

the ruin of the drug industry if adopted; indeed, he saw many faults in the present patent system, and suspected it would be possible to increase the efficiency of drug research by transferring some of it from private to public auspices. The other was retained by counsel for the Pharmaceutical Manufacturers Association, and he could find no evidence of any need for Kefauver's bill.

Testimony was also obtained from a number of labor and consumer groups. Representatives from the AFL-CIO, the UAW, and the International Union of Electrical, Radio and Machine Workers supported the bill, as did spokesmen for Consumers Union, the National Consumers League, and the Cooperative League of the United States. Two representatives of retail pharmacy appeared. One spoke for the American Pharmaceutical Association, a group of pharmacists. He articulated a viewpoint consonant with that of the drug makers, and expressed great concern that the government not take the unwise step of distributing drug information to physicians. Another pharmacist, a former teacher and state pharmacy and drug law enforcement officer, found considerable merit in many of the reforms. The last parties to testify were advertising agency representatives who predictably saw no apparent need for any advertising reforms.

It is likely that the most influential testimony was that given by the American Medical Association, the various patent law groups, and the Pharmaceutical Manufacturers Association. It is instructive briefly to review the character and merits of the testimony given by these groups.

1. *Testimony of the American Medical Association*

The AMA made no recommendations in regard to the antitrust law amendments, but took the view that none of the other proposed reforms were defensible, including the requirement that the FDA pass on the efficacy of drugs. Their spokesman, Dr. Hugh Hussey, recognized the need for certain improvements in regard to drug nomenclature and physician information. The AMA preferred, however, to carry out the reforms itself, in cooperation with the drug industry, but with no participation by any public bodies.¹³ One may be forgiven for entertaining the view that the AMA position is simply a defense of the revenues it obtains from drug firms for advertisements in its journals. The roots of AMA opposition are more ramified and complex, but it is easy to trace the influence of advertising revenues, as seen against the background of prior AMA actions.

First, the AMA reform program was adopted only five weeks prior to the scheduled appearance of its representatives before the Subcommittee, and the implementation of the program was to be gradual, extending over two or more years. Five years previously, however, a similar reform program in response to similar legislative demands, was outlined by the AMA, proposing cooperation between itself and the drug industry to control misrepresentation in advertising, but it entirely failed of implementation.¹⁴ Second, the AMA has become increasingly dependent upon drug advertising for its own financing. In 1949, medical journal advertising revenues comprised about 31 per cent of all AMA revenues; in 1955, about 44 per cent; and in 1960, a little over 50 per cent. Total advertising revenues, however, been augmented by royalties received from the leasing of the rights to use mailing lists of physicians.¹⁵ The sums received have increased from small amounts to about 5.6 per cent of total revenues by 1960. Hence in 1960 about 56 per cent of AMA revenues came from drug firm advertising efforts. Third, the AMA in recent years has become increasingly permissive in its attitudes toward advertising standards, and it is likely that the increase in its advertising revenues is in good part attributable to this. The period of increasing leniency coincided with that of increasing advertising revenues. The measures by which this more lenient policy was evolved, or from which it can be inferred, may best be described and interpreted in chronological order.

¹³ *Ibid.*, Part 1, pp. 47-49.

¹⁴ *Ibid.*, Part 1, p. 341. Testimony of Dr. Allan M. Butler, Professor Emeritus at Harvard University.

¹⁵ Obviously a royalty on direct mail advertisements (\$2 per thousand mailings) creates a direct financial interest in maximizing the volume of such traffic, and is hence undesirable in even greater degree than policies to increase advertising in the AMA journals. There is evidence that advertising standards in AMA journals are still higher than those in most (but not all) other medical journals, but there is no AMA control over the quality of direct mailings. The royalty income feature of AMA finances tends to justify in part the accusation of James Carey, president of the International Union of Electrical, Radio, and Machine Workers, that "The AMA, in our opinion, is just a business." (*Ibid.* Part 5, p. 2731.) It is ironic that, while most students of the AMA compare it to a trade union, a leading trade union spokesman sees it as a business.