

a lower price, consider the source. Well, what I do not understand is then why—for, example, you take Serpasil, reserpine. Ciba sells this to the pharmacies for \$39.50 a thousand. Now, American Pharmaceutical sells it to New York City for 72 cents a thousand. Now, there is the low price, 72 cents. Thirty-nine dollars is 50 times as high. How does that fit in with the statement here that the price is low, consider the source? You just have dozens of examples which absolutely refute the editorial claim made in your magazine.

Dr. SHAPIRO. As a practicing physician and not as a pharmacologist, I would not like to use this particular example of an extract of rauwolfia *Serpentina*, because each company has purified a different fraction of the alkaloid. And in my practice I have found that a trade name made by Lilly, Sandril, gives me better results than generic rauwolfia.

Senator NELSON. As you know, New York City, the Defense Supply and the Veterans' Administration use their own independent testing to see that the drug meets the appropriate NF or USP standards. Well, then let me ask you this one on prices, again referring back to this paragraph. How would you explain why Ciba's Serpasil is sold to the pharmacist at \$39.50, but when they wanted to sell to New York City in competitive bidding they bid a \$1.10 a thousand?

Dr. SHAPIRO. I cannot defend it.

Senator NELSON. As I understand this editorial, it is an across-the-board defense of the prices.

Dr. SHAPIRO. I believe the words are "usually," or "most of the time," toward the end.

Senator NELSON. It says:

Our parting plea is this: When you run across what seems to be an outrageous fact concerning prescription drug prices, consider the source, consider that the statement may have been made with ulterior motives—and remember that a bargain-basement price almost always bespeaks bargain-basement quality.

Dr. SHAPIRO. The sense of it seems to be—there was something before that, I believe. I may be mistaken.

Senator NELSON. The article starts out "Attacking generic equivalence," and ends with this conclusion. All I am saying is, you can take their own products, you can take Ciba Serpasil, and they are charging this outrageously high price, and then when they bid in New York City in competition, they bid \$1.10. Well, that is one-thirtieth as much. Now, that is outrageously low compared with what they are charging the pharmacist.

All I am saying is this editorial is really a defense of the drug industry, they are saying you pay for what you get when you see the big price differential, and what they are really trying to say is that generics are not as good. They start out with that. If it is not a brand name, then you had better watch out, you are getting what you pay for, whether it is cows or diamonds. All I am saying is that that same company will come in with \$1.10 when they have to bid honestly in competition, but \$39.50 when they are running on their brand name to the pharmacist. Now, you say you cannot explain that. I simply say your editorial defends the pricing structure. If it defends the pricing structure right across the board as it does here, what is your comment about this aspect of the pricing structure?

Senator DOLE. He does not write the editorial.