

*Interim Supply*

ethical pharmaceutical industry. The relationship of the consumer is not with the industry; it is with his doctor. The relationship of the industry is with the doctor through advertising and every other means, and not with the patient or the final consumer of the drug.

We find that the consumer, or the patient, because of the uniqueness of the industry, is generally not knowledgeable with regard to the product he obtains. He does not know what it contains; he does not know how it is supposed to affect him, except in so far as the doctor tells him. He is dealing with a highly technical product, chemically named, with a highly involved nomenclature developed by the industry. The consumer really has no knowledge of what he is getting once the doctor writes out the prescription.

The consumer buys toothpaste. He knows generally what it is for. He buys an automobile. He has an understanding of its use and to a degree has information as to its full operation. If he buys a coffee pot or any other commodity such as that, his relationship with the industry is closer than it is with the drug manufacturing industry. Because of these unique characteristics the consumer has no effect whatsoever upon the price he pays for a particular product. There is no price competition in the ethical drug industry, either here or in the United States. This was discovered in the United States. I should like to quote briefly from the report of the Kefauver committee of the United States on the drug industry. The report is dated June 27, 1961. I wish to quote a small section of this report in order to indicate the attitude of the drug industry to price competition and how it really does not exist.

This is a quotation from the direct evidence of Mr. Francis C. Brown, president of Schering corporation, who said:

Unlike consumer marketing, Schering cannot expand its markets by lowering prices. Cortisone proved this. After all, we cannot put two bottles of Schering medicine in every medicine chest where only one is needed, or two people in every hospital bed where only one is sick. Marketing medicine is a far cry from marketing soft drinks or automobiles.

That is, even though they use the same approach in so far as slick advertising is concerned to get across the brand name of the product to the doctor. The consumer restraint on corporate price fixing that may exist in other industries is not available in the drug industry. The consumer can have no effect whatsoever upon the prices the drug industry establishes, (1) because of the attitude of the industry which I just read and (2) because of the fact that the consumer has no direct

relationship with the industry itself. His relationship is through a professional person, a doctor.

Competition does not exist, and it is relatively impossible for it to exist, in the pharmaceutical industry because of the uniqueness of that industry. This again was indicated in the gentleman's comments before the Kefauver committee which I just read. Corporate conscience, if there is such a thing in the drug industry, could have some bearing on prices; but again the statement I have just read—and the evidence is full of similar statements—indicates that there is no corporate conscience in the pharmaceutical or drug industry. Its whole concern is to rake off the highest possible prices it can and make the highest profit possible on sickness and on illness and to gouge the consuming public to the fullest possible extent. This is the attitude which the drug industry has stated before the Kefauver committee, the answer which it has stated publicly in this regard.

How, then, do we protect the consumer? This government is obviously not concerned about protecting the consumer in relation to the drug industry or to any other industry for that matter. It believes in the concept of free enterprise and it knows full well that free enterprise does not have, except in an incidental way, the interest of the consumer at heart. It has primarily at heart the making of the highest profits possible, the expansion of the industry and the development of control over that industry. The individual consumer is virtually helpless to protect himself against the activities of private enterprise. He needs someone else to protect him. There is only one agency—and I am talking about the drug industry now—which can ensure that the consumer is protected both with regard to the price and with regard to the purity of the drugs he buys, as well as against incorrect, false and misleading advertising. That agency is parliament, or government. This government, believing as it does, or as it says it does, in the private enterprise system is most unlikely, I would assume, to take any steps to protect the consumer. If it believes in the private enterprise system and is, at the same time, of the opinion that some checks or controls must be imposed on behalf of the consumer to protect them against the activities of private enterprise, then it really cannot believe that the next election issue should be private enterprise versus democratic socialism.

The Combines Investigation Act has proved to be relatively ineffective in protecting the consumer. It can be the means of discovering facts leading to prosecution, to fines imposed by the court on guilty parties and to restraining orders to prevent them doing the same