purpose of making manufacturers' product lines available to the Government at prices less than market, are negotiated without the benefit of competition.

The Defense Personnel Support Center sought to increase competition on their centrally managed drug items when, in January 1969, approximately 1,000 firms were invited to indicate their interest in bidding on 401 items, 290 of which were classified as single-source. Replies were received from 104 companies. Fourteen companies requested to be added to the bidders list for 35 of the 401 drug items. Two other companies requested to be added to the bidders list for eight drug items not included in the solicitation. The other 88 responding companies either did not produce the item; reaffirmed their interest in supplying the drug items for which they were already on the bidders list; or expressed no interest in supplying any of the products to the Government.

Some of the reasons advanced with respect to the absence of competition on a large number of drug items include

--restrictions imposed by law or regulation, such as patents on new drug applications;

--inadequate plant facilities and no desire to make the required investment to upgrade the facilities;

--the lack of qualified personnel to make many drugs; and

--the expense of introducing a new product with no assurance of reasonable return through sustained contract awards.

The advantages of seeking the widest possible competition in drug procurement can be demonstrated by available data from which we identified 9 drugs procured over a comparable period of time both competitively and on a sole-source basis. The drugs purchased from sole-source suppliers by the Veterans