

# THE HOUSE OF DELEGATES, AMERICAN PHARMACEUTICAL ASSOCIATION

## MINUTES OF SECOND SESSION.

The second session of the House of Delegates was called to order by Chairman H. P. Hynson at 4.35 P.M., September 6, 1916, at the Hotel Chalfonte, Atlantic City, N. J.

CHAIRMAN HYNSON: The matter of prescription prices comes officially before the House of Delegates through the authorization of a committee to report upon the subject. I was fortunate in getting Mr. Mason to act as chairman; he has given a great deal of attention to it, and published much regarding it in the *Bulletin of Pharmacy*. I call upon Mr. Mason to present his report on prescription pricing.

H. B. MASON: Mr. Chairman and gentlemen, this is a report of the Committee on Prescription Pricing:

### PRESCRIPTION PRICING IN A BAD WAY.\*

Prescription pricing is certainly in need of reform.

If the average druggist knew the facts about his own business, he would be surprised to find that prescriptions brought him no profit at all, and in some instances even meant a loss.

This is a somewhat sensational statement, but we believe it to be the truth. Some time ago, for instance, an investigation was made throughout the country with reference to the following prescription:

Potassium Iodide.....	4 drachms
Syrup Sarsaparilla Compound.....	3 ounces
Elixir Lactated Pepsin Q. S.....	6 ounces

The prices set by a large number of druggists, scattered in States all over the Union, some of them in cities and some of them in the country districts, ranged from fifty cents to a dollar and a half!

Since then the price of potassium iodide has risen greatly. At that time the cost was such that, in accordance with the Evans' rule, which we shall dwell upon later in this report, the prescription should have brought a price of ninety cents to yield a satisfactory measure of profit. With those druggists who set a price in excess of ninety cents we have no quarrel at all, but it remains a somewhat significant fact that 70 percent of them all were ranged below the ninety-cent figure. In other words, only 30 percent of a considerable number of druggists would have made a decent profit on this prescription, whereas in many cases an actual loss would have been suffered.

Much the same condition of things has been found to be true time and time again.

In Detroit, a year or so ago, twenty-five druggists were separately asked what they would get for one fluidounce of a saturated solution of potassium iodide. The prices ranged from fifty cents to a dollar and a quarter. And at the same time the cost of the iodide was about thirty cents an avoirdupois ounce.

And so we might go on citing conditions, only to reach the same conclusion—that there is a great and needless disparity in prices, an utter lack of scientific cost calculation, and frequently an absence of actual profit.

If prescription pricing were to be put on a scientific basis, as it ought to be and might be, prices would be more or less uniform everywhere, and it would not be possible to find such wide differences as are disclosed by every investigation that is undertaken. How can such a scientific system be elaborated?

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\* Report of a Special Committee presented at the Atlantic City Meeting of the House of Delegates of the American Pharmaceutical Association.

First let us consider some of the present evils.

Chief among them is the old custom of making a flat price. Many druggists are still following the practice of charging 30 cents, say, for a two-ounce mixture; 40 cents for a three-ounce mixture; and 50 cents for a four-ounce mixture.

This flat-price system is fundamentally wrong. To charge 60 cents uniformly for four ounces of medicine, regardless of greatly varying costs, is little less than absurd. One might as well get 15 cents an ounce for every fluidextract, whether it costs him four cents or forty. He might as well ask a uniform price of twenty cents for every box of stationery whether it costs him ten or sixty.

Then, too, we often find a man who bases his price for a prescription on the size of the dose. For a given mixture he will get a dollar if teaspoonful doses are ordered, and fifty or seventy-five cents if dessert or tablespoonful doses are indicated. There may be cases where this sort of thing is excusable, but not often.

Many druggists, again, are getting no more for prescriptions than they obtained fifteen or twenty years ago. In the meantime conditions have changed radically.

In the first place, the old days when galenicals comprised almost the entire *materia medica* have largely passed into history. Foreign synthetics and domestic pharmaceutical specialties have come into use—and they usually cost more money. The expense of doing business has greatly risen during the last decade, and we have here a subject which has enlisted the keenest study of economic experts in all the large mercantile establishments throughout the country.

During the last two years, moreover, nearly the entire world has plunged into a great war, resulting in a steady and marked advance in the price of nearly everything. Has the druggist compensated himself for these advances by charging higher prices for his own goods? In many cases we fear that he is failing to do so, especially with prescriptions.

The trouble is two-fold: in the first place, the average druggist has only a vague idea of what it costs him to dispense a particular prescription; and in the second place, he doesn't have nerve enough to charge what he ought. Both faults are fatal.

This ignorance of costs is well nigh universal—not only in the drug business, but everywhere else. The statement was made the other day at a big convention in Philadelphia that 2000 out of 2400 wholesale and manufacturing concerns were found to be losing instead of making money. If larger companies of this kind do not know what it costs them to do business, how can we expect the retailer to be well informed? And yet he has got to be well informed in the future if he is going to avoid economic destruction.

Take, for instance, the comparatively small item of prescription containers. In these days a container frequently costs ten or fifteen cents. A druggist will often put up an ounce of an eye mixture in a dropper bottle, where the bottle itself costs him ten cents, and then ask only twenty-five cents for the product. Some of the ointment jars are now very expensive, but the druggist doesn't stop to think these things out and doesn't realize what his costs are.

The time consumed in dispensing a prescription is often an important factor. An hour's time may be required, and if this labor doesn't return its due profit, the transaction is certainly an undesirable one. The prescription equipment is often ample, and involves a steady loss on the investment that must be adequately compensated if the prescription business is to return its fair yield of profit.

But, as has already been stated, many druggists hesitate to get what they should for their prescriptions out of fear of what their neighbors and competitors will do. With this policy of fear it is difficult to be at all patient. As a matter of fact, the big down-town druggist, who is usually looked upon as one's greatest competitor, gets far better prices for prescriptions than does the small neighborhood apothecary. Of the truth of this statement there isn't any doubt at all.

Furthermore, we have repeatedly found it to be the fact that a man who had the nerve to charge decent prices for his prescriptions would be located right across the street from another druggist who charged little more than half as much, and yet the high-priced man would be walking away with nearly all the business. He had confidence in his goods. He gave prices without any apology. He stood on his dignity. He gave the very best of services, used the finest of containers, and did everything as it should have been done.

There isn't anything at all in this fear of what a competitor will do. It is folly to consider the question. The successful druggist, by virtue of the very fact that he is a success, is a druggist who **realizes** the necessity of charging decent prices for his prescriptions. Therefore, one need

not fear the competition of any successful or large store. The only druggist who gets low prescription prices is the unsuccessful man—and competition from him isn't really competition at all. It doesn't need to be considered.

Now we come to the point where we may consider the proper method of pricing prescriptions. Many systems have been advocated from time to time, and the National Association of Retail Druggists has adopted a schedule which is to be commended. The only fault we find with this schedule is its complexity. Practically the same result is to be secured by what has become known as the Evans' rule, and this is very simple to remember and very easy to apply.

The Evans' rule is merely this: *Get a profit approximating 100 percent on the cost of the bare material and container, and then charge a dollar an hour for actual time consumed in compounding.*

If every druggist in the United States were at once to adopt this rule, were to apply it universally, and were to base it on a proper knowledge of the actual cost of material and container, he would make a satisfactory profit on his prescription business.

Of course this rule, like every other rule under heaven, should be applied with some discretion. There are exceptions to every rule. There ought to be, for instance, a minimum figure beneath which the druggists should never go. Some of our correspondents have suggested fifty cents as this minimum figure. In other words, they have taken the position that a druggist should never, under any circumstances, dispense a prescription for less than fifty cents. We are inclined to think, however, that this minimum is rather high.

Another exception to the rule should be made in dispensing a proprietary preparation. Here the patient often knows what the product is, and knows the price of it. Furthermore, to put up such a prescription is really not to do any scientific work, or to expend much time and labor, and a large profit is perhaps not excusable. At any rate, it isn't expedient.

Perhaps, too, other exceptions may be made in the case of very inexpensive or very costly mixtures. Some druggists believe that one should be satisfied with a smaller profit where unusually expensive substances are involved, and that compensation may be realized where rain water is present in larger volume. There may be something in this contention, but we are inclined to think that the idea has always been overworked.

It seems to us that prescription pricing ought substantially to be like the pricing of anything else. The price should be based on the cost, plus expenses, plus a reasonable net profit. Any other method is artificial. Any other method is unjust and uncertain. This is the simple rule followed by every capable merchant and manufacturer, in every line of trade, and with every class of goods.

Passing by the Evans' rule, we may say that other methods have been worked out here and there by different druggists. Thus Cornelius Osseward, of Seattle, arrives at the average cost of dispensing every one of his prescriptions. He does it in this way: he takes the entire cost of his prescription department for any one year, including, presumably, every item like rent, light, heat, labor and all the rest of it, excepting the cost of material and container, and then divides this amount by the number of prescriptions dispensed during the same period.

He has found that, in his own case, it costs him an average of fifteen cents to dispense every prescription, and he keeps this amount constantly in mind whenever he fixes a price. He reasons that if he adds fifteen cents to the cost of material and finishing, and then sticks on his net profit, he can't make a mistake. This is all right, except that, as will readily be seen, it is unwise to attach such an average expense to a prescription unless it is, as we might say, an average prescription. For one prescription might involve an expenditure of only five cents, and the very next one an expenditure of fifty cents. Doubtless Mr. Osseward thoroughly understands this and governs himself accordingly.

A good deal of significance attaches to the average price yielded by prescriptions. When taken individually, prescriptions differ widely, but when a large number of them is grouped together, they average up pretty much the same.

We have found that in the case of the larger druggists, who thoroughly understand their costs, and who get good prices, the average price received runs from sixty to sixty-two cents. With the usual druggist, on the other hand, the average is fifty cents or less. Here you find proof of the statement already made in this report, namely, that the ordinary druggist doesn't get as much for his prescriptions as the big dealer does who is supposed to be a cut-rate man.

An investigation made by F. W. Nitardy a year or so ago showed that 10,000 prescriptions, collected from ten different stores, averaged fifty cents each. The average cost of the material and containers was twenty-one cents, and the average expense was eighteen cents. This meant a total cost of thirty-nine cents for a prescription that brought fifty cents. An average net profit was left of only eleven cents.

If, now, the average price of fifty cents were to be increased to sixty cents, the net profit of eleven cents would then become twenty-one cents. In other words, if the druggist could add an average of ten cents to the price of his prescriptions, he would practically double his net profit!

Let us apply the Evans' rule to the situation. The material and container cost twenty-one cents, and by starting with a 100 percent advance on this cost we arrive at forty-two cents. We charge one dollar an hour for labor, and, assuming that the average prescription consumes twelve minutes, we have an item here amounting to twenty cents. We thus arrive at a selling price of sixty-two cents. This, significantly enough, is just about the average reached in the most successful stores, and it would mean a net profit on every prescription of twenty-three cents instead of eleven cents.

Why not use the Evans' rule? It is simple. It is just. Properly and wisely used, it will result in making the prescription business yield its fair measure of profit, and it would put the small druggist on all fours with the big druggist who gets decent prices for his prescriptions.

Signed, HARRY B. MASON,  
F. W. R. PERRY.

To the foregoing report Mr. George M. Schettler, a member of the committee, adds the following by way of comment and amplification:

1. Since the advent of war costs, prescriptions priced carefully according to the Evans' rule have increased from an average of 62 cents to an average of 72 cents. This fact constitutes an important qualification of the statements made in the report of the committee.

2. War costs, in a way, are a great blessing to the retail druggist. They have made it necessary for him to advance his prices all along the line, and if he is wise he will keep them up permanently.

3. And yet there is another consideration. How far can prescription prices be carried without diminishing the number of prescriptions written? Probably 75 percent are for patients whose income averages less than \$5 daily. The necessary family maintenance consumes nine-tenths of this, and as a rule there is no reserve in the ordinary family treasury for the payment of doctors' bills. Whenever we get an increase in price, therefore, we also help to bring about a diminished consumption.

4. Why should we not get relatively larger prices on inexpensive medicines that are used in minute doses or with great care? Why is not Fowler's Solution worth as much to the patient over the prescription counter as a proprietary solution? Should we not charge as much for one drachm of ointment of yellow oxide of mercury to be used in the eye, as for one ounce to be used on the skin?

5. How much should be charged, in addition to the regular price, for the extra labor necessary on Harrison Law prescriptions?

6. Too many druggists make a rule of cutting under the indicated N. A. R. D. price on repeat prescriptions.

7. If we are to hold our prescription clerks to the task of scientific pricing for their work, it is up to the management to provide them with the means of determining costs quickly and accurately. This involves the marking of all prescription merchandise, the use of up-to-date price lists, etc.

8. That the subject of prescription pricing needs far more study than has so far been given to it, and that many druggists are losing money without knowing it, are facts easily disclosed by a little consideration. A prescription department capable of dispensing one hundred prescriptions daily requires the services of three clerks and one boy. Scientific work such as preparing salvarsan solutions, manufacturing, making analyses, etc., would call for still more help. Labor for such a department would cost \$14 a day. Rental at 10 percent, which is a minimum figure in a prescription pharmacy, means \$7.50 more. Merchandise will average

\$38.50. One hundred prescriptions would bring in \$75 approximately. Thus we have a profit left of \$15 daily, against which must be charged the cost of administration and such overhead expenses as insurance, taxes, breakage, fuel, light, advertising, telephone, etc., etc. Such a department as is here indicated would find it exceedingly difficult to show a net profit of \$10 daily, even with prescriptions priced at the high average of 75 cents.

THE CHAIRMAN: I feel especially grateful to Mr. Mason for preparing this paper and also to his associates, Messrs. Perry and Schettler. I have papers from Mr. Hugh Craig and Mr. F. W. Nitardy on the same subject. What is your pleasure in regard to these papers? While we are very glad indeed to have anyone here who is interested in pharmacy, but as it is a meeting of the House of Delegates, I will ask only those to discuss the disposal of these papers who are regularly appointed delegates. Shall we have these papers read by title and have all the papers published in the proceedings or not? After you decide this, then I will ask you to discuss the paper, if you please. The paper of Mr. Craig, what shall we do with it?

A DELEGATE: I move it be read by title and passed for publication.

THE CHAIRMAN: "Fundamentals of Prescription Prices." If there is no objection it will take that course. Also the paper of Mr. Nitardy, which has the simple title of "Prescription Prices."

#### THE FUNDAMENTALS OF PRESCRIPTION PRICING.

BY HUGH CRAIG.

In the pricing of prescriptions more than in any other division of his multipartite vocation, the retail druggist clings persistently to rule-of-thumb methods—and it is a left-hand thumb at that. The reason is not to be discovered through theorizing. The result is either a neglect of the prescription end of his business as unprofitable, or—and this is of equally frequent occurrence—the killing of the auriferous goose through stimulated production in the way of excessive charges.

Many sheets of paper and much of your time might be consumed in laying down concrete factors to constitute a mathematical rule for your guidance, to replace the rule of the left-hand thumb. But I am mindful alike of your patience and of the high cost of paper, and I shall but point out the basal factors to be considered in ascertaining a profitable yet nonrepellent selling price, and let you do the calculating for yourselves when you get home to your scribbling paper.

Cost, profit—that is all there is to know in determining the selling price of any article in any line of mercantile endeavor. In the dispensing of prescriptions, as in any other manufacturing operation, the cost is two-fold: there is the cost of material and the operating cost—and each of these has its several sub-factors. Profit, in the dispensing field, is also to be looked upon as two-fold: mercantile and professional. To figure profit is a simple matter; to ascertain cost is "another thing, yet, Maurice." Let's tackle it.

There is nothing difficult for the pharmacist who is a merchant—and faith, he needs be—in ascertaining the cost of every item, as laid down in his store. The cost of the same article, as passed over his counter, and the cost of articles of store manufacture are more difficult to determine; and their determination is essential to real business method. They are the cost that is two-fold; they embrace that comprehensive item of expense, operating cost. Operating cost is, in turn, two-fold. It embraces that bogeyman of the efficiency expert, that *bete noir* of the rule-of-thumb man, popularly referred to as "Old Man Overhead;" its other factor is time cost.

To ascertain the total of such items as rent, lighting and heating costs, taxes, publicity costs, depreciation, interest, and so on, which constitute overhead, for a given term and to calculate this total as percentage of the gross receipts for that term is not a difficult operation. But the percentage factor thus obtained must not be accepted as common for all divisions of the business. So to accept it is to court bankruptcy in these days of close competition. It is absolutely necessary that the overhead factor for each line be calculated separately; and time cost in any division is not properly a part of overhead; furthermore, it must be based on a separate factor for each employee.

The calculation of the overhead factor for the prescription department differs only in detail from the calculation of the same factor for any other division of the business, or for the whole business. Its difference lies chiefly in allowing sufficient for depreciation, which, obviously, must include breakage. The proportion of lighting and heating costs, rent, interest on investment, taxes, and so on, to be charged against the prescription department is readily ascertained. Naturally the overhead factor is calculated as a percentage of the gross receipts of the department; it should be transposed into the equivalent percentage of delivery or production cost or inventory valuation, so that it may be more readily applied in any particular compounding operation. As this paper deals with prescription pricing, it is not to be expected to go into detail regarding the calculation of the cost of prescription material manufactured in the store. This cost must, of course, embrace the delivery cost of the original components of the manufactured article, the time cost of manufacturing, the overhead factor for the manufacturing department, and the manufacturing profit, which is usually figured at the prevailing rate of interest.

Time cost, the other sub-factor in operating cost, is not difficult to ascertain; but it is frequently miscalculated. Time cost in prescription compounding should be actual. Now, I can anticipate the objection: But where does the compensation for the professional attainments of the pharmacist come in? I am coming to that; it is not a part of the time cost, but a part of the profit, as hereinbefore mentioned. In saying that time cost should be actual, I do not mean that if you pay an employee \$28 a week of seventy hours, which is the equivalent of forty cents an hour, the time cost of a prescription requiring fifteen minutes to compound should be ten cents. It is necessary, in calculating actual time cost in the pharmacy of the usual sort, to add at least fifty percent to the mathematical time cost to cover idle moments and time spent in tasks not directly profitable, such as replenishing stock containers, arranging stock, and so on. Actual time cost is really "time and a half," unless the clerk is continuously employed in prescription work. Time cost in the prescription department will respond readily to a bit of speed-up efficiency.

The cost, that is, the production cost, of a prescription will, therefore, represent the delivery or production cost or the inventory valuation of the ingredients, plus overhead, plus time cost—don't figure overhead on time cost. To ascertain the proper selling price it is necessary to add to the production cost (1) the desired net mercantile profit, which should be common for the whole business; (2) the selling price of the container—don't overdo the making of profit on containers; and (3) the charge for professional service. This last item calls into consideration the nature of the service and the financial ability of the patient. Upon these two factors is based the charge for professional service made by the honorable follower of any profession; they are the only logical bases for such charge. The existing, albeit not now so prevalent, practice of taking advantage of the nature of the need of an unfortunate patient savors too much of the quack and the slyster to be countenanced among honorable pharmacists. One can not always reckon the financial ability of the patient with exactness, but the errors will usually counterbalance. Leave retaliation in prescription charges to the penny-a-line jokesmith. It scarcely needs be explained that by the nature of the service is meant the sort and degree of pharmacal ability required in the particular operation. A solution for intravenous use, for instance, is worth more to prepare than a liniment of the same volume.

Let it be understood that it is not necessary to perform all the calculation of time cost and overhead for each compounding operation; average operating costs for various volumes of mixtures, eye lotions, liniments, batches of pills, capsules, powders, or suppositories, and so on, should be calculated. They will be a bit high for some, low for others; but calculate them; don't guess. Professional service in ordinary prescription work may be calculated on the basis of time.

Permit me to digress for a moment to mention briefly two factors that, in actual practice, have a considerable influence upon the pricing of prescriptions: one is the quality of materials; the other, the purpose of the pharmacist (the proprietor of the store). Of quality little need be said; there is but one quality worthy of consideration in the prescription department: the best. But the purpose of the pharmacist is not to be dismissed so readily; it is a most important factor; and it is responsible for not a little of the falling off in the prescription business. The purpose of the pharmacist, with reference to the prescription department, is either a real prescription business or large profits from such prescription work as may come his way; the two are not compatible. Considered with the first purpose, prescription charges will not be such as to drive

patients to dispensing doctors or to self-medication. That such driving is of frequent occurrence cannot be denied; it usually obtains as a result of the second purpose hereinbefore referred to, because such a purpose is usually coupled with a tendency to devote the display facilities of the store to the featuring of ready-to-take medicaments, generally offered at a cut price.

An acquaintance of the writer last spring had an attack of laryngitis. He is not a believer in self-medication, although educated in pharmacy and medicine; neither is he so totally antagonistic to proprietary medicines as to go to a doctor when in need of a simple laxative or an application for sunburn. One of the prescriptions given to this patient on the aforementioned occasion called for one ounce of compound tincture of benzoin, to be used a teaspoonful at a time, as an inhalant, vaporized from boiling water. The patient knew what the prescription called for; the pharmacist to whom he took it for compounding knew that he knew—and charged him thirty-five cents for the medicine. In the main window of that pharmacist's store at that time was displayed a proprietary throat lozenge, offered at the enticing price of two boxes for the price of one plus one cent. Can you, or I, blame that patient for feeling that there is a bit of hold-up in the pricing of prescriptions? If that pharmacist charged thirty-five cents when he knew that the patient knew that the same medicine could be bought at the counter for ten cents, what would he charge a patient ignorant of the nature of the medicine? Doubtless, at least enough to convert a prescription customer into a purchaser of two boxes of a twenty-five-cent lozenge for twenty-six cents. Perhaps that is his purpose.

Verily, the purpose of the pharmacist has a great deal to do with his pricing of prescriptions—and with the volume of his prescription trade, also.

The chairman has asked that I explain the N. A. R. D. prescription-pricing schedule. As it is such a simple scheme, I shall be content with having copies distributed, and with the statement that, as I have had nothing to do with the preparation of this schedule—it antedates my connection with the National Association of Retail Druggists—it does not follow in detail the scheme outlined in this paper, and I, personally, consider it not sufficiently elastic and somewhat overproductive when applied to prescriptions of the everyday sort.

Cost of ingredients, plus overhead expense, plus time cost, plus net profit, plus the price of the container, plus professional remuneration, equals the selling price of the prescription; that's all there is to it. When the six component factors are properly determined, it will be found that there need be no foundation for the popular myths relative to the apothecary's profits, and still prescription work will pay better than one-cent sales—and it will increase.

### PRESCRIPTION PRICING.

BY F. W. NITARDY.

In considering the subject of pricing prescriptions let us first consider the prescription itself and see at what point it may be considered salable drug store merchandise. If you should obtain an order from one of your customers for a compound or mixture of a nature that you would not care to prepare yourself but would turn the work over to a pharmaceutical manufacturing house to prepare for you, and assuming that this house charged you \$1.00 for the finished article, how would you arrive at a selling price for this mixture? I assume that this selling price would be arrived at in the same manner that you use in arriving at selling prices for any merchandise in your stock. You know that it costs you a certain amount to do business and that, in order to make a profit, your selling price must be sufficiently above the cost, plus the expense of doing business to leave the net profit desired. Expense of doing business varies according to the kind of a store you are running. If you are running a city store it will probably cost you from 30 to 35 cents to sell a dollar's worth of goods. If you are running a country store, paying a low rent and are getting full prices for everything, it is possible that your cost of doing business will be slightly below 30 cents on the dollar.

Let us take 30 percent on selling price or 50 percent on cost as a liberal average for the purpose of this paper. Going back to the preparation made for you by the pharmaceutical manufacturer, costing you \$1.00, this product should be sold at \$1.66 to yield what is considered the ideal net merchandising profit of 10 percent, the cost of your article representing 60 percent, the cost of doing business 30 percent, and the net profit 10 percent of the selling price.

A prescription does not represent a salable piece of merchandise until compounded and ready to leave your prescription department; it is then the same as any finished product prepared by or bought of any manufacturer or jobber, and the cost of a prescription to the point to where

it is ready to be delivered to the customer should be calculated as its cost on which its retail price should be based. This cost does not include the general merchandise overhead that exists in every store. There is no less trouble or risk connected with the delivery of a finished prescription to your customer than with the selling of a proprietary medicine, a quantity of some crude drug, a household remedy or any other merchandise. Therefore, the same general overhead that applies to your merchandise business in general applies to the finished prescription, when it is ready to leave your prescription department.

With this idea in mind the Colorado Pharmacal Association in the spring of 1915 took steps to investigate the cost of prescriptions and the price received for them by asking the following questions of its members:

Have you ever taken the time to calculate the average cost of prescriptions and the average price received? Can you give us figures giving:

A—Cost of material used in filling 1000 consecutive prescriptions?

B—Estimate number of hours required to fill them?

C—Cost of containers, labels and other incidentals necessary?

D—Estimate of overhead expense, including clerk hire, such as light, rent, heat, telephone, insurance, interests, taxes, etc., on your *Prescription Department* for the period covering the number of days in which you will fill 1000 prescriptions?

E—The price received for the same one thousand prescriptions?

Answers to these questions which were received from ten different sources, showed that the profit on prescriptions was not what it was generally supposed to be.

Feeling that more work along this line should be done, the same questions were asked this year of the members of the Colorado Pharmacal Association. Among the answers received was one by a man who had given very carefully prepared figures in 1915 and who, for the sake of comparison, prepared an answer covering the same period in 1916 as was used last year in compiling his figures with the following results:

1000 consecutive prescriptions.	1915.	1916.
Cost of material.....	165.01	193.13
Cost of labor.....	100.00	100.00
Cost of containers.....	23.36	25.89
Prescription department overhead.....	66.43	66.43
	<hr/>	<hr/>
Total.....	354.80	385.45
Price received.....	511.00	530.56
Less cost.....	354.80	385.45
	<hr/>	<hr/>
Gross profit.....	156.20	145.11

The figures given above are very close to the average figures that were received and are used in this instance because of their accuracy. They were prepared in a residence district store of Denver, a store which might be considered a representative city drug store.

Now let us consider for a moment what price a prescription should bring. If the sum of the cost of the ingredients, container, overhead expense and time for compounding is considered the cost to the store of the finished prescription, then we must add to this cost that of doing business, that is, the general merchandising overhead which takes care of the expense of the front of the store, deliveries, losses through bad accounts, cost of time of such clerks as wait on the customer in taking in the prescription and handing him the finished article, etc. Further, we must add the fee to which we are entitled as professional men for the service rendered in filling a prescription and such additional amount as to show the percentage of net profit that should accrue from a transaction of this nature.

Now let us see how near in the figures above referred to, the actual price received for prescriptions comes to the price that should have been received. Assuming that your selling price of a prescription consisting of 100 percent should be composed of a net profit of 10 percent, a professional fee of 10 percent, a merchandise overhead of 30 percent and cost of the finished prescription of 50 percent, then a prescription costing 38½ cents when finished by your prescription department should retail for 77 cents, which would be divided as follows:



Cost.....	\$0.385	50 percent
Expense of doing business.....	0.227	30 percent
Service fee.....	0.079	10 percent
Net profit.....	0.079	10 percent
	<hr/>	<hr/>
Total.....	\$0.770	100 percent

This would represent a fair retail price for a prescription costing 38½ cents, and one that could readily be obtained by all pharmacists for the asking. It would stand public investigation and criticism, for on this basis the average prescription would bring 75 to 80 cents, which would mean a combined net profit and professional fee of 15 to 16 cents to which no fair-minded person would object. It is probable that prescriptions involving very expensive materials could not be made to show a profit quite up to the one just mentioned, but it is equally true that there would be other prescriptions involving very cheap materials that could show a little larger profit to offset the former so that the average showing would still remain in harmony with the figures given. That such a profit is reasonable, I think will be acknowledged by everyone, for on this basis you would be running your prescription department as an accommodation department to your store, without any profit for that department as such. You would show a net profit of 10 percent and a professional service fee of 10 percent over and above the actual cost of delivering this service. In the trades a profit of 15 percent and more is charged on any labor furnished aside from a profit charged on materials furnished and I doubt if you can find any professional service rendered as cheap as the one proposed in this instance.

What would it mean to you if you could readjust your charges so as to obtain a price based on these principles? Would you have any objection to charging on this basis, if you were sure your competitors were doing the same? I believe not. How can we bring about a condition then of prescription pricing that will bring the desired results and one that would be comparatively uniform throughout the country?

Before attempting to correct any condition that is wrong, it is quite necessary to diagnose or analyze the condition so that we may know wherein the trouble lies.

Probably the greatest factor in the incorrect pricing of prescriptions at the present time is the misinformation under which a great many druggists are working. Comparatively few have figures available which would give them a fairly accurate idea of the amount of money invested in their prescription department, the amount of overhead this department requires, the cost of ingredients, labor and containers, all of which form a part of the cost of the prescription and without knowing its final cost, they can not intelligently arrive at a selling price fair to themselves and the public. I venture to say that not one druggist in a hundred could answer the questions asked in the investigation conducted by the Colorado Pharmacal Association from information at his command. Not only that, but quite a number believe they can guess at the cost of a prescription, but little do they realize how far from the actual facts they are guessing. The information obtained in the Colorado investigation surprised each individual who took active part as well as the general membership. Mr. Clark, who wrote the paper referred to in the beginning of this paper, was surprised to find that his profit on prescriptions in 1916 was less than in 1915, when he had made a decided effort to obtain, and thought he had obtained, about 10 cents more gross profit per prescription in 1916 than in 1915 on account of the information gained from the first investigation.

Another great factor responsible for the prevailing conditions is the miscalculation of profits on this line of work. It seems that a great many druggists will roughly estimate the cost of ingredients in a prescription and base their selling price on this cost, without taking into consideration the amount of time required to compound the prescription or the overhead expense connected therewith. The time of the person compounding a prescription has a definite value and means a definite cost to the store. The prescription department creates a definite overhead that could be eliminated from the expense of the store if no prescriptions were filled, and these costs form part of the final cost of the prescription. Every druggist knows that he can not buy a show case for what the plate glass, etc., in it costs, or a soda fountain for what the marble, onyx, tin, etc., are worth in the crude state, and it is equally wrong to consider the cost of the ingredients of a prescription as cost of the finished product.

There was a time, no doubt, when prescriptions brought the price they should bring, but

such is not the case to-day. Many druggists are still charging the same price for the average 4-ounce mixture, 2-dozen pills, tablets or powders that they did twenty years ago, notwithstanding the fact that there has been an ever-increasing cost of doing business and many changes in the cost of materials. We pay larger salaries, more rent, have more elaborate equipment, require a larger amount of stock and have more losses to-day than ever before, but we have not made corresponding increases in our retail prices of prescriptions.

There is but one way in which we can correct these conditions, and that is by a thorough educational campaign based on careful investigation of actual conditions. If the pharmacists of the country are shown in a convincing manner where they are losing money daily on account of habits acquired many years ago in the pricing of prescriptions and that it is necessary for them to adopt a business-like system of pricing prescriptions instead of the old-fashioned method of basing the price on the amount or size of the bottle dispensed, they will no doubt be willing to correct their methods.

The argument sometimes put up, that raising the price will drive away business, has been proven false, for all of us have had to charge much more for certain drugs in the last year or two than we have ever before had occasion to charge, and I believe you will all agree that, while there probably was some necessity for explanation at times, the public as a whole stood for the raise in prices with very little complaint, so little in fact that all of us were surprised.

There is no reason why the pharmacist should not make a reasonable profit on his service, and while the public likes to buy as cheaply as possible, it is nevertheless willing to pay a fair price for honest service and it only remains for the pharmacists to charge the fair price. One thing is certain, the public will never come to him and say, "You are not charging enough for your service, here is an extra quarter for that prescription." If you want the extra quarter you will have to ask for it and you will be surprised how easy it will be obtained.

I hope that we shall be able to interest every local, state and national association in this work and that we shall take the lead in actively and thoroughly investigating present conditions. As soon as reliable and representative information is at hand it will be possible to formulate a set of principles on which the pricing of prescriptions should be based. It will not be a simple task. In fact, it is a task too difficult to be solved off-hand or to be solved by any one person but it should have the attention of a representative and capable committee and their report should then be given to the drug trade with the statistics, reasons of its adoption, etc., to form a guide for state and local associations as well as individuals, in their effort to price prescriptions correctly.

Now that these papers are disposed of I would be very glad to have anyone present, whether delegate or not, discuss this paper of Mr. Mason.

H. B. SMITH: I would be very glad to know, Mr. President, if the so-called excessive prices, and what appears to be minimum prices, were confined to any particular section of the country.

H. B. MASON: No, you couldn't work out any geographic theory.

R. P. FISCHER: Mr. Chairman, I am truly glad to have Mr. Mason read the paper and to bring out the points he did, showing that there is much criticism of pharmacists for the charges made for prescriptions. As a matter of fact, I believe according to the Evans' system, which Mr. Mason suggested, the prices would be even less than the estimated prices to which I called attention. I agree with Mr. Mason that there ought to be some systematic way of pricing prescriptions just the same as for anything else in the drug store.

E. G. FINE: Regarding one statement Mr. Mason made use of in his paper on prices. I happened to be present in the Colorado Pharmaceutical Association a little while ago, when a paper was read by one of our leading druggists, Mr. L. W. Clark of Denver. Mr. Clark with a great deal of patience went through one thousand of his prescriptions, and the result of the showing made us all dig back in our old prescriptions and sit up and take notice, with the result that every druggist

in Colorado, at least those who were present at that meeting, were asked to raise the standard of prices of their prescriptions, generally. It is an eye-opener to all of us who thought we were getting good prices for our prescriptions, averaging about fifty-five cents.

THE CHAIRMAN: It was because of that action in Colorado that this subject was brought up in this way; the House of Delegates was asked to take it up. Would the House of Delegates like to endorse Mr. Mason's suggestions? Some one make the motion that we endorse the Evans' rule and thereby give it the endorsement of the House of Delegates of the American Pharmaceutical Association?

OTTO F. CLAUS: Mr. Chairman, I take pleasure in making such a motion.

R. P. FISCHER: I second the motion.

N. P. HANSEN: Some of the larger drug firms have, as I understand it, two scales, one for what they call an ordinary prescription and one for an extraordinary prescription. For instance, take two grains of zinc sulphate and a pint of water. The cost of that would not be five cents; you must have a rule for quantity. Some of the larger firms charge at least ten cents an ounce, for what they call an ordinary prescription, and grade it in that way, and don't grade according to the actual cost. An extraordinary prescription they fill according to the Evans' rule, but an ordinary prescription could not be priced in that way. Two grains of zinc sulphate and a pint of water; you know what it is for and wouldn't want to dispense it for twenty-five cents. Ordinarily you would charge sixty-five or seventy-five cents for it.

H. B. MASON: That point was covered in this report, in "exceptions to that rule," and the point was brought out that there should be a minimum price below which you should not go.

(Motion put before the House and carried.)

THE CHAIRMAN: The House of Delegates will now come to order. I call for a report of the Committee on Credentials.

REPORT OF COMMITTEE ON CREDENTIALS.\*

SEPTEMBER 6, 1916.

Your Committee on Credentials respectfully reports that it has carefully examined the lists of delegates given us by Gen. Sec'y Wm. B. Day and finds the following organizations duly represented:

State Associations.....	34
Colleges of Pharmacy.....	34
Local A. Ph. A. Branches.....	9
National and City Organizations.....	7
U. S. Departments.....	6
Alumni Associations.....	5
<hr/>	
Total.....	95

Your committee recommends that through the medium of the JOURNAL, a notice be given to the various organizations entitled to representation, calling attention to that section of the by-laws, which permits a delegate to represent one organization only.

Signed,

ROBT. S. LEHMAN,  
JOSEPH WEINSTEIN,  
OTTO F. CLAUS, Chairman.

\* The report of the names of these delegates was made by Secretary William B. Day and therefore not repeated.

THE CHAIRMAN: You have heard the report of the Committee which includes a double recommendation. What is your pleasure in this regard?

MR. HANSEN: I move the report be received and Committee discharged.

(This motion was seconded by Mr. Hostmann, put before the House and carried.)

THE CHAIRMAN: We have with us Dr. Alfred R. L. Dohme, who represents the Association of Manufacturers of Medicinal Products, and I am sure we will be glad to hear from Dr. Dohme.

A. R. L. DOHME: Mr. Chairman and gentlemen, I am delighted to have the privilege of being with you at this meeting representing the National Association of Manufacturers of Medicinal Products. As you know, this organization has been in existence only five years and it owes its existence, practically to some suggestions that were made in this parent body, the American Pharmaceutical Association. Although we realized that we had the privileges of the floor here and we exercised those privileges whenever the occasion demanded, at the same time there were conditions arising in our own line of business as the result, principally, of the inception of the Pure Food and Drugs Law, and all that followed after it, that indicated the necessity for our meeting together and having more time for the consideration of the problems that were confronting us, than could be given at a meeting of another association, and for that reason this new association sprung into existence. We have found it to be desirable and helpful, not only to ourselves, but to meet the growing troubles of legislation and regulation, by the government, of our products, and we have come to the conclusion that it has been of a great benefit to members of your association—the retail druggists of the country—because being compelled to watch at the fountain heads of all legislation of the country, whether in the states or at Washington, we have succeeded, in your interest as well as in our own, in preventing the enactment of a great many laws that were either ill-advised because the persons who drew them did not know what they were talking about, or because they had been suggested to a legislator by someone, in his own interest. This person, not knowing what the bearing of this particular law was, did not hesitate to press it and it would have gone through in many cases. We found many of these laws were the result of such ill-advised action on the part of the man who does not know what he is talking about. Others we find are a scheme put up by which an interested party tries to get through a law under a false name or under a false heading or a misleading heading, but which in another part of the law would have a clause that would be very unpleasant for the retail, the manufacturing or wholesale trade.

In addition to this protecting feature which this association has brought about and which, of course, benefits the retailer as much as it does the manufacturer, we stand behind anything that we sell, and in doing so, of course, we stand absolutely behind the retailer. So that any retailer who is handling any of our products and should get into the hands of the law by virtue of the excessive zeal on the part of government agents or state agents, may rest assured that his interests are protected in every way by the action of this association.

I want to congratulate you, Mr. Chairman, and gentlemen of the American Pharmaceutical Association, upon the broad view which your association has always taken in pharmacy. I believe that the time will come when we will be called upon more than we are now, to band together or band our interests together in some common action, whether it be in defense of our rights or in defense of our calling or profession, rather than have the associations split themselves up into smaller units. The tendency in the future should be to increase or centralize more strongly the power and influence and weight of these organizations, and as has been well said by your Chairman on previous occasions, and probably on this occasion, there is no body of pharmacists that better represents all these interests than this particular body, the American Pharmaceutical Association, and I therefore

trust that the principles which were laid down by the founders, away back sixty-four years ago, along these lines may not only be continued, but that the tendency to draw the other organizations more closely to you may grow in the future rather than diminish.

I am also pleased to note that the attendance at this meeting is good, from all the different branches of the trade, and I hope that future meetings will show the realization of the hope that was expressed this morning at one of the meetings, that our membership might increase twofold or threefold, and the suggestion was made at that meeting that this should be done from the pupils of the schools of pharmacy. I would suggest along the line indicated by the Secretary of your association, and also by your Chairman that this can be done from all the organizations, that the wholesale druggists should be induced to become members of this association to a larger extent than they are at present, and that the manufacturers and their individual representatives should become connected with this organization. I think that if you take the pupils in the colleges, take the retailers themselves, take the pharmaceutical chemists, take the manufacturing pharmacists or manufacturing chemists, you have a source for membership which, if you can bring out more prominently than you do now, the importance of banding together for protection in the future, it seems to me that there ought to be no trouble within the next five years of making this membership instead of twenty-five hundred, at least five thousand, if not seventy-five hundred, and I certainly hope that that will be the case. Thank you, Mr. Chairman, for the privilege of addressing you. (Applause.)

**THE CHAIRMAN:** For the information of the delegates I may state that Dr. Dohme as, representing the National Association of Manufacturers of Medicinal Products, was referred to this House of Delegates instead of being received in general session as he should have been.

I hope you will excuse me for any informality that occurred yesterday. The Secretary has called my attention to the fact that neither his able report, nor my very bad one, were regularly received. Will someone make a motion that these be received?

**OTTO F. CLAUS:** I make that motion.

(This motion was seconded by N. P. Hansen and carried.)

**THE CHAIRMAN:** We will have a report from the committee that was appointed yesterday to consider the general welfare of the House of Delegates. We will call upon Dr. Rusby, who has very kindly agreed to present this report.

**DR. RUSBY:** Mr. Chairman and gentlemen: I was not the chairman of this meeting, but Dr. Hynson, who was the chairman, has asked me to present this report.

#### REPORT OF COMMITTEE TO STUDY THE PROPOSED CHANGES IN CONSTITUTION OF HOUSE OF DELEGATES.

Your committee met this morning at 8.30 and again this afternoon. We have found so many important considerations involved in the pending resolutions that we are not willing to offer any general recommendations on the subject.

At the same time, we have agreed upon the desirability of certain measures, which we shall recommend.

We heartily endorse the chairman's opinion that the State associations, as such, should have a representation in this Association. Such associations do at present have the right to send delegates to this Association, who have the privileges of the floor, but the delegations, as representing their associations do not have a vote in determining the proceedings. It seems to us very logical and consistent that the state associations, as units, should possess membership in this Association, and should so participate in the proceedings, either through the general sessions, or through those of the House of Delegates.

We see important reasons why this should be done and we see very important benefits of such a plan, both to the state associations and to this body. We believe that there are many thousands of members of the state associations who are not members of this Association, and who for that reason take no interest in our affairs. To make their associations members of this body, with voting powers, would be the first step toward interesting them individually. It seems perfectly feasible to supply to members of state associations which are thus members of this body, the publications of the A. Ph. A., for say, \$3.00 in addition to the \$2.00 paid to their own association. We believe that the receipt of these publications would become the strongest possible incentive leading to their becoming full members. We believe, moreover, that this would go a long way toward bringing about uniformity in regard to legislation, especially affecting the prerequisite law and license laws.

We therefore recommend that the necessary legislation should be enacted to make state pharmaceutical associations members of this House of Delegates, giving to each association represented at our meetings a single vote.

We believe and recommend that the same action should be taken with regard to the associations of the District of Columbia and other territories, and to those of foreign states of the American continent.

We believe that this House of Delegates should meet for the discussion of such business as may be referred to it by the A. Ph. A. and of such other affairs as they desire to discuss, previous to the meetings of this Association, and at the same time and place as the meetings of the A. C. P. F. and the N. A. B. P. in order that its discussions may be deliberate and thorough.

We are inclined to think, though we make no specific recommendation at this time, that the following things should be done:

1. That the local branches should not have voting powers in this House of Delegates and at the same time a representation on the Council. We direct particular attention to the fact that every member of a local branch is a member of this Association, so that these branches are not in the same need of representation as are the state associations.

2. That local associations should not possess voting powers here. It is due the state associations that they should possess a full representation of all local associations and that it is through those state associations that they should have representation here, and not independently.

3. That the same view should be taken of pharmacy schools, all of which, moreover, possess representation in the Section on Education and Legislation.

4. That such national associations as the N. A. R. D., N. A. W. D., N. A. M. P. should not have voting powers, although it would be well for them to have representation, in this Association. Their position is quite different from that of the other bodies already mentioned. First, they are bodies coördinate with ourselves. We are all members of the Drug Conference, where we have an equal footing. This Association has no voting powers with those bodies, and there is no good reason why they should do so in a house of delegates such as ours.

Signed,

H. H. RUSBY, Chairman.

N. P. HANSEN,

L. A. SELTZER,

JEANNOT HOSTMANN,

H. P. HYNSON.

N. P. HANSEN: I move the adoption of the report.

(Motion seconded.)

THE CHAIRMAN: It has been moved that this report be adopted as the sense of the House at this time, and I think that might be followed by the continuance of the committee with instructions to draft such amendments to the By-Laws as will put these suggestions in effect. Does any one want to discuss this report? If not, I will put the question.

(Question put before the House and carried.)

MR. HOSTMANN: Mr. Chairman, I would like to move that, before reading any resolutions, the Chairman appoint a nominating committee to report at the

Friday morning session. It is absolutely necessary that that committee be appointed some time this evening. I therefore move you that the Chair appoint a nominating committee.

(This motion was seconded, put before the House and carried.)

SECRETARY HOSTMANN: Mr. Chairman, to be able to act upon these resolutions properly on Friday morning they either should be read in toto or read by title, and if I may be allowed I will skim over them. One resolution is: "Resolved, that a committee of five be appointed by the chairman of the House of Delegates to consider and report on the functions of the House, said report to be rendered at the session of the House of Delegates in 1917."

Second resolution is: "Resolved, that the House of Delegates recommends the adoption of the following amendment to the By-Laws of the Association, said amendment having been referred to it by the Second General Session of the Association." That amendment was the one I submitted this morning to the general session which reads: "Amend the By-Laws as follows: "There shall be and hereby is created a House of Delegates to have and exercise such functions as may be hereafter specified by the Association."

The reason for that is this: We are fighting away and are spending our time trying to find out what we ought to do, and after we do decide on something, if the Council sees fit, it can pass a resolution cleaning up the House of Delegates. These resolutions we will act on and will go to the Council on Friday morning, and if the Council sees fit to adopt our recommendation, then the House of Delegates will be created in a By-Law and will become a permanent body of the organization. If the Council refuses to adopt our recommendation, we have a chance to present this amendment at the last general session. In that way we will at least accomplish this; we know, positively, that the House of Delegates will be in existence at the next annual session. Otherwise these committees that are going to work all this year, when they come along next year they will find out there is no such thing as the House of Delegates.

There are some resolutions that have been referred to us by the Association. One on the status of the pharmacists in the government service; that is, in the Hygienic Service, and one from the Committee on Weights and Measures, which is very short: "Resolved, that this Association approve the idea of a conference to be held in New York during December and authorize its Committee on Weights and Measures to participate in such a conference.

"Resolved, that the Association express the hope that the National Wholesale Druggists' Association will also appoint a committee to take part in the proposed conference," its object being to adopt the metric system.

Another resolution that has been referred to the House of Delegates has to do with the fund that is being raised for the Procter Memorial, and the last resolution is one that has been sent in from the Wisconsin Association which is of more than passing importance. This comes through General Secretary Day.

Those are the resolutions that we will have to act on on Friday morning, and as there will be no other session we ought to have a good attendance. Just as soon as the House of Delegates adjourns the Secretary is supposed to take these resolutions that have been adopted by the House of Delegates and present them to the Council, which will then be in session, and if we are going to do anything at all we ought to be prompt on Friday morning.

H. H. RUSBY: Mr. Chairman, I would like to know about that last resolution.

MR. HOSTMANN: That should be acted upon Friday morning.

H. H. RUSBY: That being such an important resolution, I would suggest it be read again.

THE CHAIRMAN: I may say that the resolution is on the program which I sent out to each delegate. If anyone is interested they will find it in that paper.

C. M. SNOW: Mr. Chairman, may I suggest that what Professor Hostmann has introduced has been taken care of, I believe, or was taken care of at Denver. I think the House of Delegates exists by virtue of having been endorsed at a general session of the Association. I certainly recall serving on the Committee of Constitution and By-Laws and the work of the House of Delegates was certainly referred to the Council at that time. Otherwise we wouldn't at present be in session.

THE CHAIRMAN: But there is no By-Law of the Association providing for the House of Delegates.

C. M. SNOW: I think you will find it in the minutes of the proceedings.

JEANNOT HOSTMANN: Exactly, Professor Snow, that is the way it was created, and if the Council sees fit, or if anybody introduces a resolution in the Council it can wipe out the House. It was created by resolution and can be wiped out by resolution. It is to be created by By-Law, and if it is created by By-Law the only way it can be discontinued is by an amendment of the By-Laws.

C. M. SNOW: I believe the same motion was introduced last year.

SECRETARY HOSTMANN: I looked into that very carefully, and I had it out with some of the parliamentarians. Mr. England took the same position you did, and when we looked in the By-Laws nothing was said, until you came to the By-Laws of the House of Delegates.

THE CHAIRMAN: I would like to announce as members of the Nomination Committee: Professor H. V. Army, Charles H. Skinner of Vermont, and Professor R. P. Fischelis of Pennsylvania.

THE CHAIRMAN: Mr. Hostmann, will you act as Chairman just for a moment?

(Mr. Hostmann takes the chair.)

H. P. HYNSON: I move that the committee which has made a report this afternoon be continued and that it be requested to bring in such amendment to the By-Laws as will put in action the report which has been adopted, and submit the amendments Friday.

(This motion was seconded by N. P. Hansen.)

CHAIRMAN HOSTMANN: It has been moved and seconded that the very able committee that reported on the House of Delegates be continued and report at the final session on the functions of the House of Delegates.

H. P. HYNSON: I didn't make it functions; bring in a report making such amendments in the Constitution and By-Laws as will put in effect the recommendations made by that committee.

CHAIRMAN HOSTMANN: I think it is practically the same thing, because these recommendations can't be acted on this year. What are these amendments going to do, but define the functions and purpose of the House?



H. P. HYNSON: You have a resolution about functions. That is a very different thing. I want the motion put: That the committee which reported here this afternoon be authorized and requested to bring in such amendments to the By-Laws as will put into effect the recommendations which have been adopted.

(Motion put before the House and carried.)

CHAIRMAN HOSTMANN: Of course you understand, as I said before, that these amendments could not be presented until the next annual meeting.

H. P. HYNSON: They can be presented and acted on at the next annual meeting.

MR. HANSEN: Is it not practical to introduce them a year before so as to look them over and see what they are?

H. P. HYNSON: Mr. Chairman, at this session I move that all of Chapter 2 of the By-Laws of this House of Delegates after the word "From," in line three, be stricken out and the words "State Associations" substituted. I do this simply to get it in form for action if we desire to do so. It will read: "That the membership of the House of Delegates shall consist of three regularly elected or appointed delegates from the several State Associations."

H. H. RUSBY: I would say from each State Association.

H. P. HYNSON: Each State Association. That can be amended on Friday. I make the motion that we may act on it Friday if we see fit. I do not want to push the matter through, but wish to put ourselves in a position to act on this if we so desire.

CHAIRMAN HOSTMANN: Gentlemen, do not get this confused. The last amendment applies to the By-Laws of the House of Delegates, with which the Council has nothing to do. We may act upon that on Friday morning. You have heard the amendment. If there are no objections it will take the usual course and we will take it up on Friday morning.

On motion duly made, seconded and carried, the meeting then adjourned until Friday morning at eleven o'clock.

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### GOLDEN RULE OF GOVERNMENT

"Everywhere in America are clamant and strident voices, proclaiming the essential elements of patriotism. He who seeks out of them all to select one clear note of love for country may fail. I conceive it to be far more important to examine myself than to cross-examine another. May I make bold to insert in the *Record* some elements of the creed which I have adopted in this period of retrospection and introspection? It does not embrace what I know, but holds part of what I believe.

"I believe that the world, now advancing and now retreating, is nevertheless moving forward to a far-off divine event wherein the tongues of Babel will again be blended in the language of a common brotherhood; and I believe that I can reach the highest ideal of my tradition and my lineage as an American—as a man, as a citizen, and as a public official—when I judge my fellow-men without malice and with charity, when I worry more about my own motives and conduct and less about the motives and conduct of others. The time I am liable to be wholly wrong is when I know that I am absolutely right. In an individualistic republic, I am the unit of patriotism, and if I keep myself keyed in unison with the music of the Union, my fellow-men will catch the note and fall into time and step."—Vice-President Marshall.