about whether we should or should not make changes which would seriously affect the industry. There is no doubt that the provision relating to compulsory licensing will have an effect upon the sources of supply of these drugs. It is quite possible that some manufacturers will become distributors to a greater extent than is now the case. Manufacturing would then tend to concentrate on those products which Canadians can produce.

I would like to point out that there is one drug company which is perhaps considered small in this country but is large in the world. It is based in western Europe. The name product which it produces is a tranquillizer but it also produces a few other lines in small volume. It is almost certain that these small volume lines will be produced elsewhere than Canada. The company has been considering this question and may decide it can import from Mexico the drugs it needs. It has plants in 24 countries. Its Canadian plant produces the largest selling drug. It is not considered to be as good a drug as their own. I think it is of interest that the company produces a different quality drug in different parts of the world. Therefore they will wait and see what effect this bill will have on the industry.

The Canadian drug industry is made up largely of foreign companies based in the United States, Switzerland and Germany. This is the nature of the drug industry. It is a world wide industry which transcends borders, and its market is the whole world. It is in Canada a significant factor in our economy. Its exports run as high as $20 million. Its sales of packaged pharmaceuticals were $200 million in 1966. It employs 10,000 Canadians, of whom one-quarter are university graduates.

These large companies are for the most part subsidiaries of parent companies that are spread around the world. Whether we like it or not, these drug companies have brought us new drugs. Without the drug industry in the world as a whole many of our new drugs would not have been developed. Over 80 per cent of the new drugs that have been developed in the last 30 years have been developed by the industry. Penicillin is a classic example. It was known for many years, but it took the drug industry to process it to the stage where it could be prescribed as widely and as cheaply as it is now.

The question of safety is extremely important in connection with this measure. The parliamentary secretary to the Minister of National Health and Welfare referred to a long, complicated, detailed and technical study in respect of measures taken in an attempt to preserve the high level of safety sought in conection with drugs on the Canadian market. The thread running through the whole question of safety is that the Canadian Food and Drug Directorate will rely largely on their counterparts in various parts of the world when making decisions in respect of the safety of drugs. Hungary was disclosed as the country which produces the cheapest drugs. Italy, Japan and Hong Kong are areas in which a great many drugs are produced. In many countries drugs are not that highly developed and their safety leaves something to be desired. I think this is particularly so in respect of Hungary; and for many years the Italian drug industry was notoriously poor in that some manufacturers produced poor quality drugs. Therefore the Food and Drug Directorate is faced with a tremendous task in attempting to police drugs which are really only being touched on now.

If I understood properly the parliamentary secretary to the Minister of National Health and Welfare, he said that the Food and Drug Directorate will still rely largely upon generic equivalents in deciding whether a drug is as good as its makers claim. This, of course is a bone of contention. He also stated that it would be practically impossible to prove the clinical efficiency of drugs by blood levels and all the other means by which scientists ascertain whether a good drug is being marketed. There is nothing better than the good name of a company when it comes to deciding the quality of a drug.

The thread running through the whole question of drug safety is whether a clinical generic is the equivalent of the brand name drug. Those who argue that the generic equivalent is the same are generally people concerned with research in universities or the Food and Drug Directorate who do not deal with patients directly. Those who feel that there is a difference between generic name and brand name drugs are mostly those who deal directly with patients. It is interesting to note that the Russian drug industry, which cannot be accused of being profit-minded, gives brand names to the same drugs coming out of different factories. Apparently they believe that some factories make better drugs than others although supposedly they are all the same. It will be interesting to see in the committee whether it can be ascertained how effective these safety measures will be.