

purchase prescriptions at lower price levels.

Make-or-Sell Licensing. As yet another approach, it has been proposed that the patent holder should not be permitted to monopolize both the manufacture and the sale of a new drug, but should be required to license either other producers or other sellers.

We note that these and other proposals to amend patent and trademark laws on drugs have been considered in the United States and other countries, and believe further study is necessary (see page 49).

Profits and Risks

In a free enterprise system, it is obvious that a company must make a profit. Unless it achieves this primary objective, it cannot stay in business.

Ample evidence is available to demonstrate that the drug industry has been able to stay in business. It has maintained an annual profit rate based on net worth which is substantially above that of the average of major American industries.

--One study of 41 industries has shown that, between 1956 and 1966, the drug industry never