

Supply

appointed body, in an attempt to counteract the will of the democratically elected members of this House.

In order to relieve opposition fears, the government created the Patented Medicines Prices Review Board. This board ensures that patentees do not charge excessive prices for their patented medicines. It reports to Parliament on the price trends of medicines in general and on the manner in which the pharmaceutical industry responds to its commitment to increase R and D.

The board tabled its first annual report last winter. We have an opportunity now to compare the dire predictions of the opposition parties to what has actually happened since the passage of Bill C-22.

The House will recall how hon. members opposite argued that amendments to the Patent Act would result in higher drug prices. They maintained the bill would encourage research by multinational drug companies at the expense of disadvantaged Canadians who would have to pay higher drug prices. That was the conjecture.

The first annual report of the Patented Medicines Prices Review Board tells us that between last January when the board's guidelines for reviewing drugs currently on the market took effect and last August, price increases dropped 1.7 per cent below the change in the Consumer Price Index. Not only did the passage of Bill C-22 not lead to the explosion in the price of patented medicines as predicted by the Liberals and the NDP, but all medicines, both patented and non-patented, experienced a decrease in price relative to the Consumer Price Index.

The Liberals and the NDP argued that the pharmaceutical industry would never live up to the promises of R and D. Many members opposite had dire predictions that drug manufacturers would not double research and development as a proportion of sales. What does the report of the Patented Medicines Prices Review Board tell us? It tells us that industry research and development to sales ratio was raised to 6.1 per cent in 1988 from its level of 4.9 per cent just one year earlier. A total of 57 companies reported a total investment of \$164.5 million in R and D. That is a substantial investment. That is the

kind of R and D investment which will keep our country on the leading edge of technology and innovation.

According to the report, member companies of the Pharmaceutical Manufacturers Association of Canada increased their R and D to sales ratio to 6.4 per cent. The pharmaceutical industry is well on target to meet its commitments. The amendments to the Patent Act have initiated a new era for the Canadian pharmaceutical industry. It is clear from the first report of the Patented Medicines Prices Review Board that this era has not been at the expense of Canadian consumers.

We have seen encouraging signs that pharmaceutical companies in Canada are indeed rising to the challenge of securing both North American and world product mandates in research. For example, Merck-Frosst's new facility in Kirkland will be the centre of the company's research into pulmonary diseases. This arrangement guarantees both a promising future for the Canadian operation and helps the international company avoid duplication in its research efforts. This is the kind of solid commitment to R and D on the part of the private sector that will be essential if Canada is to maintain its global competitiveness. The opposition should bear this in mind when debating measures to increase R and D in this country. We have heard many times that to foster research and development we need more than just money. We need an educated and science literate workforce, technology transfer, a climate where foreign investment is welcome and we need networks, alliances and partnerships between business and research communities. We certainly need intellectual property rights that will assure innovators that they will be able to profit from their research and development.

This government knows the value of R and D to our economy. It knows the importance of intellectual property in fostering a climate for R and D. It has worked diligently to modernize and streamline Canada's intellectual property statutes. This House should recognize that work and support the government in its endeavours.

Mr. Ronald J. Duhamel (St. Boniface): Madam Speaker, I want to make one observation to perhaps get a reaction. It seems to me as I have listened to a number of presentations that there is one particular approach prevailing. We are taking a large number and trying to suggest it does a whole lot, perhaps a lot more than it really does. We are taking one particular part of a