

Dr. SHAPIRO. No, this editorial was written by the staff, I had nothing to do with it.

Senator NELSON. Dr. Shapiro is the president of the organization.

But we are on the whole question here of the close relationship of the drug industry. I give you a dramatic example of an all-out defense of the pricing structure and the attack on generic drugs, and a caution to watch out:

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 bargain-basement price almost always bespeaks bargain-basement quality.

Well, I can give you dextroamphetamine, I can give Thorazine and Compazine, all the same pattern here. And all I am saying is that it seems to me that each one of the representatives of the medical profession who appear here and defend the pricing structure and the cost of drugs ought to be prepared, then, to discuss the pricing structure, you must be prepared to defend it. If you cannot defend the pricing structure, then it seems to me that it is hardly justifiable to run an editorial like that and then claim that you are not influenced by the drug industry.

This is the whole problem.

Mr. CAHAL. Mr. Chairman, I think the thrust of that editorial, if I understood it correctly, is directed toward another situation. During the past couple of years, I think doubtlessly as a result of the hearings conducted by your distinguished committee, there has been a rash of articles appearing in lay magazines and newspapers which tended to frighten the consumers of medical care, or to convey the idea that they are being gouged by their pharmacists or drug manufacturers. And I think the thrust of that editorial is directed toward this. I am sure you have seen such square headlines and articles in lesser consumer magazines, "Are you paying too much for drugs?" "Are you being gouged by your druggist?" "Can you afford for your parents to be sick?"—I recall such editorials. And I think that was the thrust of that point.

Senator Nelson. You are correct that articles have appeared saying in one way or another that the public is being gouged. I have said that the pricing structure is inexplicable by any rational competitive standard in a free enterprise system.

You talk about being gouged. I think there is a reason for it. Let me point something out which I do not think the medical profession as a general rule is familiar with. For example, if you are going to use the word "gouging," let us take a look. Ciba sells reserpine, its brand name is Serpasil, a thousand 25-milligram tablets for \$39.50 to the pharmacist. They bid \$1.10 to New York City the same day, across the State in city hall, they bid \$1.10 to New York City, and they lost it to American Pharmaceutical for 72 cents. But now they package it overseas and they sell it, not for \$39.50, but in Bonn, Germany, for \$10.53 a thousand versus \$39.50 here; in Berne, Switzerland, \$11.09, and in London, \$11.20—in every case less than a third of the price they are charging the American pharmacist. Take prednisone. Schering ships it overseas. They sell it for \$170 a thousand for 5-milligram tablets to the pharmacists in this country. They offered to sell to New York City at \$12. They sell to the pharmacist at \$170, but in competi-