

stock. If we do not have the specific item they want at an acceptable price, they will purchase it from another source.

Senator NELSON. Who will?

Captain MACPHERSON. The military services. Detailed comprehensive specifications are required in order for us to procure a product on a generic basis which is as professionally acceptable as the brand name item which the physician has been accustomed to use and in which he has confidence.

As an example of the success of our system in meeting the desired objectives, when FDA announced the recall of 711 items as Commissioner Edwards mentioned in 1968, we had only four of these items in the system. In 1969 when they had 707, we had three. And in the current fiscal year when they had 951, we had only one.

Senator NELSON. Who are "they?"

Captain MACPHERSON. FDA. Commissioner Edwards gave these figures in his testimony.

Senator NELSON. I see. You mean they listed that number.

Captain MACPHERSON. Of drug recalls, yes, sir.

Senator NELSON. These were drug recall figures?

Captain MACPHERSON. Yes, sir.

Senator NELSON. Well, I didn't hear any satisfactory response to my statement but I guess the record will speak for itself.

Let me ask you this question: Is it correct that about half of your purchases are centrally purchased and the others are purchased locally?

General HAYES. More correctly 70-30.

Senator NELSON. 70-30.

General HAYES. Central versus local.

Senator NELSON. 70-30.

General HAYES. 70-30. As opposed to 50-50.

Senator NELSON. I see. Seventy percent central?

General HAYES. Central.

Senator NELSON. And the other 30 percent is purchased locally?

General HAYES. Yes.

Senator NELSON. So about \$30 million of \$150 million, is that about the total? \$100 million centrally and \$50 million locally? Is that it?

General HAYES. \$94 million total and that would be about 25 percent local out of the \$94 million.

Senator NELSON. So—

General HAYES. \$25 million.

Senator NELSON. In any event, this one-third, one-fourth whatever is purchased locally, is not purchased under the standards that you establish for central purchasing?

General HAYES. That is correct.

Senator NELSON. Do you find any difference in all of those drugs that are purchased locally? Are they used locally?

General HAYES. They are used locally.

Senator NELSON. Do you find any problem with those which are different—for example, more doctors complain about them?

General HAYES. In view of the fact that they are used locally and rather rapidly, of course, we don't have the shipping and storage problems in a breakdown of that kind. If there are problems, these