	15.00	
1952 March	15.00			
1953 June		12.50		
1954 January			12.84	
1954 May	12.00			
1955 March			11.47	
1956 April	11.00	12.50	10.97	
1956 October				11.00
(MMSA)				
1957 February	11.00		10.97	
1958 February		12.50		17.24
1958 March				19.19
1958 April		11.25		
1958 June	11.00	11.25	10.75	17.24
1958 November		11.25		17.15
1959 June		11.25		14.36
1959 August				17.15*
1959 December				8.15
1960 May			10.11	6.16
1960 June				5.62

* Low bid—not accepted.

Source: Federal Trade Commission, *Economic Report on Antibiotics Manufacture*, Washington, 1958, p. 194 (1951-56 data); *Senate Hearings on Administered Prices in the Drug Industry*, Part 24, pp. 13779-82; 13791-2 (1957-60 data).

\$19.58. On the second bid for tetracycline hydrochloride, Pfizer met Lederle's previous bid of \$11.00, but Lederle and Squibb were both at \$19.58. Pfizer, like Lederle, then learned that it was not necessary to make 'ridiculously low' bids. Its prices on the next two bids went up to \$17.24 and \$19.19. In April 1958 Parke, Davis cut its chloramphenicol price by 10 per cent, to \$11.25, after a conference with the Agency purchasing officer on the subject of its

⁷¹ Duncan of Lederle conceded that he had made a mistake in simply pricing tetracycline hydrochloride at the same level as chlortetracycline. He characterized the pressures of competitive bidding in terms of carelessness: 'In other words, one gets a little sloppy in bidding for this kind of business. You sometimes simply bid a ridiculously low figure', *ibid.*, Part 24, p. 13690.