

8754 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to discuss with this Committee today some of the problems in drugs and drug use in this country, to discuss some of the reasons for the existence of these problems, and to describe for you the progress we have made over the past two years toward their resolution. We will also, as requested, review for you the findings of the Drug Efficacy Study, the impact it has made on therapeutics in this country and the present status of our implementation programs.

Before discussing the Drug Efficacy Study and its effects on therapeutics, it might be helpful to review with you some general aspects of drug use and some current problems we see in therapeutics in this country.

There are currently approximately 35,000 prescription drug products and several hundred thousand OTC drug products on the American market.

Each year a multibillion dollar effort is made to market, promote, and sell these products. In some OTC products approximately 30 percent of receipt of sales is spent in promotion and in the prescription drug area expenditures on promotion approach in magnitude those on research. Despite the contention that advertising and promotion is educational, most of the drug promotion we see is designed primarily to sell, to motivate the physician to prescribe and the consumer to buy.