

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

(Present Status of Competition in the Pharmaceutical Industry)

MONDAY, JANUARY 18, 1971

U.S. SENATE,
SUBCOMMITTEE ON MONOPOLY OF THE
SELECT COMMITTEE ON SMALL BUSINESS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:10 a.m., in room 1318, New Senate Office Building, Senator Gaylord Nelson (chairman of the subcommittee) presiding.

Present: Senator Nelson.

Also present: Benjamin Gordon, staff economist; and Elaine C. Dye, clerical assistant.

Senator NELSON. The committee will now open its hearings. Our witness today is Dr. Charles Edwards, Commissioner of the Food and Drug Administration.

I apologize, Doctor, for being delayed on the way over here. I appreciate your taking time to come.

The Monopoly Subcommittee of the Senate Small Business Committee is resuming its hearings today on drug usage and purchasing by the Federal Government.

Testimony by the Agency for International Development, the Public Health Service, the Veterans' Administration, the Department of Defense, and the Office of Economic Opportunity indicated that many millions of dollars were being spent on drugs which have been found by panels of specially qualified medical experts to be ineffective, unnecessary, or unacceptable.

For example, the National Academy of Science/National Research Council found that Darvon in its "32 mg. dose has often been found indistinguishable from placebo." Yet, the Defense Department and the Veterans' Administration in 1968 and 1969 paid \$678,000 for this ineffective dosage form.

The NAS-NRC has also found that Darvon "in doses of 65 mg. to 100 mg. has usually, but not always, proved superior to placebo in reasonably sensitive human analgesic assays. * * *" Expert testimony before the subcommittee on November 24th held that there is no "particular reason to use it (Darvon) routinely in preference to aspirin, acetaminophen, or codeine or some combination of codeine with one of the others."

Yet, the Defense Department alone spent \$4.4 million for Darvon in 1968 and 1969.

The Veterans' Administration purchased the tranquilizer meprobamate from Denmark for \$1.55 per 500 tablets. VA, at the same