effort is made to encourage small business participation. The Defense Personnel Support Center has on the staff of the commander a group of small business specialists who, together with the resident representatives of the Small Business Administration, personally review every procurement action contemplated with an estimated value in excess of $2,500. This review for small business suitability contemplates historical evidence of small business competence and/or probability of developing small business capability. The review is documented in every procurement, reflecting all the factors considered, with negative or affirmative determinations in each case.

As is readily apparent from the statistics previously furnished by DPSC, and in spite of concerted efforts, DOD is unable to place a significant percentage of total dollars with small business. This is caused by two factors. First, the dominating high dollar value of the single source drug items, and secondly, the recent substantial acquisitions of successful small business by large corporations. It seems that as quickly as we develop responsible small business sources, they are acquired by large business. Their success with our agency appears to be *prima facie* evidence of desirability for acquisition. While the information is available in other places, experience during fiscal year 1970 reflects 17.8% of total medical procurement dollars going to small business, and 32.5% of total medical contracts. As an indication of the industry differences, the small business share of drug business in numbers of contracts is 7.7%. Conversely, in surgical instruments and dressings, it is 27%; and hospital equipment's share is more impressive at 38%.

The first buy of our example drug, calcium carbonate and aminoacetic acid tablets, was in January 1964. Following a pattern established to ensure rapid availability in the supply system, the first procurement was negotiated with the known commercial source: Riker Laboratories, Inc. All subsequent procurements have been publicized in advance, and based on the competitive specification.

The procurements, with one recent exception which was by formal advertising, have all been negotiated. Despite publication of the requirement in the business journals, DPSC had no bidders except Riker between the first buy and February 1968, although the patent (to which Riker was apparently the sole licensee) expired in October 1964. Two of our present generically-oriented bidders (Dorsey Labs and Chase Pharmaceuticals) were queried regarding their earlier failure to bid after the patent expired. The first indicated a general lack of interest in DPSC business until 1967. The latter had experimented with the tablet shortly after expiration of the patent. They were at first unable to locate a supply of the appropriate type of calcium. Later they had tableting problems. They have been active bidders since solving their production problems between late 1967 and early 1968.

Exhibit 4 depicts the detailed purchase history for 1968 and 1969. Since preparation of these data for earlier submission to this subcommittee, Abbott Laboratories has been awarded a contract at a unit price of $1.97.

During its presence on the stock list, the Drug's EC's have been modified but once, and that was in July 1968. Essentially, this revision established stated parameters for weight, content, and active ingredients.

Two specific subjects related to this drug require detailed examination: the selection of one of a family of drugs such as antacids, and the procurement of a product protected by a patent.

A recent article ("O.T.C. Antacids," by Richard P. Penna, handbook of nonprescription drugs, American Pharmaceutical Association, 2nd edition, October 1967, page 7), quotes the *Drug Trade News* to the effect that antacids on the market today include over 300 products in the form of tablets, gums, lozenges and wafers; about 175 liquid antacids; and over 100 in powder form. Most of these products are a combination of one or more of a half dozen antacids such as calcium carbonate or aluminum hydroxide, with another agent (such as magnesium carbonate) to prevent constipation which might be caused by the antacid alone.

Different patients and conditions preclude standardizing on a single generic product or dosage form. Conversely, the total numbers availab'e in the market are too great to consider standardization of all. Our supply system lists about 18 antacid products, including tablets, liquids and powder. This range allows the military physician a deliberate, reasoned choice in management of the individual patient.