problem, as it will be clearly insufficient, but because it will have the advantage of encouraging private enterprise; for that reason it is commendable, Mr. Speaker.

Before concluding my remarks, I would like to call the attention of the minister to the fact that the five measures announced in his speech of October 17 and aiming at fostering private enterprise are, in the principle, in our opinion, basically excellent; we would like to congratulate him for his inititive. In fact, for a long time we had been complaining that our governments did not take any interest in the pharmaceutical field. It is obvious, Mr. Speaker, that the PIDA, set up by the Department of Industry, and the Department of Trade and Commerce, can help private industry by means of direct or indirect subsidies, particularly direct subsidies, and by intelligent help, in order to enable our Canadian companies to manufacture a product whose safety and quality which will be envied by other countries.

However, Mr. Speaker, as one NDP member was saying yesterday, there is only $2 million left, which is surely not enough to help compete against foreign industry, improve the quality of drug products, and intensify research in Canada. In fact, in all Canadian pharmacy schools, universities and other institutions we have only 80 pharmacology students; this is less than sufficient. Also, the federal government granted a mere $350,000 for research in 1966-67.

Before I conclude, I ask the minister to direct more investment from his department towards research, to enable the drug companies to put on the market good products which will not endanger the health of the Canadian people. After all, it is the individual who must be considered in this bill and although I congratulate the minister for his initiative, I dare say this measure is far from enough; it is just a makeshift solution. It is high time that the minister should take an interest in financial problems, because such bills are merely drugs that lull the public and hon. members to sleep.

Mr. Rosaire Gendron (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the Minister of National Health and Welfare (Mr. Munro) would have been glad to take part in this debate but, as you know, he is presiding at the moment—with much skill and distinction, I daresay—over the federal provincial conference on welfare. In his absence, I shall try to express as faithfully as possible his philosophy about this bill amending the Patent Act, the Trade Marks Act and the Food and Drugs Act.

My colleague, the hon. member from Vancouver Center, has made clear to you, in moving the second reading of Bill No. C-102, this government's deep concern about the high price of drugs in Canada. We are particularly concerned about the economic burden imposed by unduly high drug prices on the chronically ill and aged in our society.

Bill C-102 plays an important role in the fulfillment of this Government's pledge to the Canadian people to work towards a just society for all of our citizens. What aspects of the bill relate to health matters and thus fall within the jurisdiction of the Department of National Health and Welfare?

In order to place the legislation in proper context, what is the present status of the drug industry in Canada? In terms of business volume, the Canadian pharmaceutical industry is dominated by firms which are subsidiaries of giant foreign corporations—for the most part either in the United States or Switzerland.

These subsidiaries hold the Canadian patent on chemical processes developed by their parent firms. The majority of pharmaceuticals produced in Canada are manufactured from primary chemicals imported by these subsidiary firms, which are formulated in final dosage form in this country.

Under our present legislation, independent Canadian drug manufacturers can obtain a compulsory license which permits them to produce the primary chemical in Canada, and then formulate it into a finished dosage form. At first glance, this appears to provide competition to the firms which are subsidiaries of foreign companies. Unfortunately, however, the size of the Canadian market is not sufficiently large, in most instances, to permit the Canadian manufacturer to produce the chemicals at prices competitive with those at which the subsidiary can import them from its foreign parent firm. The net result, therefore is that the compulsory licenses have had limited practical value and the effective monopolies of the subsidiary firms have been maintained.

It is for this reason that we have introduced this bill—to inject competition at the manufacturing level, into the drug industry in this country, and thus reduce drug prices.

Hon. members will recall that when the predecessor of the present bill, Bill C-190, was introduced into the house last February, there were well-meaning, earnest and sincere