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THE PHARMACEUTICAL INDUSTRY MUST JOIN AMERICA

TESTIMONY BEFORE

SENATE ANTITRUST AND MONOPOLY SUBCOMMITTEE (SEN. KEFAUVER, CHAIRMAN)

10:00 A.M. Friday, January 22, 1960

Room 318, Old Senate Office Building

by

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Mr. Chairman and Members of the Committee:

In all fairness, I would like to state that my initial reaction to the invitation of this committee to testify was a negative one.

In 1958, I was asked to testify before a House Committee investigating various questionable advertising and promotional efforts of the pharmaceutical industry. I declined to testify at that time, pointing out that I did not want to make any statement which would inhibit the use of psychiatric drugs in the United States. I explained to the distinguished Chairman of the House Committee that, since 1954, I had conducted an uphill fight for the use of these drugs in the teeth of bitter opposition from some of the most influential psychiatrists in this country, and even from some highly placed people at the National Institute of Mental Health.

As a result of my refusal to appear at that time I was accused, in a number of rather hostile communications from psychiatrists, of being a "captive" of the drug industry.

I did not feel beholden to answer those communications. I have never accepted a cent from the drug industry for any of my personal activities. I have lunched and dined on a number of occasions with some of the most prominent drug company officials in the country, and I have insisted upon paying my own part of the check. Although I have attended many psychiatric conventions both here and abroad in the past five years, I have not accepted one cent to defray any costs. To the contrary, the National Committee Against Mental Illness in 1957 gave a substantial grant to the Second World Congress on Psychiatry for the translation and publication of some significant papers in the psychiatric drug field.

I would like to inform this committee that my behavior in this regard is considered somewhat eccentric. There are quite a few psychiatrists, most of them engaged in drug evaluation work, who have accepted considerable hospitality from the pharmaceutical houses.

I appear here today because I can no longer remain silent with regard to the arrogant attitude of the pharmaceutical industry toward the working processes of this democracy.

By way of establishing my credentials, it has been alleged that I have visited more mental hospitals in this country and abroad over the past 15 years than any other citizen of the United States. I plead guilty to that allegation.

Mr. Chairman, mental illness is still the nation's number one health problem. It fills more than half the hospital beds in this country today. Several very careful scientific surveys have established the fact that 17 million Americans are currently suffering from some form of mental illness.

Each and every year, more than 2 million people reach a breaking point in their lives and seek some form of psychiatric help--in a mental hospital, in a clinic, or from a private practitioner.

The Joint Commission on Mental Illness and Health, established in 1955 by the Congress to make a thorough-going survey of the problem of mental illness, reported recently that mental illness costs this nation $3 billion a year.

Last year, state governments spent more than $800 million for the mere maintenance and custody of approximately 550,000 mentally ill patients. In most of these states, according to the American Psychiatric Association, the care of these patients is abysmally inadequate. The average cost of maintaining a mental patient in a state mental hospital last year was about $4 a day. Contrast this with the $25 a day maintenance figure for patients in general hospitals in this country.

Last year, mental illness cost the Veterans Administration $844 million in hospital costs and in compensation and pension payments. There are 61,000 hospitalized mentally ill veterans who fill more than 50% of the beds in the Veterans Administration hospital system.

Mr. Chairman, every three minutes the gates of a mental hospital open somewhere in this country to admit a victim of this disease.

Having toured these mental hospitals for a long and weary decade, I saw a small ray of hope when the new tranquilizing drugs first began to be applied in 1954 to mental patients in this country. Being a trained journalist who doubts instinctively before he believes, I walked the wards of many a mental hospital and watched the remarkable transformation taking place with the advent of the new drugs. I saw disturbed wards calm down, and I saw scores of patients whom I knew personally being discharged to their homes and to their loved ones.

Alarmed at the bitter resistance to these drugs, I began late in 1954 to write a book which would try to explain the importance of the so-called psychiatric drug revolution.

May I quote the initial two paragraphs of Chapter Seven of "Every Other Bed":

"In the entire history of the physiological attack upon mental illness, no development has been more significant than the recent introduction of new drugs in the treatment of a wide variety of mental illnesses.

"The surface story of the remarkable achievements of these new drugs has been told in scores of technical and popular articles. Yet, beneath the surface, there is a deeper story which illustrates in a graphic manner the thesis of this entire book--that physiological treatments must still

fight an uphill battle for recognition among the High Priests of Psychiatry. This writer has witnessed, during the past several years, a set of resistances to the new drugs running the scale from downright ignorance and bureaucratic apathy to vicious, bitter attacks upon every researcher reporting success in using them. And this resistance was not, and is not, confined to the psychoanalysts, many of whom were rushing to second-hand dealers with their sagging couches. In its initial phases, it included a number of tax-supported Federal and state mental health officials whose bounden duty it is to support any treatment which holds promise of alleviating the miseries of the mentally ill."

I do not think at that time, or at any subsequent time, that I went overboard on the drugs. If I may be permitted another quote from the book:

"I harbor no illusions about the magical properties of the new drugs. In fact, I find it quite annoying that a few of the more hyperbolic articles refer to them as 'wonder' drugs. The only wonder I can see in the situation is perplexity as to why American medicine and the <u>American drug industry</u>, with all of their vaunted skills, have continually drawn a blank in the production of chemical weapons against mental illness. There is no point in kidding ourselves: we are constantly cribbing drugs developed and tested by foreign scientists. Reserpine is a derivative of the snakeroot used for centuries in India to calm the mentally ill, and Chlorpromazine is the accidental

by-product of a French scientist's efforts to find an anti-histamine with reduced side-effects. Both drugs achieve some remarkable therapeutic effects, but they are a far cry from what American science might have achieved if it had devoted even a small amount of its resources and ingenuity over the past few decades to a research attack upon mental illness."

Mr. Chairman, I think no responsible figure in American psychiatry today would dispute the fact that the tranquilizing drugs have had the greatest therapeutic impact upon mental illness in this country since the establishment of the first mental hospital at Williamsburg, Virginia in 1773.

Commenting upon the drug revolution over the past five years, the House Appropriations Committee in April 1959 made the following incisive comment:

"Recent figures presented to the committee indicate that mental illness costs this country a minimum of $3 billion a year.

"Despite the staggering economic losses, the committee received heartening evidence of remarkable progress against mental illness. Over the past three years, there has been a drop of 13,000 patients in State mental hospitals. At the end of 1958 there were 52,000 fewer mental patients in all mental institutions than might have been expected on the basis of the rising curve from 1945 to 1955.

"Just the annual money savings resulting from this reduction amount to much more than this entire appropriation if calculated on the most conservative basis. It costs an average

of $1,500 a year to provide little more than custodial care for each patient in a mental hospital and, in institutions where good care and service is given, the costs are much higher. Restored to a useful life this same person is earning his own living and paying taxes.

"Medical research that can increase our ability to prevent chronic mental illness is the only way of eventually cutting down on the Nation's multi-billion dollar annual bill for care of the mentally ill."

I recently received from the National Institute of Mental Health the patient population figures for the last fiscal year. These figures highlight the fact that, over the past four years, there has been a drop of 16,000 patients in the state mental hospital census of this country. Mr. Chairman, this is twice the current mental hospital population of the State of Tennessee. Furthermore, preliminary figures indicate that reductions in mental patients hospitalized during the fifth year of the drug revolution will be even higher.

Parenthetically, I might say that those who accused me of "sensationalism" in 1955 and who threatened to excommunicate me have sent me no letters of apology. I presume they are too busy using the drugs to write letters.

During the five-year period under discussion, as I toured the country and examined the application of these new drugs, I heard an increasing volley of complaints about the manner in which the drug industry was handling the sale of these drugs.

I would like to list for this committee some of the major complaints which I heard time and time again, most of which I reported to the Senate Appropriations Committee in May 1958:

1. HIGH PRICE OF DRUGS

I have heard innumerable complaints on this score from State Mental Health Commissioners, State Hospital Superintendents, and psychiatrists in private practice over the past five years.

In May 1958, I had the following to say to the Senate Appropriations Committee:

"As you know, psychiatric drug sales to State governments, to the Veterans' Administration, and to the United States Public Health Service are very substantial. They run into millions of dollars. Like the Salk vaccine, they are sold on a bidding basis.

"In my tours around the country, I have encountered increasing complaints from State mental health officials on the continued high price of these drugs, particularly the phenothiazine derivatives. Several of these officials suggested that there should be an investigation.

"As a former journalist who covered Federal and State courts in my day, I know the difference between an allegation and a finding. However, I think it only fair to the drug industry that there be an investigation.

"If these charges are without substance, the drug industry should be cleared. If there is a basis to them, then this is a very serious business.

"Frankly, my only interest in the whole matter is the mental patient, and I have been bothered these last several years by the expressed comment of mental hospital superintendents that they hoped the price of these drugs could be reduced so that they could be made available to thousands of patients not getting them now.

"It is only fair to state that there have been some price reductions over the past several years, but obviously not enough to satisfy mental health officials. Furthermore, there is another point which bothers me. At several general practice seminars which I have attended recently, a number of general practitioners came to me and asked why the over-the-counter price of these drugs was so many times higher than the price paid by State mental hospitals. They were fully aware of the reductions possible through bulk buying, but they argued that this didn't begin to account for the enormous discrepancy between the price paid by the State mental hospital and the price paid in the drugstore. This, too, is a very serious matter because it directly involves the mental patient who has received the drugs in a mental hospital but then finds it financially impossible to purchase the maintenance dosages of the drug he needs after his discharge."

I am aware that officials of the drug companies point out there have been a number of reductions over the past five years in the bulk price of drugs sold to state mental hospital systems.

I would like to point out to the committee that these reductions did not result from concern for the mental patient--they came as an inevitable result of the bidding process.

Let me give you an example of this. When New York State decides to buy a certain quantity of phenothiazine drugs, it asks for sealed bids from the various companies. On a specified day, the bids are made public. Each drug company then knows the lowest bid. The next time bids are requested, the drug companies naturally drop their prices to meet or undercut this low bid.

However, the drug companies are not forced into competitive bidding in sales to the corner drugstore. They can keep the prices as high as the traffic will bear, and I submit that they have. To my knowledge, there has been no significant reduction in the price of tranquilizing drugs sold by prescription at the corner drugstore.

Mr. Chairman, the high price of tranquilizing drugs at the corner drugstore has a disastrous effect upon thousands upon thousands of mental patients.

It is estimated that more than 250,000 patients received these drugs free of charge in tax-supported mental hospitals during 1958. It is also estimated that approximately one-half of these 250,000 patients were discharged and returned to their homes during 1958.

Most of these patients have to continue on maintenance dosages of the tranquilizing drugs. When a patient on a tranquilizing drug leaves the hospital, he is usually given a

prescription for a 30-day supply of said drug. This patient then goes to the drug store and finds that this drug will cost him, at a conservative estimate, from $10 to $15 a month.

Mr. Chairman, $10 or $15 is a minuscule sum in the swollen profit ledgers of the pharmaceutical houses of America. However, it is a very sizeable sum to an insecure mental patient who is engaged in the terrible struggle to return to sanity and to a productive life.

Mr. Chairman, with a full realization of the seriousness of this charge, I accuse the pharmaceutical industry of America of contributing to the return of thousands of mental patients to mental hospitals because of the high price of the tranquilizing drugs.

For the past five years, all of us in the mental health field have been delighted by the steady increase in discharges from state mental hospitals and from Veterans Administration hospitals. However, we have been alarmed by the concomitant rise in readmissions or returns to mental hospitals. In fact, Senator Bridges, at the 1958 Senate Appropriations Committee hearings, raised this very point about the necessity for continued maintenance dosages of the drugs after a patient has been released from the hospital in order to hold him in the community.

2. EXCESSIVE PROMOTION OF THE DRUGS

Since this committee has already received considerable testimony as to the excessive promotional practices of the drug houses, I will not belabor this point too much.

Over the course of a year, I attend many psychiatric conventions. At these conventions, I find it difficult to walk five feet without meeting a drug detail man. I also find it difficult to pay a check in a restaurant or in a bar. I have succeeded in paying my own checks at these conventions only by making what amounts to a public scene on each occasion it has happened.

At a recent psychiatric convention, one of the drug houses threw an elaborate cocktail and dinner party replete with martinis, thick steaks and other comestibles and potables not found in the daily diet of most mental patients. A Midwestern Mental Health Commissioner, looking over this scene of Roman splendor, remarked sharply to me:

"I wish to God they would divert the thousands of dollars which this party costs to the reduction of the price of drugs. If they did so, I might be able to get a couple of hundred more mental patients home this coming year."

I don't want to go into too much discussion of the nauseating two-page drug color ads which fill every medical journal in the country. You know the type of ad I mean--one day you are shaky and jittery, and the next day you are calm and happy floating around in a sailboat on a beautiful blue lake. (The blue is very blue, and it costs a lot of extra advertising money.)

There are many so-called medical publications in this country today which are almost solely supported by drug advertising money. There are "objective" medical news weeklies soley supported by drug company money. These news weeklies print "objective" attacks on the Forand Bill, on the level of medical research supported by the Congress, etc.

There are even "objective" Health Information Foundations and Health News Institutes supported by the drug companies.

There are many other questionable practices, too lengthy in number to detail here. Some of the drug firms pay annual consultant fees to doctors who are also conducting "impartial" evaluations of the tranquilizing drugs. A few months ago, just such a case was uncovered right here at the D. C. General Hospital.

Then we all know how doctors like to travel, and how expensive travelling is. However, if it is an expensive trip and it has something remotely to do with drugs, there are usually ways and means of financing such a "scientific" trip.

All this promotion has become so flagrant that it has even annoyed the American Medical Association, and that is going some. At the 1957 convention of the American Medical Association Dr. Harry F. Dowling, Chairman of the AMA's section on Experimental Medicine, had this to say of some of the selling methods used by the "ethical" pharmaceutical houses:

"Within recent years the drug industry has discovered that the techniques that had been used so successfully in the advertising of soaps and toothpaste and of cigarettes, automobiles and

whiskey could be used successfully to advertise drugs to doctors. Advertising to doctors has become flamboyant. . . . Advertising has become incessant. . . . Advertising is without question confusing."

3. MAKING DRUGS OBSOLETE

I am aware that this committee has received some evidence of the fantastic flood of drugs which has hit the market in the past decade or so. In 1958 alone, 370 new drug products were marketed to cover everything from the one-day cold to the seven-year itch.

One of the most respected physicians in this country, Dr. Claude E. Forkner, Professor of Clinical Medicine at Cornell University Medical College, complained in an article in 1958 in the "New England Journal of Medicine" that there were already far too many versions of standard drugs. As examples, he cited the more than 200 sulfa drugs, more than 200 antispasmodics, 130 antihistamine preparations, 100 antacid compounds, 270 antibiotic preparations, the 300 preparations to increase red cell count, the 450 vitamin preparations, and so on.

"Today," he wrote in 1958, "many thousands of useless drug and vitamin preparations exist, thousands being duplicates under misleading names. . . . Exploitation of the public by the existence of such a situation constitutes an important item in the high cost of medical care."

Mr. Chairman, I want to make an abject confession to this committee--I do not know how many phenothiazine derivatives are on

the market today. I have queried psychiatrists in the drug research field and I get various answers--12, 15, 20, etc. There are blue pills and there are green pills and they come in all shapes, including heart-shaped. Ladies hat styles change every year, but drug fashions change much more rapidly. Here is how an excellent science writer, Richard Carter, describes the situation in his book "The Doctor Business":

"The more hectic pharmaceutical companies are remarkably like the manufacturers of ladies' dresses and automobiles. To keep the sales curve in attractive upthrust, they feel the need to bring out new models every season. . . . If the new model is actually a new drug, it gets a tremendous promotional sendoff, often before anyone knows whether it is good. But since new drugs are hard to come by, the seasonal ballyhoo is most often concentrated on what the trade calls new 'dosage forms', which are new packages containing old drugs with new flavors or possibly in ingenious new combinations with each other. The alacrity with which the profession prescribes the fancy new models has become a source of great satisfaction to the industry, but not to physicians with an expert knowledge of pharmacology."

How can you tell them apart without a score card? Testifying in 1958 before the Senate Appropriations Committee, I had this to say about the fashion trends in tranquilizing drugs:

"For example, the drug industry argues that it is producing an enormous number of compounds useful against mental illness.

But is it not true that many of these compounds are little different than their predecessors, and that most of them are designed for the neurotic who can pay for them?

"How about the 4 million mental defectives in this country. They are not much of a commercial market, but should we not be interested in the development of compounds which may be effective in various kinds of mental deficiencies?"

4. THE INFLATED INDUSTRY RESEARCH FIGURE

I again have a confession to make to this committee: I cannot give it a documented figure on how much the pharmaceutical industry spends on research. However, the research figure does follow a peculiar version of Parkinson's law; each time a new public relations outfit is hired by the industry, the research figure automatically goes up.

In 1956, the pharmaceutical industry claimed it was spending $100 million on research, but this figure was not even accepted by one of the pharmaceutical industry's most vocal apologists, Mr. Chet Shaw, who runs something called The Health News Institute which, coincidentally, is largely supported by the drug companies.

In 1956, in a moment of untranquilized anxiety, Mr. Shaw told the American Drug Manufacturers' convention that:

"We've done a lot of talking about an estimated $100 million, but we would be hard put to document it. What if someone questioned it--someone whose voice we couldn't afford to ignore?"

Since 1956, a number of new public relations firms have been hired, including a special one to protect the industry against this committee. Following Parkinson's law, the research figure is now $190 million.

How much of this is honest-to-goodness test tube research, and how much of it is support of drug evaluations designed to prove that pill A (the pink one) is infinitely superior to pill B (the blue one)?

During the past several years, scores of articles have appeared in medical publications questioning the validity of some of these so-called "scientific" drug evaluations. An article in "Lancet," the most distinguished English medical journal, recently described most of these drug research reports as "inspired articles," and it characterized the so-called research effort underlying them as "insidious."

"Epic advances," the "Lancet" article reported, "are claimed and described in extravagant terms after tests involving a small series of cases which were badly or wholly uncontrolled and inadequately followed up. Whether the new wonder drug is efficacious or not, or whether authority eventually condemns it, is immaterial: the result of such publications (a quick burst of orders) is no doubt satisfactory to the manufacturers."

Mr. Chairman, I also have a number of other questions about the pharmaceutical industry research figure. For example, how much of this figure is for research on whether people like

blue or pink pills? How much of it is for research on what shape pill appeals to the American esophagus?

But for one minute let us grant the accuracy of the $190 million figure. If you add up all the industry research claims since 1945, you get close to a billion dollars in pharmaceutical research.

And that gets us back to the old question that was asked of the Texan: If you're so rich, how come you're not smart?

In 1954, Dr. Kenneth Appel, then President of the American Psychiatric Association, testified before a Senate Appropriations Subcommittee on support for psychiatric research. In answer to a question from Senator Edward Thye of Minnesota, Dr. Appel said that "not one of the modern methods being used in psychiatry has been discovered in this country."

Dr. Appel then listed for the committee the major psychiatric research discoveries of the last 50 years made in Austria, Portugal, Italy and France.

Senator Thye, astounded, had this to say:

"Here, with all our vast brains which have shown that they can produce and invent in industry, we have not channeled these brains into this great problem of mental disease."

As far back as 1955, we were pleading with the Congress to set up a psychopharmacology research center to develop basic knowledge about the new drugs. Testifying on May 17, 1955, I called for "a precise study in depth of the physiological results of these drugs upon various types of mental illness. We

have only a scattering of technical information on these new drugs, and most of this information is not centrally coordinated and readily available. For example, we know some of the clinical results of these drugs, but little about how these drugs work in the human metabolism. What effects do these drugs have upon the hormones? What part or parts of the brain do they influence, and how?"

I was supported in my testimony by Dr. Henry Brill, Assistant Commissioner of the Department of Mental Hygiene of the State of New York, and one of the nation's outstanding authorities on drugs. Dr. Brill told the committee:

"We have been using insulin since 1935 and electric shock since 1940. We have been using lobotomy quite extensively now since 1942 or 1943, and these facts, the type of material, the type of question I have just raised about the new drugs have also been raised about these methods of treatment, and we do not have fixed answers. Probably in part, because a lack of a well-organized, well-controlled broad-scale evaluation program. . . . We have a fairly well-defined question to be answered now which we did not have in psychiatry before, and this seems to be an excellent method for answering it without further loss of time. We are losing a great many valuable lives as the years go on."

Despite the "enormous" research carried on by the pharmaceutical industry, today we still do not have the answers to some of the basic research questions raised by Dr. Brill and

myself in 1955. However, we do know that the American housewife prefers a blue pill to a green one.

In order to obtain some of these research answers, I went before the House Appropriations Committee in February 1958, and requested it to authorize a modest contract program with the pharmaceutical industry to develop better research techniques and more effective drugs in the field of psychiatry. I proposed that the Psychopharmacology Service Center should "enter into contracts with the pharmaceutical industry and research centers for the screening and production of drugs specifically tailored for certain types of mental illness. For example, mental retardation, alcoholism and aging are all relatively neglected areas of psychiatric research. Shouldn't it be possible for the Center to contract for the screening and development of drugs pinpointed in these areas?"

The House Appropriations Committee saw considerable validity in my proposal. In its official report to the Congress, it criticized the National Institute of Mental Health and the pharmaceutical industry for not developing a stronger and more effective cooperative program in psychopharmacology.

With the issuance of the House report, the pharmaceutical industry let loose an incredible barrage of invective against the Congress, the National Institutes of Health, and against the many outstanding doctors who proposed increased medical research by the Federal government.

Mr. Francis C. Brown, then President of the American Pharmaceutical Manufacturers' Association, delivered a speech at that time which hit a new high in arrogance and contempt for the Congress and for the democratically-determined processes of our government. In fact, Mr. Brown went much further than Marie Antoinette, and he still has his head and his profits too.

Mr. Brown accused the Congress of forcing excessive medical research monies on the National Institutes of Health and mandating "unwise" research programs. He criticized National Institutes of Health officials for reporting, during budget hearings, on clinical experience with various drugs. He berated the Congress for accepting the scientific evaluations of the Institutes, and he caustically remarked that medical research was now supported by the Congress because it was fashionable and politically attractive.

Mr. Brown tipped his hand by reserving his most bitter blasts for the cooperative government-industry effort to develop more effective compounds against cancer. He said this program was an inherent threat to the patents of industry, and he charged that industry's anxiety about this program was born "mainly of apprehension of Congressional criticism."

A few weeks later, another spokesman for the pharmaceutical industry delivered the most vicious and free-wheeling attack on the medical research programs of the Federal government that I have ever read. Mr. Karl Bambach, who has some sort of fancy title but is actually the Washington lobbyist for the

pharmaceutical industry, blasted everything except motherhood and the American flag. He attacked the Congressional action in providing the small sum of $55 million in Federal funds for the distribution of the Salk vaccine because "the final legislation prohibited a so-called means test intended to restrict charity of this kind only to the poor." Let me quote you one gem from Mr. Bambach which makes Marie Antoinette seem like a Socialist:

"To summarize, when Congress wishes it can direct the purchase and disposal of all, or most, of the supply of a vitally-needed drug. . . . Such actions may represent socialization in the most objectionable and most dangerous sense.

"The safest ways to administer drugs is under the direction of the private physician; mass immunization programs in schools and other public places encourage transmission of infections from one individual to another."

Mr. Chairman, I have talked to scores of America's leading virologists and I have been unable to obtain any scientific evidence to corroborate Mr. Bambach's irresponsible charge that school immunization programs against polio produce mass infections.

I submit that the Federal government was derelict in the handling of the Salk vaccine. If it had followed its true obligation to the children of this country, it would have provided the vaccine to every child. If we had emulated the example of Canada, which provided the vaccine to all children irrespective

of race, creed or economic status, thousands of children would not be paralyzed today.

Time does not permit a discussion of the other rocks which Mr. Bambach hurled at the Food and Drug Administration for its certification of antibiotic manufacture; at the Pan-American Sanitary Bureau and the World Health Organization for their excellent drug regulatory studies, and so on.

Five days after Mr. Bambach's tirade, I testified before the Senate Appropriations Committee.

I pointed out to the members of that committee that the cooperative Cancer Chemotherapy Program, a joint endeavor of the National Institutes of Health, the Veterans Administration, the Atomic Energy Commission and industry, is the greatest single effort in medical history to achieve compounds effective against a disease which has plagued mankind since 4000 B.C. I noted that cancer eventually strikes two out of every three families, and that unless new compounds are developed to arrest its deadly course, it will kill 26 million Americans now alive. As to the structure of this magnificent anti-cancer effort, I had this to say:

"What are the facts about the cancer chemotherapy program? As this committee well knows, the National Cancer Chemotherapy Service Center has awarded contracts, upon the advice of the most distinguished cancer specialists in this country, to any university, medical school, or industry willing either to screen potential anti-cancer agents or evaluate existing chemical compounds.

"It is a completely voluntary program in the sense that any industry which does not choose to apply for a Government contract has no compulsion whatsoever to do so.

"However, a great number of the large pharmaceutical houses in this country have democratically negotiated and accepted contracts under this program. Conversely, some drug companies have decided not to participate.

"As to the patent issue, it has been under negotiation between Government and industrial representatives for almost two years.

"As you know, Senator, the Department of Health, Education, and Welfare has a Patent Policy Committee, I think, chaired by Miss Mary Switzer. They have met a number of times with industry in an attempt to resolve the technical differences.

"Some of us regard this 2-year negotiation as a tragic delay, but we have enough faith in the democratic processes and in the good will of industry to hope that it will soon be resolved."

I told the Senate committee that the strident speeches of the leaders of the pharmaceutical industry indicated that they would engage in a sit-down strike against any further drug development contracts in any field other than cancer. As the president of one of the largest pharmaceutical houses in the country told me:

"We were caught off guard on this cancer thing. Several companies like Pfizer jumped in and grabbed contracts. The rest of us had to take contracts because we couldn't justify a refusal of government money to our stockholders. But we are drawing the line now."

In concluding my testimony to the Senate committee, I had this to say:

"Some of us who are testifying today have carried the battle for use of the tranquilizing drugs for five years in the face of very bitter resistance.

"We have done so not because we are interested in the profits or the patents of the drug houses, but because we are interested in human life.

"I plead guilty in being for human life.

"In a sense, we have protected the right of the pharmaceutical industry to use to the fullest its psychiatric drugs.

"But there comes a time when the lines must be drawn. We are not, any of us, against the present free enterprise system in which pharmaceutical firms indulge in healthy competition for better products; that is, if the competition is healthy.

"Although no major psychiatric research discovery has been made in America during the past 50 years, we are proud of the role of our pharmaceutical industry in perfecting and marketing the tranquilizing and other drugs. But we say this to Mr. Brown and to the vocal minority of the pharmaceutical

industry which criticizes the Congress and the people for requesting an accelerated fight against disease:

"You are not an island apart. Your patents are not more precious than human life itself. You have tremendous laboratory and scientific resources. All we are asking you to do is to unite in the common fight against disease.

"In the biblical sense, all of us must tithe, and industry must tithe too.

"It is therefore our fervent hope that this committee will allocate the sum of $5 million for this psychopharmacology drug contract program and that it will include the necessary enabling language in the bill which it reports to the floor."

Mr. Chairman, I am happy to report that the Congress followed our advice and adopted enabling language authorizing contracts with industry for research and development in the psychiatric drug field.

By the same token, I must state to this committee that the pharmaceutical industry has collectively thumbed its nose at the expressed intent of the Congress and the American people in this area.

To the best of my knowledge, there have been only two contracts negotiated with industry for psychiatric drug research and development since 1958. Only one large pharmaceutical house--Schering--has taken a small contract of $30,000 for a study of the effect of the drugs upon humans.

A smaller drug house--Riker--has a $45,000 contract for animal studies in relation to the drugs.

Mr. Chairman, the Cancer Chemotherapy Program with industry is somewhere in the neighborhood of $15 million to $20 million a year. The analogous program in psychopharmacology is at a level of less than $100,000 a year.

May I express a little mystification at the lack of industrial applications in the psychiatric area? In November 1958, I lunched in New York City with some of the leaders of the pharmaceutical industry. I was assured that a reasonably large number of contract applications would be forthcoming. I am still waiting. For example, Mr. John T. Connor, the glib and articulate spokesman for the non-dinosaur wing of the pharmaceutical industry, assured me that the company of which he is president--Merck--would make an application on the order of $150,000. I also had information that Ciba was negotiating with the Psychopharmacology Service Center for a rather sizeable drug contract.

But there have been no big applications, and all we hear is a lot of excuses. Several of the companies have complained to me that they wanted to get into the program but that they were internationally controlled and the big brass in Switzerland was against any involvement. I think this committee ought to look very carefully into the manner in which this international hanky-panky is conducted.

In conclusion, Mr. Chairman, may I offer a few suggestions for the alleviation of this really tragic situation:

1. First and fundamentally, the pharmaceutical industry must be annexed to this country. In many respects, it is now a private feudal enterprise with a dinosaur-laden moat between its kingdom and the rest of the United States.

Lest I be misunderstood, I am categorically for the right of the pharmaceutical industry to exist as a private enterprise. However, if it is to continue as such, it must act in a deeply responsible manner with regard to the welfare of the people of the United States. It is given a license to carry on its present activities by various Federal and State statutes. There must be serious consideration of revocation of these licenses when it acts against the public interest.

2. The Food and Drug Administration must evaluate the clinical claims now made by the various pharmaceutical houses for individual drug preparations. It is not enough merely to determine that a drug is non-toxic and safe for human consumption. When the American people spend $2 billion annually for drug preparations and when the very health and life of people is at stake, I submit that the Food and Drug Administration has an obligation to test the validity of all drug claims.

At the present time, the Food and Drug Administration is operating on a criminally inadequate budget. It must

receive the additional funds necessary to evaluate the flood of drugs which are pouring onto the public market each and every year.

3. The Federal Trade Commission must do an analogous policing job on the excessive promotional practices of the drug industry. The American consumer today has little or no protection against the extravagant claims made for individual drugs. Furthermore, the busy doctor has little or no protection against these claims.

By the same token, the budget of the Federal Trade Commission must be upped considerably in order that it may carry out these additional tasks.

4. The Department of Justice must play a more vigilant role in the ferreting out of any and all price-fixing arrangements. It must also watch more carefully the entire patent system of the pharmaceutical industry. Today the patent is the sacred God of the pharmaceutical manufacturer, and he uses every possible type of pressure to get an exclusive patent with which to guarantee himself a large commercial payoff. The patent game has become a real sleight-of-hand art. When the sale of one product goes down, you get a new patent and you have a new product. As Mr. John McKeen, the President of Pfizer, once told a group of Wall Street security analysts:

"From a profit point of view, the only realistic solution to the decline in the price of penicillin lies in the development of new and exclusive antibiotic specialties."

5. The Internal Revenue Service must take a much closer look at some of the "legitimate" business expenditures of the pharmaceutical industry. In the final analysis, the American consumer pays through the price of drugs at the corner drug store for all the flamboyant promotional and cocktail excesses of the pharmaceutical industry.

One final point: I do not want any of the foregoing testimony to be construed as indicating any diminished interest on my part in the development of new and better drugs for the relief of millions of people who suffer from mental illness.

Although mental illness costs this nation $3 billion a year, the Psychopharmacology Service Center spent only $6 million last year for the development and evaluation of new psychiatric drugs. If we are ever to empty the hundreds of thousands of mental hospital beds in this country, we must accelerate our drug research and development program manyfold in the coming years.

In like manner, I do not want any of the foregoing testimony construed as a vote of lack of confidence in the pharmaceutical industry. I want again to pay tribute to the job it has done in bringing these chemical agents to mental patients in all parts of this nation.

However, it must use its magnificent technical and scientific resources to a much greater degree in the development

and application of new drugs. It must not deny these fabulous resources to the American people.

I am confident that these hearings will produce the documentation and evidence needed to remove some of the questionable practices now plaguing the pharmaceutical industry. I am equally confident, Mr. Chairman, that my good friends in the pharmaceutical industry will rise to the challenge and will join the rest of us in a common fight against mental illness.

(See next page for biography of Mike Gorman.)

Biography of Mike Gorman (Taken from flyleaf of "Every Other Bed," his latest book on psychiatric research, published in 1956).

MIKE GORMAN was born in New York City on December 7, 1913. He received his B.A. at New York University, where he also did graduate work. After four years of service in the Army he joined the Oklahoma City DAILY OKLAHOMAN in 1945, where he started his work on mental health. In five years on the paper he wrote more than 400 stories, 60 editorials, a book, and several pamphlets. His book, "Oklahoma Attacks its Snake Pits," was a book condensation in the READER'S DIGEST in 1948, the same year in which he became the first newspaperman in the country to receive the Lasker Award of the National Committee for Mental Hygiene, for his distinguished writing in the field of medicine, and particularly for psychiatric writing. The following year he was selected one of the nation's ten outstanding young men by the United States Chamber of Commerce, for his crusading efforts in the field of mental health. From 1949 to 1951 he lectured and wrote on mental health problems, and in 1952 he became chief writer and director of public hearings for the President's Commission on Health Needs of the Nation. In 1953 he accepted his present post as Executive Director of the National Committee Against Mental Illness.