

Senator NELSON. The point I want to make is that you have a special case here where competition is for all practical purposes limited. Cyproheptadine, on page 3 of the chart, is an antihistamine, sold by Merck to Colombia, at \$1,800 a kilogram, while the price for chlorpheniramine is \$20.50 and the Medical Letter is unable to find any record of well-controlled trials showing cyproheptadine is superior to other antihistamines, including chlorpheniramine, for such use.

Most Medical Letter consultants believe the antihistamine * * * effects are due mainly to their sedative properties.

I get back to the question of allowing a developing country and its consumers in the open marketplace to pay dramatically high prices while our own Government would not buy it on any bid at all. New York City would not pay such prices—any well-controlled purchasing system in this country would not pay them—and yet we are, in fact, subsidizing at an exorbitant price a drug for which there is an equivalent at a fraction of the cost.

Mr. DWINELL. Mr. Chairman, the particular case you are citing has been reviewed and Mr. Barondes has comments on it.

Mr. BARONDES. We have reviewed, as I indicated, a good number of transactions that we have submitted to you. We have gone through many transactions of the Merck Co. Again, keep in mind that we look at the prevailing export price. And it happens that this item has been reviewed and we find that this company in its sales, worldwide, generally sells at this price.

We do not feel we can develop a refund claim on this particular item.

If you had picked some other items on this list, we might be able to tell you a substantially different story.

Senator NELSON. No, this is a monopoly price. A well-informed pharmacologist or physician is not going to use it because the Medical Letter concludes that it does not do anything that another antihistamine would not do.

All I am saying is, we are not dealing with a sophisticated medical and pharmaceutical community; we are dealing with a developing country which does not have any sophistication to speak of—in industry, business, management, finance, medicine, pharmacy, or anything else. It seems to me we have an obligation to protect that poor buying public from a fantastically high price.

Mr. BARONDES. I could say to that, in looking at most of these items, it is quite true that a substantial portion, the great majority of the sales are to affiliates. However, almost invariably we will find that these companies are selling not only to affiliates in less developed nations, they are also selling to affiliates in Great Britain, West Germany, or France, where they have to compete with affiliates of German companies, and so forth.

Senator NELSON. If that is the case, how can they compete, especially if these products are available to everyone at world prices, which are dramatically lower than the price the subsidiary is paying?

Mr. BARONDES. That is what I am getting to. They make a substantial number of sales in many instances to third parties—arms length sales. We had one case where—you will not find it in your