of the application of dumping duty to drug imports. The second point was the introduction of this bill. The third was the development of a drug information service for doctors, a recommendation of the Harley committee, which is now being developed by the Food and Drug Directorate. The fourth point, or step, was the Pharmaceutical Industries Development Assistance program known as PIDA. This is now in operation and is designed to strenghten and improve the efficiency of that sector of the pharmaceutical industry which manufactures and sells prescription drugs at lower prices. The fifth and final step in this program involves discussions with the provinces and is designed to tackle the problem of the high cost of retail distribution of drugs which, of course, is primarily of provincial concern. These discussions will commence after this bill has been passed. My view was that I ought to devote my energies at this time to piloting this legislation through parliament.

It is the government's expectation, as well as mine, that the effect of Bill C-102 will be substantially to increase price competition in the Canadian drug industry. We anticipate this increased competition will occur in three ways. In the first place we anticipate that at least some of the larger drug companies which operate on an international scale will themselves be seeking compulsory licences pursuant to the provisions of this bill to supply drugs in competition with present patent owners. We know of at least one large drug company which intends to take advantage of the provisions of this legislation.

In the second place we expect that compulsory licences will be sought by the smaller Canadian-owned companies which are being strengthened by the PIDA program. I refer to companies with marketing strategies involving a low price policy. The extent to which these smaller companies will have an impact on the general level of prices depends primarily upon how much confidence physicians have in their products. This emphasizes the importance of the information service being developed by the Food and Drug Directorate. In the third place, where drugs in dosage form are available in other markets at substantially lower prices than they are in Canada, the amendment to the Trade Marks Act will permit the importation from abroad of such drugs properly trade marked by the parent companies of Canadian subsidiaries.

In the committee stage there was a good deal of discussion of the effects this bill might have on the structure of the industry. The Harley committee had before it ample statistical and factual evidence concerning the drug industry in Canada, as is apparent from their report. They also had before them a statement of the Director of Investigation and Research under the Combines Investigation Act concerning the fundamental issues which required a consideration of the social costs and benefits of alternative arrangements for supplying drugs to the Canadian market. One such fundamental issue so suggested is whether the drug manufacturing industry ought to be preserved in Canada in exactly its present form, which would require the continuation of present protective devices the industry considers necessary but which deny Canadians access to a less costly supply of drugs. It was also pointed out that to remove significant elements of that protection by extending compulsory licensing to imports should lower the prices of drugs reaching the Canadian market but may well shift some sources of supply to plants abroad.

The committee were clearly conscious of their responsibility in dealing with the fundamental issues, as appears in their report. I quote what they said at page 6:

> —the Committee's conclusions must be such that any of its recommendations, if adopted, should continue to maintain a proper balance between industry and consumer and take into consideration the importance of continued and increased scientific research in Canada. No recommendations could be considered, which, although designed to lower drug prices in Canada, might produce drugs of questionable safety or have a detrimental effect upon other aspects of the Canadian economy. How such a balance between consumer interest in price and continued pharmaceutical research (one of the professed causes of high drug prices) may be maintained, and the resulting effect on the drug industry will be discussed as this report proceeds.

It must be remembered that the committee made its recommendations in the light of the basic principles thus expressed and these recommendations include the principles of compulsory licensing for imports and reduction of trade mark protection which are the essentials of Bill C-102. It is obvious that the Harley committee, the recommendations of which were unanimous, had weighed the social costs and gains resulting from their recommendations and had, in so doing, decided that the recommendations should be made.

Before concluding, I want to say a word about safety, which has been dealt with at length on behalf of the Minister of National Health and Welfare both in this house and before the standing committee. I would like during this third reading debate simply to