licensed, with security. I shouldn't have to wonder about whether the inspection or quality control is good or whether their labeling is proper. This should be policed in a much more rigorous and effective way than it now is.

Now, I cast no reflections on the FDA. I don't believe that they have anywhere near the kind of manpower that they need for the kind of job that needs to be done, and I think that that is one of the very important things that has to be pushed.

It is interesting. I asked our pharmacist, why don't you use that huge list which the armed services uses. It is called "Responsible Prospective Contractors," as defined in Armed Services Procurement Regulations, part 9, revision 11. This is on page 11. I said why don't you use the same firm; there are hundreds of them.

He pointed out to me that this would not be sufficiently secure because the armed services can order a huge order of a single item with rigid specifications, that the particular drug house might be able to meet, but for small orders at another time and of multiple preparations, we could not be secure that they, in fact, were maintaining the level of control that we think is necessary.

Senator NELSON. I wouldn't think that it could necessarily be assumed that the quality control of a small company is better if it is handling a large order than if it is handling a small order.

Dr. CHERKASKY. No.

Senator NELSON. The second point I would like to make is that the Defense Supply does make small orders.

I have looked at contracts amounting to no more than $25,000 or $26,000, which wouldn't be considered a tremendous contract.

So, I wouldn't accept on its face, at least, the argument of your pharmacist that a company can produce a mass of drugs and have good quality control, but couldn't produce a small quantity and have good quality control.

Dr. CHERKASKY. I would think that you are absolutely correct. I think it really has to do with the matter of our sense of security, Senator.

Obviously if they can produce a massive order of good quality, you can produce a drug of good quality, but I think that we ought to be relieved from this sense of insecurity which is fostered all the time.

I don't mean to imply that, in fact, they don't produce good drugs, because we do buy substantial amounts of generic drugs from small generic houses which we have assured ourselves are good manufacturing concerns.

Some of the errors that we talk about in quality control don't apply only to the small houses. In fact, it seems to me, a more serious breach when serious quality control has been found in the major houses, as evidenced by citations last year of Squibb and Abbott for drugs manufactured without satisfactory controls. When you say this about a company like Squibb, that is shocking.

I would like to read a quote that we took from the report to the President on medical care costs. It states that:

> Brand name prescribing raises the cost of drugs not only to patients but also to the taxpayer when drug costs are covered by public programs. There is considerable sentiment in Congress to require or encourage generic purchasing or prescribing of drugs under all federally financed programs. Before such legislation becomes feasible, however, doubts about the therapeutic equivalence of drugs