

plications and be as effective as licensing because of the penalties for failure to comply with the requirements of registration. As far as licensing is concerned there is some difference in legal opinion we have heard as to whether this could be carried out within the terms of the Food and Drug Act. Lack of license would prohibit drug manufacture while lack of registration could invoke a penalty but not prohibit manufacture and is more in keeping with the free enterprise system. Taking all these matters into consideration your Committee recommends

that all drug manufacturers and distributors be registered, such registration of existing companies to be carried out as soon as is possible by the Food and Drug Directorate, and in the case of new companies such registration to be applied for prior to the sale of their products on the open market. In view of possible delays in inspection by the Food and Drug Directorate, if inspection of new companies does not take place within a limited period of time, such products may be marketed.

If registration were to be carried out by the Province it is obvious that many varying standards would be in effect across Canada. As the safety of drugs is under the Food and Drug Directorate, of a federal government department, and authority is under the Criminal Code it is recommended

that such registration take place on a Federal basis.

Because of the necessity for making sure of continued high standards it is further recommended

that re-inspection of registered drug manufacturers should take place at regular intervals to be prescribed by regulations.

#### IV. MEDICAL RESEARCH

Medical research has to be encouraged in Canada by the drug industry and by government. The majority of drug firms in Canada are foreign owned and the basic research is usually done in the country of the firms' origin. It is noted however that these Canadian subsidiaries are performing an increasing amount of separate research in Canada and are to be commended for this. In this field the Committee recommends

that the government continue the present tax incentives for research carried on in Canada and study further methods of encouraging medical research in Canada.

Government contributions to research through the Medical Research Council should be increased. It is noted that the per capita expenditure on medical research in Canada is much below that of other countries with comparable medical standards.

The current position of medical research is aggravated by the decision of the National Institute of Health discontinuing grants to Canada for medical research. The facilities required for research are deficient and at the present time government grants are not available for capital purposes such as construction. Your Committee therefore recommends

that the federal government increase substantially the present monies available to the Medical Research Council and further that a separate fund be created for the construction and furnishing of research facilities under the direction of the Medical Research Council.