

ples of such labeling and advertising are given in my book called "Hungry for Profits, as well as the works of Drs. Silverman and Lee.

The second and more serious problem is that of the low-income majority of Latin Americans who, for the most part, do not consume pharmaceuticals in great quantity because those products which are available are too expensive and/or unsuited to their needs. Seventy-two percent of Brazilians, for example, die before the age of 50; 10 percent of them die before their first birthday. Communicable and endemic diseases aggravated by malnutrition are the main causes of such deaths.

What Brazil, like most other countries of Latin America, needs from the pharmaceutical industry is the development of very inexpensive drugs to combat diseases like tuberculosis, measles, diphtheria, whooping cough, schistosomiasis, Chagas disease, and the myriad of intestinal infections which ravage the low-income populations. This means that research and development must be carried out with these local and low-income concerns primarily in mind. This is, unfortunately, not the kind of R. & D. which receives highest priority in the multinational pharmaceutical business.

Nearly all of the pharmaceutical products on sale throughout the world today are discovered and developed in the United States or Europe. Since multinational firms make their money by selling to the higher income populations of North America, Europe, and Japan, along with the urban middle and upper classes of Asia, Africa, and Latin America, they have very little economic incentive to produce cheap drugs to combat diseases from which their main customers do not suffer.

Now, my purpose is not to make the transnational pharmaceutical industry the scapegoat for all of Latin America's ills. The industry has discovered and developed drugs and vaccines which have saved millions of lives among rich and poor. Even if one believes that such discoveries and more might have taken place if the industry were structured differently than it is, credit should be given where it is due. Latin American governments certainly bear a very large share of the responsibility for the problems I have just described. They invited multinational industry to their shores and, even though this was done frequently with the active encouragement of the U.S. Government, they could have refused; and they remain free to expel, nationalize, or otherwise discipline these firms.

But, I think one can fairly blame the multinational industry for at least two things: For the maintenance of high prices on drugs currently available and for its tendency to favor the political, economic and therapeutic status quo. Multinational industry's role in the maintenance of high prices on the international market has already been investigated by this subcommittee and will perhaps be discussed further by other witnesses at these hearings. I am more concerned with the industry's failure to produce what the people really need and its ability to resist efforts by concerned local interests to develop a low-cost chemotherapy more suited to such needs.

When, for example, 45 percent of a sample of foreign-held patents registered in Argentina from 1957-67 were for products which were neither being manufactured nor imported into Argentina, the effect could only have been to discourage Argentine research and