

Government Orders

to leaving Canada for more welcome homes elsewhere in the world.

What the 1987 revisions to the Patent Act were meant to achieve was the reinstatement of a policy of recognition for discovery, for innovation in Canada while balancing that with the protection and the interest of the consumer.

• (1330)

Rewarding discovery is an essential component of developing a strong economy in an age of increasing technological sophistication and international competition. Quite frankly, we as a government wanted the pharmaceutical innovators to remain in Canada to develop a technological and research base here, not elsewhere. We wanted them to concentrate their businesses here, to employ our science graduates, to invest in plants and equipment on Canadian soil, to invest in research in Canadian universities and in Canadian hospitals and other research centres and export from Canada rather than import into Canada.

We wanted to accomplish this while at the same time provide a strong system of controls on the prices of patent medicines. There was never a question for us as a government of having a strong growth in the pharmaceutical industry at the expense of consumers. Part and parcel of our policy in 1987 as well as today was to have strong patented drug price controls to ensure that drug prices for Canadian consumers remain reasonable.

This legislation as well as the legislation of 1987 provides for exactly that. We created the Patented Medicine Prices Review Board in 1987 to control the prices of patent medicines in Canada. It has done its job since then and with this legislation it will be given even more powers. Bill C-91 gives the board expanded powers to roll back unwarranted price increases and provides for fines and sentences for those who do not comply.

By the year 2000 it is projected that the cost of purchases by pharmacies and hospitals of prescription and behind the counter drugs will only be 2 per cent higher due to the provisions of this legislation. It is projected through detailed calculations that the total added cost of patent drugs over the period 1992 to 1996 due to this legislation will be one dollar per Canadian more per year. One dollar per year per person in this country is not a large amount for having a policy that stimulates research and development in this country.

The opposition would have us spending all sorts of dollars per person of government money through taxation, but I guess that is a more clouded way and people do not realize that it is costing them. This is a straight-up, free enterprise, entrepreneurial way where there is research done at minimal cost.

Because of this bill Canada will reap the benefits of close to \$.5 billion in increased investment by the innovative pharmaceutical industry in the foreseeable future. We are achieving a true balance in promoting economic growth while protecting the consumer through our continuing policy of pharmaceuticals.

The record since 1987 speaks for itself. The Patent Act amendments of 1987, then known as Bill C-22, have been a true success story. That success story is continuing to this day. However, it should be looked at in light of what the critics in this House and elsewhere had said at that time. One was that an innovative pharmaceutical industry would not meet its investment promises to the government. Second, the opposition said the government would not succeed in controlling patent drug prices. Third, the generic manufacturers would disappear.

Let me take the House through what has happened on all three counts since the passage of Bill C-22. The first issue is research spending. The innovative industry has delivered on its promised targets for doubling research spending in relation to sales five years earlier than was promised. This innovative pharmaceutical industry invested over \$1 billion in R and D in Canada in the last five years, with over \$340 million going to Canadian universities, hospitals and other medical research establishments.

I should add that since the government announced its intention to eliminate compulsory licensing, the industry has already announced over \$500 million in new investment across Canada.

Second, the issue of contention in 1987 was drug prices. Price increases from existing patent drugs have kept an average growth of 2.9 per cent from 1987 to 1992, compared with an average Consumer Price Index of 4.7 per cent. This is a very strong record of effectively controlling patent drug prices and completely discredits the critics. We should make everyone think twice about their criticisms today.