

I should like to inform honourable senators that the story which appeared in the press and which was attributed to a Conservative member in the House of Commons is inaccurate.

Joel Bell has agreed to serve as president and chief executive officer of the corporation, and in this connection I am told by the chairman of the corporation, Mr. Maurice Strong, that a compensation committee of directors has been struck to discuss the terms under which Mr. Bell will be employed. He obviously has a salary which is provided by order in council. As to other employment terms, however, nothing has been specifically decided upon. As yet, a contract has not been drafted; there has not been time to prepare one. I regret that someone in the other place should have made statements that have no basis in fact.

Senator Phillips: Honourable senators, I have a supplementary question. I would take it from the minister's reply that the no-cut clause is being considered for the contract. Would the minister consider a clause requiring profit performance as well?

• (1430)

Senator Austin: I cannot tell the honourable senator precisely what is being considered by way of the terms of the contract, but it will not be entered into without my review. With respect to profit performance, this is a corporation whose assets are not, to some significant degree, in a profit-earning position. I think one of its purposes is to obtain a more effective commercial operation of its assets. Whether one hires executives in a case like this on the basis of profit performance is a question I will take under consideration, but I believe that financial improvement would be an excellent test.

Senator Phillips: I would be perfectly happy to have a clause providing that a certain portion of the profits go to the president. Would the minister report to the house when the contract is settled?

Senator Austin: I also would certainly be happy if CDIC, including all its subsidiaries, were in a profitable position. Once a contract is entered into I shall be happy to inform Senator Phillips of that fact and provide him with whatever details it is appropriate to provide.

INDUSTRY

PHARMACEUTICAL RESEARCH AND DEVELOPMENT—EFFECT OF PATENT ACT AMENDMENTS

Hon. Andrew Thompson: Honourable senators, I should like to ask a question of the Leader of the Government. My question is prompted by the closing down of the pharmaceutical research facilities of Ayerst in Montreal and their move to New Jersey, I think in June of this year. I think the Leader of the Government will be aware of the changes that took place 13 years ago in section 41 of the Patent Act. Is the government considering examining the results of those changes with respect to providing a fair, secure investment climate to Canadian pharmaceutical companies that carry out phar-

maceutical research and innovation, as well as safeguarding standards and providing drugs at a fair price to the consumer?

Hon. H. A. Olson (Leader of the Government): The more specific question is: Is the government considering extension of some of the patent rules of some years ago? I will make an inquiry of the appropriate minister. Perhaps I could also ask for an explanation of some of the reasons why we have the present conditions.

Senator Thompson: Perhaps I could ask a supplementary question to explain my concern. As I understand it, the Commissioner of Patents has no advisory body to assist him in looking at costs of the research done by individual companies in order for him to establish a price for drugs. The rate of profit permitted has been an average across the board of 4 per cent almost all the time. There are a number of questions like that which I think prove the need to examine the removal of pharmaceutical research facilities from Canada. We also want to ensure that the consumer pays a fair price for drugs and not some outrageous price.

Senator Olson: I think what Senator Thompson has just done is expand some of the details I alluded to, although only briefly, a moment ago.

[Later:]

Hon. Duff Roblin (Deputy Leader of the Opposition): Honourable senators, may I ask a question supplementary to the excellent point made by Senator Thompson? When the minister replies, would it be possible for him to provide any information as to the number of companies that have closed down in the pharmaceutical industry, the number of jobs affected, and generally how the situation has affected our research and development thrust? It seems to me that those matters are germane to the general point raised by my honourable friend.

Hon. H. A. Olson (Leader of the Government): Honourable senators, I will try to provide that information. If statistics are to be valid and directly related only to the patent difficulty or dispute over the application of the patent law, that is one thing, but, of course, there may be some difficulties in that sector of the industry due to economic conditions generally. With that qualification, I will try to obtain the information.

Senator Roblin: I see the minister's difficulty, but I would point out that there is a general impression that it is because of the patent problem that the companies concerned have made their changes. That is the main factor involved. Provided that the minister defines his terms sufficiently carefully, I am sure he can provide the information.

Senator Olson: Honourable senators, there is a difficulty that I am trying to avoid. If we were to ask a government department or minister to obtain an answer to that question, they may not regard the matter with as much significance as do some of the companies that are actually operating in that field. That is why I included the qualification.

Senator Roblin: Well, if it is properly qualified, we could then ask the industry what it thinks of the answer.

Hon. Jacques Flynn (Leader of the Opposition): Try again.