

were unavailable in this country. If I understand correctly, you have been purchased by an American firm.

Mr. FROSST: Merck and Company, yes. Merck and Co. Inc. is the parent company.

Mr. ISABELLE: Do you think that the same policy will continue, or do you intend to change it?

Mr. FROSST: Merck is a chemical manufacturer but right at the moment we are buying just as we have in the past with the exception of one chemical, protriptyline, which we buy from them—but they are the only ones that make it, so we have no choice.

Mr. ISABELLE: You said that you have nine Ph.D's working in the company. I do not know what a Ph.D. could do in a company. Is it to write the script or write the formula or to write memoirs?

Mr. FROSST: No. I will ask Dr. Stuart, our Director of Research, to answer that one.

Mr. R. S. STUART (*Director of Research*): These are the people who do our day to day fundamental research in chemistry, biology and pharmacology.

Mr. ISABELLE: Does that Ph.D. mean a Doctor of Philosophy?

Mr. STUART: Doctor of Philosophy, yes.

Mr. O'KEEFE: Mr. Frosst, do you think the cost of drugs in Canada is too high now?

Mr. FROSST: I think, as I stated before, that drug prices are reasonable in Canada for the majority of Canadians. I used the word "indigent" here, and that may be the wrong term. There may be a segment of the population with an income of, say, "x" thousand dollars a year who fall into that category and for them, just as anything else, they are too expensive.

Mr. O'KEEFE: But only for those?

Mr. FROSST: Yes. Certainly, in comparison—of course, I am using comparisons again—we do come out, in terms of hours that people have to work to buy their drugs in Canada, the second lowest in the world.

Mr. O'KEEFE: On page 12, Mr. Frosst, I note that Frosst sells some of its products to hospitals at a lower price than that charged to pharmacists. How much lower?

Mr. FROSST: I will just answer briefly and then I will let my specialist, Mr. Coffin, get into the act. They vary. There is not a set differential between the price we charge the pharmacist and what we sell to a hospital because these are promotional prices. I will ask Mr. Coffin if he would like to elaborate on that.

Mr. A. F. COFFIN (*Vice President—Sales, Charles E. Frosst & Co*): As Mr. Frosst said, the reason we sell to hospitals at a lower price than we do to pharmacists is purely for promotional reasons. We have found over the years that this is one of the most valuable methods of promoting our products and the most reasonable. It is the one that gives us the most mileage for our dollar of any of the limited number of promotional methods that are available to us. If we have our products used in a hospital, the interns and the residents and the staff doctors get to know what they are and they tend to prescribe them outside.