

Eastman recommendations are acceptable to us, for the report did strike a proper balance between the interests of consumers and those of the drug industry generally.

But these provisions go far beyond the Eastman report recommendations, so much so that they unduly favour multinational drug companies to the detriment of generic drug companies and consumers.

The Liberal Party has always made it a point to introduce policies which are fully consistent with the interests and needs of the people who are directly concerned. It is a significant characteristic since it sets us apart from our NDP colleagues who go to one extreme, while our Conservative colleagues go to the other extreme.

The *status quo* advocated by the NDP faction would have helped consumers, I agree, but then it would have killed any incentive the drug industry might have had to develop new drugs. On the other hand the Party in office wants a radical change which, for all practical purposes, amounts to a backward step. The big winners, the multinationals, will rake in millions of dollars in exchange for unsubstantiated and rather vague promises. The big losers, the consumers, will end up with a toothless patented medicine prices review board, as its only protection.

Mr. Speaker, senior citizens, the sick, the people who are not covered by health insurance plans know that song well. The same refrain has struck their ears once more. Indeed, quite recently, the CRTC, a creature similar to the Patented Medicine Prices Review Board proposed by the Minister in this legislation, has found that Bell Canada had overcharged its telephone users. So the CRTC ordered Bell Canada to have the overcharge refunded to telephone users. Everyone applauded. The only thing is, Bell has appealed the ruling and we are back to square one of an unending process.

There is nothing in Bill C-22 to prevent the same thing from happening to the Patented Medicine Prices Review Board's findings.

Moreover, we know about the multinational drug industry and its performance. That industry has tremendous funds at its disposal and money is no object when it comes to launching all sorts of court proceedings.

We also know that those funds have been used by the multinationals in major public relations campaigns to make their views known to the Canadian public through radio and newspaper advertisements. We also know that their financial strength has enabled them to carry on since 1969 in their attempts to have the Act amended. Now they are getting what they have always been asking for. The Minister would have us believe that the Patented Medicine Prices Review Board and the policy review by Cabinet four years down the road, and the review by Parliament 10 years from now, are a safeguard against the evil practices of those corporations. The average man and woman know what to expect. They have already realized there is nothing good in this legislation. But since the Minister is not an ordinary citizen, an average Canadian, I will

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have to go out of my way, resort to complicated explanations to make him understand what the majority of Canadians realized a long time ago, that the Minister has just given out the whole pie to the multinationals.

Let us start with a few historic facts. In the 1950s and 1960s, several complaints were filed by Canadians who found out they were overcharged for their drugs. Later, the Restrictive Trade Practices Commission enquired into the manufacture, distribution and sale of drugs, under Section 42 of the Combines Investigation Act. The Commission's enquiry was thorough and complete. It dealt with several issues already covered by the Eastman Report.

Mr. Speaker, the Restrictive Trade Practices Commission's findings were as follows, and I quote:

Consideration should be given to the establishment, under the auspices of the federal Government, of an authoritative publication giving all necessary particulars concerning new drugs.

As the Commission believes that the close control exercised through patents has made it possible to maintain prices of certain drugs at levels higher than would have obtained otherwise and that such patent control has produced no benefits to the public of Canada which would outweigh the disadvantages of the monopoly, the Commission recommends that patents with respect to drugs be abolished. In the opinion of the Commission this is the only effective means to reduce the price of drugs in Canada.

This means therefore that the prices of certain drugs protected by patents were very high and were felt to be excessively high. Other studies have confirmed that the drug manufacturing industry was characterized by excessive profits and a level of research and development which was not in proportion with the magnitude of its profits.

The other two studies were the 1964 report of the Royal Commission on Health Services and the 1966 study by the Special Committee which considered the costs and prices of pharmaceutical products. There were several other studies, but all agreed on the same findings.

The pharmaceutical industry charges high prices, collects very high profits, but does not carry out much research and development work, at least proportionate to its sales. As a matter of fact, research and development represents only 3.5 per cent of sales.

In 1969, in an effort to lower prices and increase competition, the Liberal Government of the day allowed for compulsory licenses. From then on, some very popular drugs were manufactured and sold as generics.

In June, 1983, the Hon. Member for Papineau, the then Minister of Consumer and Corporate Affairs, tabled a working paper on the compulsory granting of licenses in the area of pharmaceuticals. He recognized the fact that there were a number of problems and that those problems tended to make it less attractive for innovative companies to engage in research and development.

Considering the complex situation in the pharmaceutical industry, the Government decided to pursue the matter further through a commission of inquiry, which would be free of all partisan considerations, and to ask the commission to examine