reduce the cost of drugs. In other words, very few patients now say to their doctor, could you make this drug as cheap as possible as I have little money? This situation has been brought about by changes in retail pricing. I shall try to explain this, as I believe it is not of general knowledge.

Until approximately three years ago drugs were priced on a wholesale mark-up of approximately 100 per cent. A 75-cent prescription at the wholesale level for sleeping pills was being retailed for $1.50 and a $5 to $6 wholesale prescription for antibiotics was retailed at $10 to $12. A few years ago the pharmacists in conjunction with the industry—this was applauded by the government and all those in the health field—changed the pricing system. This was done by applying a dispensing fee to the wholesale cost of drugs. The fee varies in many parts of the country but in my province it amounts to about $1.90 at the moment, which I believe is about average. Nearly all sections of the country are slowly changing over to this method of prescribing. It has the advantage of reducing the cost of more expensive drugs to the patient in that a $5 wholesale price now becomes $7 but the cheap 75-cent prescription becomes $2.75.

• (2:40 p.m.)

This has caused an upgrading of cheaper prescription drugs and a downgrading of more expensive items. It has reduced the pressure on physicians to prescribe less expensive drugs and permitted them to prescribe drugs that are more expensive and which are in general considered to be a better product. There is now little point in not prescribing a more expensive drug. In addition, the practice has been growing of supplying drugs free to patients, but at government expense, in respect of those in the income group where the price of drugs is a significant factor. Five per cent of the people in my area are designated as indigent by the provincial government and under its medicare scheme they receive all forms of drug therapy free of charge. It is because of the chronically ill in this group that the most pressure exists for a physician to prescribe a cheap form of drug. This segment of the population has now been taken care of by means of government sponsored plans, and this has resulted in the pressure on doctors to prescribe cheaper drugs being not nearly so great. Indeed, doctors may be unfamliiar with the price of drugs, and therefore the relative cost of a prescription is of much less importance to them than is the case when the patient is himself paying for the drug.

If the cost of a prescription is only $3.75 to $4, the physician thinks that prescribing the more expensive brand of drug means a difference of only 25 cents. It is impossible for him to think of 14 brands of tetracycline and decide which one in a prescription will be, say, 30 cents cheaper than a more expensive drug that will cost about $5. I would also like to point out that the physician tends to prescribe brand name drugs because he knows them better and thinks they are the best. I am not saying that this is the fact, but it is generally the way the physician feels.

As an example, I noticed in a local drugstore about a dozen types of tranquillizer which might be given to a member of a family that had suffered a bereavement. One was a brand name tranquillizer costing a nickel each and another was not a brand name and cost only one cent each. This means that the brand name tranquillizer costs 60 cents a dozen and the non-brand name product only 12 cents, or one-fifth the price of the brand name drug. One was a good looking pill and the other was not, but they were both passed by the Food and Drug Directorate.

The second major factor of the bill is the effect it will have on the pharmaceutical industry of this country now and in the future. If it is our intention to dampen down the pharmaceutical industry and perhaps dispense with some of it, we should understand that this is the intention. Mr. D. H. W. Henry, when testifying before the Harley committee on February 7, 1967, stated that perhaps the first fundamental issue emerging in the committee's proceedings was whether a drug manufacturing industry ought to be preserved in Canada in its present form. To do so would require the continuation of the protective devices which the industry considers necessary to its viability but which deny Canadians access to less costly drugs. I question whether the change made in this respect will necessarily make less costly drugs available to Canadians. Therefore this is one of the points we have to consider.

I suggest to the minister that he should ask the finance, trade and economic affairs committee to recommend that some aspects of this question be referred to committee of the whole in order that we may decide whether the passing of the bill and the granting of compulsory licences thereunder will have a significant effect on the industry and, if so, is this what we want? I have an open mind