

Long Pursuit Of The Drug Price-Fixing Reba

By Morton Kondracko
Sun-Times Bureau

WASHINGTON — On the day in August, 1953, that Sen. Estes Kefauver (D-Tenn.) was buried on his family's farm at Madisonville, Tenn., his friend William F. Haddad made a vow at the grave that he would finish the task he felt had killed the senator.

On Thursday, the task was finished: five major drug companies offered \$20,000,000 to settle nationwide claims growing out of alleged price-fixing and overcharges on tetracycline and other wonder drugs. It was the biggest settlement in anti-trust history.

In his New York office, Haddad brought some of his employees close to tears over the triumph. He told them he felt like taking the newspaper headlines on the settlement down to Madisonville and planting them at the grave as a flag of victory.

Blackbird, a human perpetual motion machine that runs on equal parts of raw energy and righteous indignation, spent more than five years pursuing the drug companies while holding down posts as a Peace Corps official, newspaper reporter, congressional candidate, anti-poverty official, management consultant and, lately, member of the New York School Board.

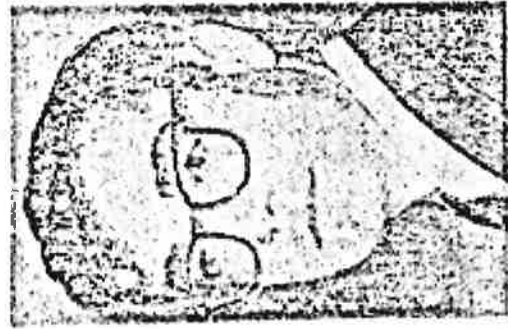
He followed the drug firm's trail to South America, where the case began, and all around the United States, convincing cities and state governments they were being overcharged on drugs and persuading them to join New York City in a suit against the companies which he had inspired.

Haddad's Pursuit—'A Holy Passion'

Charles Galligan, one of the principal lawyers against the drug companies, said that when credit is handed out for the victory, Haddad should get 50 per cent. The rest would be parcelled out among the dozens of other people who worked on the case over the years.

Galligan described Haddad's pursuit of the companies as "a holy passion."

Now 49, Haddad was Kefauver's administrative assistant from 1951 to 1957, during Kefauver's early drug inquiries. Haddad left to become an investigative reporter for the New York Post and then an associate director of the Peace Corps.



WILLIAM F. HADDAD



ESTES KEFAUVER

Haddad was at the Peace Corps in 1953, the year Kefauver began one morning at the breakfast table what ended up as a five-year, \$120,000,000 chase.

In his morning paper, Kefauver read a small wire story from Bogota, Colombia, that said the government of Colombia was in danger of losing American foreign aid if it continued supporting the manufacture and sale of drugs by their generic names, rather than by their brand names.

The story seemed to be saying that the American government was blackjacking a foreign nation on behalf of the drug industry, forcing it to accept high-priced brand drugs instead of the identical products at much lower cost under their generic names.

'Phony' Story Start Of Chase

As it turned out, Haddad said, the story was a phony: the wire service reporter had written a report inspired by the drug industry to scare the Columbian government. Eventually, the reporter was fired.

Kefauver did not know this and he dug up clues that drug companies were making vast profits on brand-name products

and operating in collusion with one another on this basis.

Kefauver was chairman of the Senate committee and he wanted to hold hearings on the manufacturers out of the water.

As he collected evidence and used the dig up more, intense political pressure hit him in Tennessee.

Kefauver found he could not continue without power to subpoena records. A subpoena had to vote in favor of taking on subjects suddenly disappeared.

According to Haddad, Kefauver was willing fellow senators that they just let him on this one, that the heat was too suberna power would mean thousands of their election opponents back home.

"Kefauver called me one day at the Peace Corps and the drug industry were so close couldn't get the story out without publishing what I could do."

'A Frightening Thing To

Haddad said: "I can't tell you the fear going through. He was all tightened up. who couldn't relax, the kind that not even his friends had all left him. He couldn't his own committee. It was a frightening

Haddad contacted the New York Times assigned a reporter to go over Kefauver. Then, on Aug. 10, 1953, Kefauver died. "I'm convinced," Haddad said, "that the things that killed him. I really did. grieve and I said if there was one thing this for him."

Haddad quit the Peace Corps and Herald-Tribune, following up on Kefauver's He went to Colombia, Venezuela and countries. In Colombia, he talked to

Drug Price-Fixing Rebates End Task Begun By Kefauver

Continued from Page 7

Camargo, founder of the policy of encouraging manufacture of low-cost generic drugs.

The then-president of Colombia, Dr. Guillermo Leon Valencia, told Haddad he would rather stop being president than change his predecessor's policy.

Gold Mine Of Correspondence

In Colombia and elsewhere, Haddad found disgruntled former drug company officials and talked them into giving him their private files, which he said contained a gold mine of secret correspondence and documents on drug company procedures.

He uncovered evidence that the State Department had hired drug company lawyers to represent the U.S. government in negotiations on international drug production policies.

He brought it all back to the United States, prepared to print it, but his editors suggested first going to Washington to get a congressional investigation started. Before anything could be done, the contents of Haddad's research was leaked by a prominent Midwestern senator to the pharmaceutical industry, ruining hopes for a surprise probe.

Haddad took his material back to New York and began writing stories. According to Haddad, drug interests put pressure on the Herald-Tribune to prevent publication, but the editors supported him.

Robert F. Kennedy, then attorney general, arranged for Haddad's material be studied at the Justice Department. It was presented to a grand jury, but there were no indictments and there was no congressional investigation.

Issue In Losing Campaign

"We stirred it all up, but nothing happened," he said.

In 1964, Haddad left the Herald-Tribune to run (unsuccessfully) for Congress. One of his campaign issues was drugs: He found that the Defense Department was buying generic-name drugs at the Brooklyn Navy Yard, but New York City was buying drugs by brand name for its hospitals and clinics. New York was paying five times more than the federal government for the same drugs.

During and after the campaign, Haddad made a pest of himself. He formed a group known as the Citizens Committee for Metropolitan New York, one of whose purposes was to hold press conferences on drug prices, urging the city of New York to investigate.

In 1964, New York City filed a civil suit for damages. Five companies were involved in the final settlement offer: American Cyanamid, Bristol Myers, Charles Pfizer & Co., the Upjohn Co. and Squibb-Beach Nut.

Three of the five, American Cyanamid, Bristol Myers and Pfizer, were convicted in 1967 in a federal anti-trust suit charging conspiracy to control production and distribution of \$1.7 billion worth of tetracycline. The government charged that the drugs were being produced at as little as 1.6 cents per capsule while consumers eventually paid 51 cents per capsule for them. The federal decision is under appeal.

A National 'Road Show'

In announcing their settlement offer in the civil case, all five companies denied they had violated anti-trust laws. They said they had "contributed greatly to the public health."

In the more than four years that the case was pending, 43 states joined New York in the suit. Haddad was responsible in several cases.

What he had done in New York, he did in a "road show" elsewhere. He would arrive in a state and conduct drugstore surveys, then hold a press conference on the results. He wrote to the attorney generals of all the states, telling them they probably were losing money in drug costs and encouraging them to join in New York's suit.

Haddad and his friends wrote to newspapers, inspiring series around the country on drug prices. "We got so proficient," he said, "that we prepared a booklet on how to conduct your own investigation — how to find out what pills cost, what to ask your state legislature and your attorney general to do about it."

In 1965 when Haddad joined the poverty program as director of the office of inspection, former Congressman Gillis Long (D-La.) was the program's congressional liaison man.

A Boost From Sen. Long

Long is a relative of Sen. Russell Long (D-La.), chairman of the Senate Finance Committee, and he arranged for the senator to hear what Haddad had to say about drugs.

Long became interested and fed the material to a subcommittee headed by Sen. Gaylord Nelson (D-Wis.). Haddad told Long of Kefauver's experience with drug company pressures. Long replied: "A Kefauver in Tennessee ain't the same as a Long in Louisiana."

Nelson's hearings and investigations have produced a stream of new material on drug company procedures.

Secret File Gets Around

Haddad was the lead-off witness in last year's hearing told about the mysterious appearance of his FBI files.

Secret File Gets Around

The file was assembled by the FBI during investigations contacted with Haddad's appointments to federal jobs, which are compiled on all high-ranking Government officials, are supposed to be secret.

However, when Haddad was appearing in Miami to encourage the city to join New York's suit, a city official friend told him he had been given the file for use as a road.

The file and other information came from an ex-employee from New Jersey who told the city councilman that had been talked during his investigation.

Surveillances aside, Haddad was pleased last week that the settlement, he did talk about going to Madisonville to the senator who had started it all.