

Government Orders

In 1987 the government took the first steps to stem the exodus of researchers and manufacturers who were deserting the Canadian drug industry in droves for a more welcoming climate. The 1987 amendments to the Patent Act were aimed at developing a policy favourable to research and innovation while protecting consumer interests.

As you know, Madam Speaker, it is essential to reward research if we want to promote a strong economy at a time where technological expertise and international competition are forever growing.

In other words, we want to keep drug developers in Canada in order to increase our research and technology capacity here and not elsewhere. We want companies to stay in Canada so that they employ our science graduates, invest in plant and equipment on Canadian territory, invest in research in universities, hospitals and other research centres, and export from Canada instead of importing from abroad. These are the objectives we want to achieve, together with a solid mechanism to control the price of patented medicine.

We never wanted to stimulate unbridled growth of the drug industry at consumers' expense. The spirit of our policy in 1987, as today, was to guarantee tight control of patented medicine prices so that the prices paid by Canadian consumers remain reasonable. We obtained this guarantee with the 1987 amendments, thanks to the Patented Medicine Prices Review Board. This board has done its duty and with the present bill, it will have more power.

Bill C-91 will authorize the board to reduce prices that are considered too high and to impose fines and prison terms on those who refuse to comply with its directives.

Detailed calculations allow us to predict that thanks to this new legislation, the amount spent by pharmacies and hospitals to buy all prescription and controlled drugs should not increase by more than 2 per cent a year from now until the year 2000.

Furthermore, between 1992 and 1996, thanks to Bill C-91, the total increase in the cost of patented medicine is estimated at \$129 million, or approximately \$25 million per year, which comes to \$1 a year for every Canadian. I do not think that is too much to pay for a policy that stimulates research and development.

Thanks to this bill, Canada will reap the benefits of almost half a billion dollars more in investment by the innovative drug industry in the foreseeable future. That is a real balance between promoting economic growth and protecting consumers. Our achievements since 1987 attest to that.

Since 1987, the amendments to the Patent Act, better known as C-22, have borne fruit and their success continues to this day. Remember the criticism that the opposition Liberal Party and New Democratic Party made then. First, they maintained that the innovative drug industry would not keep the promises of investment that it had made to the government. Second, they said that the government would not be able to keep the price of patented medicine down; and third, that it would mean the end of generic drugs.

I would like to report on each of these issues. Concerning the first one, investment in research, the innovative drug industry has reached the promised objectives by doubling investment in research as a percentage of sales and it did this five years ahead of schedule.

This same industry has invested over a billion dollars in research and development in Canada over the last five years; \$340 million went to universities, hospitals and other medical research establishments.

As for the second controversial issue, drug prices, the average annual increase in the price of existing patented medicine was about 2.9 per cent from 1987 to 1991. In the same period, the consumer price index rose 4.4 per cent a year. The increase was thus less than inflation between 1987 and 1991. This is an example of effective control of drug prices that completely refutes the objections raised in 1987 and should also make our opponents today think.

Other countries find that our drug price control system works. A study by the United States General Accounting Office on the price of 200 best-selling prescription drugs published in October showed that prices were about 32 per cent higher in the United States than in Canada. Half of the 200 drugs in the study cost wholesalers at least 50 per cent more in the United States; 27 per cent of these best-selling drugs cost wholesalers at least 100 per cent more in the U.S.; four of the ten most popular prescription drugs in the United States cost between 59 per cent and 278 per cent more in that country.