

Patent Act

[English]

Mr. Manly: Mr. Speaker, when I was interrupted at one o'clock, I had been referring to the Eastman Report. I would like to put before the House some of the points made by the Eastman Commission regarding the drug industry in Canada.

First, with regard to the growth in profits in the drug industry since the 1969 amendment, Dr. Eastman says—Mr. Speaker, I wonder if I could have some order?

Mr. Speaker: I know all Hon. Members will want to hear the remarks of the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly).

Mr. Manly: Thank you, Mr. Speaker. Regarding the growth in profits in the drug industry since the 1969 amendments, Professor Eastman has said:

An overall summary of the comparison of the growth and development of the pharmaceutical industry in Canada relative to that of the United States yields the straightforward conclusion that growth has been more buoyant in Canada than it has been in the United States since 1967.

That statement appears on page 65 of the report. On page xix, Professor Eastman said:

Compulsory licensing has not had a discernible negative impact on the profitability and rate of growth of the pharmaceutical industry in Canada as a whole.

Looking at the question of employment in the drug industry since the amendments were made in 1969, Professor Eastman, as recorded on page xix of the report, said:

Turning to employment, it turns out that total employment in Canada between 1967 and 1982 rose by 28.8 per cent whereas in the United States it grew 22.6 per cent; the number of production employees in Canada rose by 29.9 per cent and in the United States by 13.2 per cent.

One could ask if all this growth and employment occurred as a result of the generic drugs taking business away from patent-holding companies, and the answer is no. Again, on page xix, Professor Eastman has said:

The growth in the industry in Canada is not dominated by the growth of the generic sector. In 1969 the number of employees in the industry was 12,645, few of whom were in generic firms. In 1982, the employment was 15,707 of whom approximately 1,300 were employees of generic firms.

In other words, the vast majority of employees in the Canadian drug industry were not employed by generic firms and the growth itself was not at the expense of employment in patent-holding pharmaceutical companies.

One could ask whether or not the major pharmaceuticals were suffering unduly from this. Professor Eastman is very clear about that. On page 274 of the report, he said:

In spite of (several problems in making cross-country comparisons), the data—suggest at the very least that pharmaceutical operations in Canada are no less profitable than they are in the other countries in which these multinational corporations operate.

I believe these statements illustrate very conclusively that the 1969 amendments to the Patent Act benefited the Canadian people, benefited employment in Canada's pharmaceutical industry and did not impact unfairly on the major pharmaceutical companies.

Just to give the House an idea of how important the 1969 amendments were to the Canadian people, in 1983 alone, some \$211 million was saved by Canadian consumers who were able to purchase generics rather than higher priced brand-name drugs.

In an article of June 23, 1986, *The Ottawa Citizen* published results of a survey which sampled some 20 drugs used to treat such diseases as diabetes, anxiety, insomnia, arthritis and urinary problems. Of the 20 drugs surveyed, 15 were available in generic form. The survey showed that the purchase of 1,000 units of each of these 15 drugs would cost on average \$42.41 for the generic Canadian drugs; \$83.49 for the generic American equivalents; \$137.71 for the brand Canadian equivalents; and a staggering \$349.80 for the brand American equivalents.

Whether we are comparing Canadian generics with American generics or Canadian generics with Canadian brand names or Canadian brand names with American brand names, the results are the same and are very conclusive. The 1969 drug legislation which made changes to the Patent Act was very beneficial for Canadian consumers.

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These are the changes that the present Government wants to rescind. It wants to turn back the clock to the pre-1969 situation when Canada was paying the highest, or the second highest drug prices in the industrialized world, instead of in the present situation where we are paying perhaps the second lowest.

We have tried to get information from the Government as to what the increased costs to consumers will be. The Government has refused to release any studies, citing reasons of confidentiality. A study that was done by Currie Coopers & Lybrand, a respected accounting firm, shows that by 1995 Canadians will be paying some \$650 million a year more than they are now paying for their drugs, if this legislation goes through.

The Bill before us gives the pharmaceutical companies 10 years of protection from any generic equivalents. Not only that, it is retroactive to include drugs that are already in the pipeline. Generic companies are working at present to try to get on the market their generic products equivalent to those brand name drugs. Drugs that are presently in the pipeline will be adversely affected.

How the Minister can maintain that this is not going to cost one cent more, that there is not going to be one cent of price increase, is something that the average Canadian will not accept. Even the present generics will cost more. Last week Luciano Calenti, the Chairman of the Canadian Drug Manufacturers Association stated:

Generic drug companies will have no choice but to raise prices because of the Government's new drug patent legislation.

The Government uses three justifications for bringing in this legislation. The first is perhaps the most basic. It is what the