

We suggest that Nobel Laureate Ernst Chain summed up the matter succinctly when he said: "The public must understand that the pharmaceutical industry is life saving and as such fulfils a public function of very great importance. . . I cannot visualize how the industrial pharmaceutical research laboratory could adequately be replaced by another non-industrial structure, and those who wish to abolish it by nationalization for theoretical-reasons, or impede notably its freedom of action, must know that in taking such steps they are conjuring up a major health hazard, much more dangerous than a virulent epidemic. No pharmaceutical industry—no new drugs; this, in a nutshell, is the situation." ("Academic and Industrial Contributions to Drug Research," the Trueman Wood Lecture, Royal Society of Arts, London, June, 1963.)

In concluding our submission, may we adjure the Committee not to sacrifice progress to any doctrinaire concept of economic efficiency. There remain many unconquered areas of disease—heart disease, cancer, viral infections. Nobody would claim that the research-based drug industry will win these battles alone. It will have to be a team effort, and industry will certainly have to be a member of that team if vital new drugs are to be found, developed and made available.

We are sure that the members of the Committee will want to keep the research-based drug industry at effective strength in Canada, so that the best drugs are made available to the people as soon as possible, regardless of international difficulties. This is not a plea for the status quo. Nor is it a plea for protection. It is a plea for very careful weighing of the real issues involved in any act of public policy. The situation is not, and should not be, static. Change and progress are essential. In the interests of safety, both therapeutic and economic, it is of prime importance that no harm be done. Let us be sure that we move in the right direction.

#### Appendix "A"

##### STATEMENT ON THE BRIEF OF THE ALBERTA GOVERNMENT

We regard it as unfortunate that the evidence of Professor Henry B. Steele was heard in the very last session of the Committee. His written submission contains several assertions which we feel need to be further clarified.

The major assertion is on page 103, within the Chapter III A 2, namely, that the granting of compulsory licences for the import of patented drugs could eventually cut prices by 50 per cent and thereby save Canadian Consumers \$100 million.

But a considerable part of the consumption of \$200 million consists of drugs which are not patented, and which accordingly are already subject to the "open price competition" which Professor Steele advocates.

We attach a broad analysis of this \$200 million. We estimate that the patented drugs which in practice would likely be subjected to licensed competition from imports would amount to about \$40 million. This includes such drugs