

tually, you do no favor to the developing country. All I can see is that you have a program where we get some hard dollars back and a whole lot more than we ought to get back where a domestic company gets a chance to sell drugs at an exorbitant price. And instead of doing a favor to the country, we are damaging the consumer and the country. We would be better off if we just bought tetracycline hydrochloride for \$24 to \$29 per kilogram in the foreign marketplace. It may cost you a million instead of \$15 million, and you would help the developing country a lot more.

We are hurting the country with this drug and I think it is obvious. You are stuck with the law, I guess, but I would hate to have anybody do any favors like this for me. I think it is an outrage.

The law is contrived in such a way that justice could not conceivably be done to those people in those countries—neither the government nor the consumer.

I would think at least we ought to just give them every month the bid prices of New York City, Defense Supply Agency, telling them what they are paying for the finished product. We are bringing them all kinds of expertise on how to get businesses going. Let's give them some expertise on how to keep from being cheated. They ought at least to look at and say—"we are paying 10, 20, 50, a hundred times as much as we ought to be paying."

Give them the facts. If they are foolish enough to do it after that, you might have some suspicion as to how the money is being used over there.

Mr. DWINELL. Mr. Chairman, I am glad you recognize the fact that we are complying with the statute—

Senator NELSON. I think you are.

Mr. DWINELL (Continuing). Or we are attempting to do so, and trying to monitor these transactions to the best of our ability.

Senator NELSON. It is a case of Uncle Sam exploiting a foreign country on the pretense we are doing them some good. I am not blaming you for that. I say when you have an opportunity to operate the program the way it should be operated, you have handled the program very well.

Mr. DWINELL. We encourage also the use of quality raw and intermediate ingredients and bulk compounds of demonstrated efficacy that are produced in the United States to recognized standards and that are available under the programs at competitive prices and at savings in the foreign exchange positions of the importing countries.

Pharmaceutical purchases are relatively small as compared to overall expenditures of AID funds for commodities, to repeat.

They represented 2 percent of total commodity expenditures in fiscal year 1969 and 2.7 percent in fiscal year 1968.

However, those pharmaceuticals that are purchased with AID funds must conform to strict eligibility requirements, to rigid quality standards, and to permitted price schedules.

I am grateful to the subcommittee for allowing me to present this broad view of our commodity financing programs, particularly as they relate to pharmaceuticals. I will be glad to elaborate on any other areas which the subcommittee may wish to examine.

Thank you very much, Mr. Chairman.