

Government Orders

Back in 1987 the Liberals maintained that the amendments to the Patent Act would result in higher drug prices. They use the same line today. I would like to quote Senator Thériault who told that other place:

By removing the competitive element provided by generic drugs in the industry, Bill C-22 will undoubtedly result in a huge price increase.

Senator Bonnell from Prince Edward Island, and a doctor himself, felt that we were encouraging research by multinational drug companies at the expense of disadvantaged Canadians who would have to pay higher drug prices. He said:

For goodness sake, don't take off the backs of the sick, the hospitalized, the infirm, and the aged by increasing drug prices.

• (1640)

He said that on August 13, 1987.

In a similar manner Senator Buckwold raised the spectre of fear, inferring that the legislation would hurt the people of Canada because of higher drug costs. He said:

In my opinion, if we pass this bill we will be doing a great disservice to the people of Canada. We will be adding to the problem of health costs. We will be denying drugs to people who otherwise would have bought them, and who desperately need them.

He raised the spectre of fear. Shameful. This is what the Liberals in the other place said about the legislation increasing drug prices. Today we know that their predictions were inaccurate and terribly unfounded. It was a shameful procedure.

In fact from January 1987 to December 1991 the prices of patented drug products increased at an average rate of only 2.9 per cent. This is well below the rise in the Consumer Price Index. The Minister of Industry, Science and Technology spoke about that a bit earlier.

Bill C-91 gives the Patented Medicine Prices Review Board tough new powers. These powers will, first, allow the board to better influence introductory prices for new patented drugs. This was a concern of Bill C-22 and the government has met this concern.

Second, these powers will authorize the board to order price reductions or penalties which could compensate for past excessive prices and deter excessive pricing practices.

Third, they will provide for fines and imprisonments for failure to comply with the board's order.

Finally these powers will give the board's orders the same force and effect as an order of the Federal Court.

These are tremendous powers and the board will be very effective.

Again many Liberals both in this House and in the other place had dire predictions that drug manufacturers would not double the research and development as a portion of sales, as they had promised to do.

Senator Thériault said:

As far as research and development are concerned, it is clear—that it is not Bill C-22 which will increase the level in Canada. We have nothing but promises and commitments from the pharmaceutical industry which has never proved quite reliable. There is nothing in Bill C-22 itself which would compel it to meet its commitments.

Senator Bonnell added:

In the original bill, there is not five cents guaranteed to go into research. There is just a promise.

We now know that the effect of the changes to the Patent Act was indeed to open the gates to a flood of new investment by the pharmaceutical companies. The industry has lived up to its commitments.

In fact the fourth report of the Patented Medicine Prices Review Board points out that the ratio of R and D to sales by the companies that filed patents with the board in 1991 now stands at 9.7 per cent, well on its way to the 10 per cent commitment it promised.

Total expenditures on R and D for these companies grew to \$376.4 million last year, an increase of over 23 per cent from 1990.

This money is valuable money. It helps create high value added jobs, research and development jobs, the type of jobs we want to build a new economy, to provide for new growth in our economy. We need these jobs very badly as we face globalization and restructuring. Five hundred million dollars in new investment is at stake here and we must push forward with this patent legislation.

During the debates on the old bill, Bill C-22, Senator Buckwold expressed doubts about whether Canada had the capacity to play a major role in the international pharmaceutical industry. He had doubts about Canada's role to compete internationally, to compete in the world environment. I have confidence in Canadians. I have