

### Government Orders

Canadians and on the Canadian pharmaceutical industry. That is wrong.

I accept that there is a challenge here for Canada. Canada has to find a way to weave through the whole of the western world and a lot of the developing world that has adopted the 17 year rule. There is a challenge for us to make the world system right because I do not think it necessarily is right. I think it has flaws.

Should our Canadian law give an unrestricted monopoly to pharmaceutical patent holders for 17 years, recognizing that pharmaceuticals are a major and growing component of our health care system?

Our health care system is not a private sector driven commodity. We have recognized that in Canada. In relation to pharmaceuticals, we are about to walk away from our window here in Canada.

One of the suggestions to date which has been used in Canada, I do not know about other countries, is what is called a formulary. The government or the health care system generates a list of drugs that provide the most benefit at the lowest cost and it is out of the formulary that health care systems should see that drugs are prescribed. That is one mechanism to counter the monopoly of the pharmaceutical industries in which they do have a patent. If there is time I can address that later.

I have six separate concerns about what this bill does not do. The first is that it may pretend to but it does not address the issue of fairer drug prices from the perspective of both the producer and the consumer. It simply does not do that.

From the producer/manufacturer side, any student of business will know there are a certain number of concerns. The manufacturer wants to manufacture at the lowest cost he possibly can, but what incentive is there for the manufacturer to manufacture at a low cost if he has a monopoly? There is no downward price pressure. There is no competition.

The pharmaceutical company is simply going to pick the best price it can get. It will look for volume. If it prices it too high perhaps people will not buy it.

If there is a health care system paying for it, a health care system that you and I have to pay for, then maybe it will raise the price a bit higher because it is not coming directly out of the consumer's pocket.

The companies have to market their drug. Perhaps they have to research it continually, modify it over time, then they want their profit. They want a return that is fair, legitimate and a necessary part of our business environment. Keep in mind it is a monopoly marketplace when you have a patent on a pharmaceutical.

What about the consumer in all of this? We have had a lot of information put to the House over the last while I recall yesterday and today the member for Winnipeg South saying that the price increase in the first year would be less than zero per cent. I think she probably meant zero per cent and in the second year it would be 2 per cent.

We have to be honest about this. Even 2 per cent is a lot of money because we are dealing with a multibillion dollar industry here. That particular member suggests there is only a modest increase in price. Yesterday's article in *The New York Times*, which has been referred to, says clearly that the change is expected to cost Canadians about \$400 million annually, a 12 per cent increase in spending on drugs.

The added cost would go to about \$800 million by the late 1990s. That is a lot of money and that is coming out of the pockets of Canadians either directly or through their taxes to fund the health care system.

If 2 per cent means \$200 million or \$300 million then let us admit it. That is what it is going to cost in increased pricing. What do we get for the increased pricing? It is a windfall for these companies. They are saying that when the additional money comes in it will be reinvested in research and in marketing and in all of the other things. It will also be siphoned off into profit as perhaps it should be. Profit is not a bad word. What is the Canadian taxpayer getting in return for his \$200 million or \$300 million per year?

I think I read, and I stand corrected if I am wrong, that by the late 1990s, officials of the government admitted yesterday, it would be in the vicinity of \$500 million in increased drug cost. That is half a billion dollars. That is a lot of toast no matter how you measure it.

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On this issue of fair drug prices it is also recognized that Canada has one of the lowest cost structures for pharmaceuticals in the world. This article which I have already quoted says Canada's success with delivering drugs that cost lower than those in the United States is