

would have been effected if your guidelines had been in effect throughout fiscal year 1970?

Mr. DWINELL. Well, if you look at it on the basis of AID dollars given for AID financing, there would be no effect because if these pharmaceuticals had not been procured, the borrowing governments would have used the funds, issued export licenses, for other purposes.

If you are asking what is the difference between the old prices and the new, I am not sure whether or not we have made any estimates on that. It would be relatively small because the volume in these items is quite small.

Mr. BARONDES. It is almost impossible to estimate. We do know that 16 drugs which have been declared ineligible comprised approximately a million dollars a year in our procurement program. If these rules had been in effect earlier it is doubtful whether any of these drugs would have been financed. We probably would not have spent the million dollars on the 16 drugs but we would have spent it on cheaper drugs, or spent it on iron and steel or any other product, tractors or whatnot.

We do know that at least 50 percent of our procurement has been in what you might call public domain items, items which are generally available, which we have financed very often at world market prices or even below world prices.

Then you have that other group of drugs which are the patented drugs where we anticipate very substantial cuts on specific drugs. Many of the companies may withdraw these drugs from the AID-financed market. So it is hard to say exactly what we would save. Obviously we would save something.

Mr. JONES. So you have roughly a million dollars' worth of financing with respect to these 16 drugs?

Mr. BARONDES. That is right.

Mr. JONES. Would you have any idea what percentage difference there would be between the prices of these drugs and the drugs which might have been alternatively purchased?

Mr. BARONDES. Well, in some cases, it may be only a few percent. As you have seen from the testimony, in other cases it is several thousand percent. As I said, I do not know what they would buy, what the importing countries would buy if the suppliers would not reduce their prices on these 16 to the eligible prices. I would guess, frankly, that these drugs are just going to be out of the program.

Mr. JONES. So it is not inconceivable that this new program could free perhaps half a million dollars for additional drug purchases. In other words, you could be supplying more drugs at lower cost to the countries which participate in these AID programs.

Mr. BARONDES. I would not want to give a precise figure but obviously the purpose of this whole approach is to save money. So I presume there will be savings.

Senator NELSON. On page 9 you state:

We do not evaluate the relative efficacy of drugs or the cost-benefit ratio of one drug compared to another since we have no special expertise in this area.

Dr. Edwards said that:

We at FDA have a responsibility to do what we can to assure that the federal purchasers are fully informed about the products they buy.