

Dr. COMANOR. I agree that the drug companies do not always provide full information about the relative merits of competing drugs.

Senator NELSON. If it omits certain information to the doctor, then it is not accurate, is it?

Dr. COMANOR. That is correct.

Senator NELSON. But what you are saying is that they do not necessarily say anything incorrect, but if they omit something, the information is not accurate?

Dr. COMANOR. That is right. There are certain types of information which it is very important for the doctor to receive and which he rarely receives under the current system. He rarely receives a statement that two drugs are the same, because the incentive for the drug company is the opposite—to differentiate their product from those of their rivals. One piece of information which it is important for him to receive is that two drugs have the same or similar therapeutic effects, if that in fact happens to be the case.

Senator NELSON. In the majority of cases, no company is going to advertise that several other companies have a drug that is equivalent to its own.

Dr. COMANOR. That is right.

Senator NELSON. So it has to come from somebody else.

Dr. COMANOR. There are certain types of information which the doctor simply does not receive from advertisements. Therefore, he is left in the dark.

And also, and this seems to me to be equally important, it would be open to the smaller firm and new entrant as well as the large company.

Where various firms produce the same chemical compound, the physician should be informed either that all products are equally good, in terms of purity, strength, or some other characteristic, or that one brand is to be preferred to another.

And where different compounds compete, impartial information would lead to improved medical practice as well as reduce the significance of advertising and promotion.

If a small firm or new entrant introduced a beneficial new drug, it would compete on the basis of therapeutic properties rather than advertising claims. There is no evidence, moreover, that smaller firms are at a disadvantage in research as compared with advertising and promotion.¹² On many grounds, then, there seems to be a considerable need to provide the Nation's doctors with greater information about new drugs which is independent of the messages they receive from the drug companies.

Mr. GORDON. Dr. Comanor, in the footnote on page 16, you state "The available evidence suggests, moreover, that small firms have relatively more efficient research facilities than their larger rivals."

What evidence do you have to show this?

Dr. COMANOR. In one of the papers which I have published, I report on a statistical analysis of the relationship between research input and research output.

Senator NELSON. Your analysis was comparing the products resulting from the research?

¹² The available evidence suggests, moreover, that small firms have relatively more efficient research facilities than their larger rivals. William S. Comanor, "Research and Technical Change in the Pharmaceutical Industry," *Review of Economics and Statistics*, May 1965.