contribute little to the improvement of health care.

2. They reflect promotion efforts which are high and are directed primarily to physicians.

3. They reflect a high degree of competition based essentially on quality and innovation, rather than the normal competition based on quality, innovation, and price.

We find, therefore, that the exceptionally high rate of profit which generally marks the drug industry is not accompanied by any peculiar degree of risk, or by any unique difficulties in obtaining growth capital, and that industry profits have not been significantly reduced by new governmental regulations concerning drug safety, drug efficacy, or drug advertising.

It is also evident from this study that there are certain problem areas which call for cooperative study and action by the drug industry, private groups, and the Federal Government.

Accordingly, the Task Force recommends that the Secretary of Health, Education, and Welfare should call