

Patent Act

then used by the generic drug companies. That is true. Under the law, as it has been from 1969 until now, after a little more than four years, by payment of a royalty, the generic companies can get a licence to produce the drug. Under the Bill which the Minister is proposing the generic drug companies will be able to produce drugs under licence after 10 years. Is the Minister saying that it is theft if the licence is used after four years but that it is not theft if it used after 10 years?

• (1630)

Mr. McDermid: Yes.

Mr. Orlikow: If it is theft, and if the Minister really believes that, then obviously the company should have patent protection for 99 years, not for four years and not for 10 years.

The Minister then says that seniors will not be affected because, after all, they are covered by provincial pharmacare plans. Seniors are taxpayers just like everyone else. The provincial pharmacare plans are paid for out of the revenues of the provinces. The provinces obtain their revenues through various forms of taxation. If they have to pay more, as they will, for the cost of prescription drugs for seniors, or for anyone else, then the cost of the programs will have to increase. If the provincial pharmacare programs and health care programs, along with private insurance plans of which there are many, have to pay more for prescription drug costs, then either they will have to increase the premiums which they charge or they will have to cut back on the benefits which they provide for other services over and above the cost of paying for prescription drugs.

I would like to take a few moments to consider the history to the point we are now, from where we have come and where we will go if this Bill passes. I remind Hon. Members that before 1969 Canadians paid among the highest prices for prescription drugs in the world. In the period from 1945 to 1965 the cost of prescription drugs rose by 150 per cent. The Government of the day, because it was receiving so many complaints from so many people with respect to not being able to afford prescription drugs doctors prescribed when they were ill, appointed three commissions to study the problem. All three commissions made proposals with respect to changing the patent law as it affected prescription drugs.

In 1968, a parliamentary committee chaired by Dr. Harley held many public hearings. Interested people, companies involved and research scientists were allowed to come forward and testify in public before the committee. After the committee held its hearings it brought down a report. It was on the basis of that report that the patent laws as they affected prescription drugs were changed.

The result of these changes was that the generic drug companies were permitted to obtain a licence to produce drugs after the company which had developed them had had the exclusive right to produce and sell them for a number of years. This permitted them to import the active drug ingredients needed to produce the drugs, which resulted in bringing

competition into the drug market. The results were dramatic. From having the second-highest drug prices in the industrialized world we moved to the situation where, up until now, we have had the second-lowest drug prices in the world.

The multinational corporations were unhappy with this situation, to say the least. They were dissatisfied. They fought the system with every means available to them. They had, they have now, and they will continue to have one of the most powerful lobby groups in the country, just as they do in the United States. The pressure they brought to bear was continuous. Finally, a couple of years before the then Liberal Government was defeated, the Hon. Member for Papineau (Mr. Ouellet), who was then the Minister of Consumer and Corporate Affairs, caved in somewhat to the pressure. He began to look for ways to satisfy, at least in part, the demands of the multinational corporations. However, his portfolio was changed and a new Minister of Consumer and Corporate Affairs was saddled with the responsibility. I refer to the Hon. Judy Erola.

Despite the fact that the system we had since 1969, and have up until today, was working well and giving the people of Canada prescription drugs at a reasonable price, Mrs. Erola, to lessen the pressure on her and her Government, appointed Dr. Harry Eastman to investigate the situation. Dr. Eastman brought down his report after the Liberal Government was defeated and the present Conservative Government took office.

What did Dr. Eastman say in his report? Essentially, what he said was that the system which we now have in place is working quite well. He said that the system under which the generic drug companies are permitted after a number of years to produce a drug, after paying a royalty to the company which originally developed it, saved the people of Canada \$211 million in 1983. Dr. Eastman also said that we could make some changes to the Act, although the ones he proposed were relatively minor. He proposed that the four-year patent protection now given to drug patent holders be looked at, that the royalties paid by the generic producers should be increased from the present 4 per cent to 14 per cent, and that there should be specific grants for research and development from the funds collected from the royalties.

The Government could have accepted Dr. Eastman's proposals, or it could have held public hearings such as were held in 1969 under the chairmanship of Dr. Harley. But the Government ignored the public way of dealing with the situation in favour of working secretly behind the scenes. It brought the two antagonists—the multinational drug companies and the generic drug companies—together. It told them that they had to negotiate and work out an agreement that would be acceptable to both of them. However, the Government was really only listening to the demands of the multinational companies; not just the Pharmaceutical Manufacturers Association of Canada but its real master, its real owners, the pharmaceutical manufacturers in the United States. The results of this type of pressure and this type of wheeling and