

Patent Act—Trade Marks Act

whole series of careful and detailed studies conducted in this and other countries. In this country we have had studies conducted by the Restrictive Trade Practices Commission, by the Ontario government committee on drugs and by the royal commission on health services which was appointed by the former Conservative government. As I listened to Conservative members speaking about the various aspects of this matter with which that commission dealt, I came to the conclusion they were sorry they ever appointed Mr. Justice Hall to conduct that inquiry. We have also had a study by a special committee of the house on drug costs and prices on which I and other members of the house served. All of these bodies came to the same conclusion; that the price of prescription drugs is too high and the drug companies are making too much money. I have had the opportunity of looking at some recent examples of the fact that these drug companies have not mended their ways but still gouge the public as they have always done. Smith, Kline and French, one of the respectable companies, makes a drug called stelazine. I suppose the hon. member who spoke before me would commend this company. This is one of the important tranquilizers on the market today. It is made by a United States company at a cost of \$1.32 per thousand tablets, and sold to Canadian consumers in 50 tablet lots at a price which brings the drug company \$125 per thousand. I leave it to members of the official opposition to calculate the margin of profit.

Thorazine, another drug sells in Paris at \$1.08 for 100 tablets, in Rome for \$2.40, in Mexico for \$4.80 and in the United States for \$6.06. You could add 15 per cent to the U.S. price to get the price of this drug in Canada.

Another one of these international companies is Schering, which manufactures metocorten. One hundred tablets in the United States sell for \$17.90 and in Berne, Switzerland, where the parent company has its offices, for \$4.37. In Rome, they sell for \$12.20 and in Canada for \$22.70, almost five times the cost in Berne, Switzerland. This is the kind of thing which goes on.

In late 1967 a group of New York city drug companies were prosecuted by the United States government for illegally combining to set the price for tetracycline, one of the most important antibiotics prescribed by doctors. The cost of manufacturing 250 milligram capsules was \$1.52 per hundred. They were sold

[Mr. Orlikow.]

by those five companies in the United States, which either made them or had a cross-price arrangement with the company that produced this tetracycline, at \$30.60 per hundred.

It is some years since I worked in a drug store but I am certain that the minimum price which a patient would pay for a drug which cost \$30.60 cents per hundred would be \$45. The patient would pay \$45 for a drug used to save lives which cost the manufacturing company \$1.52 to produce. This is the kind of thing that is happening. Those companies were prosecuted and were found guilty. This kind of thing takes place and has led to the numerous inquiries we have held. I am sure it is the feeling of all the members of this house that we must do something drastic in order to bring down the price of prescription drugs in this country.

The committee of this house found that the high cost of drugs resulted from the high rate of profit obtained by the manufacturing companies in this and other countries. The evidence of this is on the records of the proceedings of that committee. That committee found that the drug companies in this country were spending about \$5,000 per doctor per year for advertising. They do not call it advertising, they call it the cost of detail men. What is the job of a detail man?

A detail man goes to the doctor and convinces him that he should use chloromycetin instead of aureomycin, even though they do the same thing. About \$5,000 per doctor per year is spent by drug companies on this kind of advertising. It is not very difficult to figure out who pays that expense. It is not paid by the drug companies, it is paid by the customer or the patient. The cost of detailing or advertising is added to the cost of selling the prescription to the patient. About 30 cents of every dollar the drug companies in Canada spend is spent on selling the product to the doctor, not to the customer.

We will never obtain proper drug prices until the government of Canada amends the Income Tax Act and puts a ceiling on the amount of money drug companies can legitimately claim as advertising expense.

An hon. Member: Why stop at the drug companies?

Mr. Orlikow: It is necessary that we start somewhere. We have looked into other fields. We have considered newspapers and magazines. We have to start with drug companies