

words "freshwater fish operations" and substituting "drug industry".

If we are willing to bail out investors, to establish crown corporations to assist businessmen, or farmers, or fish producers, then what is the inhibition about establishing a crown corporation to assist the people of Canada to buy drugs at the lowest possible price? Surely, there can be no argument against this if the government is willing to do it.

Perhaps the government will say, and I hope it does, that it is willing to set up a crown corporation in this industry if it can be indicated what the corporation's role will be, how it will operate, and how it will assist the Canadian consumer of drugs. To this end, I should like to make a number of points.

There is now considerable evidence that the drug industry requires some price competition. It can be demonstrated that there is a great deal of product competition; perhaps half a dozen different manufacturers make similar products. But I suggest this is really not true competition, particularly when so much of what the manufacturers call research goes into creating minor variations of drugs that can be labelled and identified as different one from the other. Rather than reducing prices, this kind of minor variation product competition increases prices. Too much of our energy and sales effort is expended in arguing the value of A over B, when both products are really much the same except that they are made by different companies. This is not the kind of competition that has any significance.

On top of that, Mr. Speaker, these companies have been colluding with each other. There are numerous examples of drug companies being brought before combines investigation boards because it is alleged they have conspired together internationally to artificially maintain prices. As time goes on this problem becomes more acute. As these companies become more and more internationalized and their roots spread, even free trade is no answer to the problem of lowering prices. With whom are these companies going to compete if they are making cartel agreements internationally? As I say, free trade offers no answer to this sort of thing.

I suggest that the only meaningful kind of competition that can take place in a situation of this type is that which comes from a crown corporation that will not play ball with the other companies; a corporation that is not internationalized and that is responsible to this parliament; one whose terms of reference

Patent Act—Trade Marks Act

are the service of people rather than the highest margin of profit. This can be the only significant kind of competition in light of what is happening internationally.

Drug prices, on many authoritative estimates, are at least 50 per cent greater than they need be. I listened with interest to the speech of the hon. member who preceded me. He talked about the hospital in his riding that spent only \$30,000 on drugs; I think that was the figure. It did not seem a great deal in view of the total budget of the hospital. However, what he perhaps neglected to mention is that hospitals buy their drugs for a great deal less than the average consumer. Hospitals tend to buy their drugs in large lots, and usually in generic form. So, hospitals are in a different position.

One of the things that this bill will attempt to do, and I think it is a worthy attempt, is to inject some competition into the system by encouraging smaller manufacturers to compete with the giants. I hope the minister will recognize that simply making a few million dollars available to try to cope with a problem of this magnitude is not going to be enough. Not only that, the smaller companies already find it virtually impossible to compete with the giants except under very unusual circumstances.

I should like to indicate part of the nature of the problem with which the small drug manufacturer is faced by reading a portion of an article that appeared in the *Globe and Mail* of August 13, 1968. It is headed "Tiny Toronto drug operation Canada's biggest independent", and reads:

For his own industry, he would like government recognition and promotion. Paul Maney's biggest problem is fighting the big companies' whisper campaigns in doctors' offices—

Then, the article quotes a Mr. Cook:

"—We need the government to take an interest and endorse the companies who deserve endorsement."

• (3:20 p.m.)

Simply making money available to these companies is not going to solve that problem. That will not stop large drug manufacturers from frightening doctors with whispering campaigns. I do not suggest the doctor's position is not difficult, because it is. The doctor is responsible to his patient. Yet, when a fellow comes along the doctor has known for a long time, a fellow who gives him samples, who seems a decent sort, who does not kick animals and says, "Look, these little guys are dangerous," the doctor will listen to him.