

Patent Act

As I understand it, the most recent Senate amendments to the drug patent legislation are quite modest. They only attempt to put into the legislation that which the Minister has promised verbally would be accomplished by Bill C-22. He said that \$1.4 billion worth of research and development would be done by the multinational drug companies and that 3,000 high technology career opportunities would be created. If this is a fact and has been clearly documented, why not put it in the Bill? The Minister also said that we needed consumer protection on prices and a much tougher drug prices review board. That is what is provided for in the other amendment of the Senate. The amendments before us also abolish the retroactivity to June 27, 1986.

Leaving aside for the moment the fact that the Senate is not an elected body and should not be telling the House what to do, as we on this side firmly believe, and leaving aside the fact that the Government supports the idea of a Senate and only wishes that it had had the opportunity to make more patronage appointments in order to have more power over the Liberal Senators, why will the Minister not compromise? I would like to quote from an article in *The Ottawa Citizen* of October 27 of this year. It reads:

Perhaps he doesn't want to disappoint the Bill's most vocal supporters, the people who work in the pharmaceutical industry. But surely they would not object to measures that strengthen the prospect of new jobs in their industry?

Perhaps, as cynics have claimed all along, the drug Bill was really devised as a favour to the Reagan administration, and has nothing to do with Canada. That may be unfair. But why would the Government abandon the existing system, one that delivers affordable drugs in a competitive environment? The new legislation limits competition, threatens price stability, and opens the door for government intervention in the industry. It doesn't make sense. It never has.

I would like to deal with the cost of health care which will definitely increase under this Bill. Prices will go up for consumers. The generic competition stimulated by the 1969 amendment has saved Canadian consumers and taxpayers hundreds of millions of dollars, some \$211 million in 1983 alone. That is a lot of money. Provincial treasuries, which together spent over \$800 million on drugs in 1983, have also saved enormous sums. Why are the provinces not knocking on the door and sending lobbyists to get the Government to rescind this Bill? I hope they have been doing that behind the scenes.

While insisting that the new policy will not cause drug prices to rise, the Minister has acknowledged that it may result in a delay of the price reduction associated with the introduction of new generic drugs. In fact, Canadian consumers can expect substantially higher costs during the 10 year delay in the introduction of each new generic drug as patent holding companies set prices at monopoly levels.

Despite its claims about drug prices, the federal Government will pay the provincial governments \$100 million in transitional payments by 1991. The Government is admitting how much this will cost. That is the proof right there. It will come as scant consolation to Canadian taxpayers that at least until

1991 they will subsidize increased drug company profits through their federal taxes instead of their provincial taxes.

The B.C. Health Coalition had the following to say about the probable effects of increased costs in the Province of B.C.:

The information kit provided by Consumer and Corporate Affairs Canada to promote Bill C-22 explains that there may be some impact on provincial pharmacare plans which were devised without detailed knowledge of the legislation. Accordingly, we propose a transitional payment to the provinces of \$25 million per year for four years of this policy, leading up to its first full review.

The B.C. pharmacare program is budgeted at \$160 million for 1987-88. That is after increased deductibles were introduced to affect savings of \$15.4 million and user fees for seniors were introduced to affect savings of \$22 million. If the entire \$25 million budgeted to compensate provincial pharmacare programs for the ill effects of Bill C-22 were given to B.C., it would be inadequate to restore this year's cutbacks. If B.C. gets only 10% of the \$25 million compensation, then it would equal a mere 1.5% of the pharmacare budget for B.C.

One of the Ministers from B.C. is here. I hope he will take this back to his friends in the B.C. government. The B.C. Health Coalition continued:

The higher prices that result from Bill C-22 will produce pressure for further cuts to provincial pharmacare programs. As was found in studies of patients in both London, Ontario, and Halifax, prices will deter some patients from filling prescriptions for essential medications.

Indeed, as the editorial in *The Ottawa Citizen* states, it does not make sense and it never has. Where is the logic in increasing costs at a time when all provinces are complaining about the strain of increasing health care budgets? We know what some of the motivations of the Government were. I refer to some of the backroom deals which were going on in the free trade negotiations.

With regard to research and development and the spin-off jobs which we are told will be created in order to bribe us to support this Bill, the Pharmaceutical Manufacturers Association of Canada claims that Bill C-22 will result in \$1.4 billion in new research and development and in 3,000 high-tech career opportunities. According to the 1985 commission of inquiry on the pharmaceutical industry by Supply and Services Canada, expenditures on research and development in 1967 represented 3.5 per cent of the value of factory shipments while in 1982 this figure increased to 3.8 per cent.

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Why would anyone believe that R and D activity will double under Bill C-22? Canada had no less pharmaceutical R and D after allowing generic competition than it did before 1969. The only evidence we have to support increased research and development are the promises of the pharmaceutical association members and, of course, the Minister.

We can contrast the threats and promises of the PMAC with the recent experience in the United States. The United States Consumers Report in August, 1987, stated that in early 1987 the U.S. House subcommittee on health and environment investigated recent hikes in prescription drug prices. They found in the United States that a 12.2 per cent increase in