

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session — Seventeenth Legislature
43rd Day

Tuesday, April 25, 1972

The Assembly met at 10:00 o'clock a.m.
On the Orders of the Day.

WELCOME TO STUDENTS

MR. G. B. GRANT (Regina Whitmore Park):— Mr. Speaker, through you to the Members of the Legislature I would like to introduce a Grade Three class from Massey Road School. These children and their teachers are really early risers. They are under the direction of Mrs. Horseman and Linda Dickson, a student teacher. We welcome them to the House today. I know that they had a very interesting tour, in fact I accompanied them and I learned a few things about the Legislative Buildings that I hadn't known before.

SOME HON. MEMBERS: Hear, hear!

QUESTIONS

FOREIGN OWNERSHIP OF AGRICULTURAL LANDS IN SASKATCHEWAN

MR. C.P. MacDONALD (Milestone):— Mr. Speaker, before the Orders of the Day I should like to direct a question to the Minister of Agriculture (Mr. Messer).

Could he tell me or could he clarify the situation as far as this Bill, that declares that any Canadian living outside the boundaries of the people's republic of Saskatchewan, including all the people who were born, raised and lived in Saskatchewan, and have had to move for some reason, is it their intention to make this Bill retroactive?

MR. SPEAKER:— Order, order! That Bill is before the House for second reading for debate and discussion. I don't think we can have discussion on Orders of the Day now.

MR. MacDONALD:— Mr. Speaker, this is a very important question which relates to anybody in the Province of Saskatchewan and who wishes to make a will. Anybody in the Province of Saskatchewan who wishes to plan their retirement. Anybody in Saskatchewan who has or wants to spend money. Is it the intention of the Government, Mr. Speaker, . . .

MR. SPEAKER:— Order, order! I think that all Members are aware that when a motion is before the House and the motion is that this Bill be read a second time, and it is debatable, it must be raised at that time. I don't think that we can have debate on the Orders of the Day of any Bill.

MR. MacDONALD:— Mr. Speaker, on a Point of Order, I do not wish to discuss the principle of the Bill. I wish to ask the Government

whether it is their intention to make that Bill retroactive to the first of April in order for them, even though they do not intend to pass that Bill for one year . . .

MR. SPEAKER:— Order! Those questions can be raised while in second reading of that Bill. Questions can be asked and the Minister in closing the debate can answer all the questions, but we can't discuss second reading of Bills or questions arising from the Bills on Orders of the Day.

MR. MacDONALD:— Mr. Speaker, just one more point on the Point of Order. Mr. Speaker, this Bill may not well be decided for two or three weeks and right now the whole agricultural situation and the transfer of land in Saskatchewan is in a state of limbo.

MR. SPEAKER:— The Chair has no knowledge of when a Bill will or will not be decided. The Chair cannot permit the discussion of a Bill to take place on the Orders of the Day.

HON. A.E. BLAKENEY (Premier):— Mr. Speaker, I rise on a Point of Order and would like to say that the Members on this side of the House regard this Province as part of the monarchy of Canada and we frankly resent these suggestions that denigrate the Queen and the Crown, as just suggested by the Member opposite.

SOME HON. MEMBERS: Hear, hear!

MR. D.G. STEUART (Leader of the Opposition):— Mr. Speaker, we will take the thoughts of Chairman Blakeney into consideration.

RESOLUTIONS

RESOLUTION NO. 19 EXCESSIVE PROFITS BEING EARNED BY DRUG INDUSTRY

Mr. J.G. Richards (Saskatoon University) moved, seconded by Mr. Owens:

That this Assembly expresses its serious concern at the excessive profits being earned by the drug manufacturing industry, and urges the Saskatchewan Government to implement, at an early date, a program to reduce the price of pharmaceutical drugs to the Saskatchewan public. Such a program should be administered by an agency capable of:

(a) Working in co-operation with representatives of the pharmacists and physicians in preparing a formulary of core drugs, and in assuring the quality of drugs handled; (b) Issuing tenders for core drugs on a bulk basis; (c) Distributing, if necessary, drugs to retail pharmacies and hospitals throughout the province; (d) Securing alternative sources of supply of certain pharmaceutical preparations if bulk tendering does not result in significant savings to the public.

He said: Mr. Speaker, the New Democratic Party in 1971

committed itself to reduce drug prices to the Saskatchewan public. As an indication of our intent to fulfil this promise at the earliest possible opportunity, I introduce this Resolution that is before us.

That the previous Government as all Members will know earned headlines in 1966 when the Hon. Leader of the Opposition (Mr. Steuart) announced that we would soon have a drug program. This brings back certain similarities, Mr. Speaker, certain fond remembrances of the 1919 resolution by the Liberal Party, assuring us that we would soon have Medicare.

Now, Mr. Speaker, in order to give substance to what is a simple election pledge I should like to go into some detail about what is the nature of the drug manufacturing industry and how we, the New Democratic Party propose to solve the problem of the exorbitantly high retail prices which are charged to people for pharmaceutical products.

Now, Mr. Speaker, one of the first items that I think that we should have before us is just some very simple indications of what are the breakdowns of cost in the drug manufacturing industry. I do not vouch that these are definitive figures. I am sure that there are percentage point changes here and there, but the source is absolutely impeccable. It comes from the United States Congress Sub-Committee on Anti-Trust and Monopoly. Hardly, Mr. Speaker, a socialist source.

Now, Mr. Speaker, let me give you the figures of how United States Congress broke down the dollar earned by the pharmaceutical industry. The actual cost of the product sold amounted to a mere 32 cents. Administrative costs amounted to 11 cents, Mr. Speaker, selling costs which includes outrageous advertising and detailing amounted to 25 cents of every dollar earned, and research and development, which the drug industry use as the excuse to justify the exorbitant prices it charges for drugs, amounted to 6 cents out of every dollar. That is one quarter of what they spent on promotion. Taxes in the United States amount to 13 cents, leaving a net profit after taxes of 13 cents on every dollar, of their income.

Now, Mr. Speaker, I submit there is some small indication in these figures that just perhaps - just perhaps - we could do better and we are going to try. I should like at this point to show people an example of the kind of expenditure which we, the drug purchasing public, have to pay for. I quote here from the Canadian Medical Association Journal and this commemorating the great Canadian who discovered insulin - Banting.

And now, Mr. Speaker, in this professional journal, not any puff sheet put out by the drug industry, but fully 32 pages out of 122 pages in this document, Mr. Speaker, solely to drug advertising. We have glorious pictures embossed of church steeples over the Prairies, advertising drugs. That, Mr. Speaker, is clinical information which allows a precise physician to learn scientifically about the drug industry? Multi-colored embossed paper which you and I as the purchaser of drugs finally have to pay for and that is part of that 25 cents which goes to drug selling.

Mr. Speaker, we can do better. There are items which should be of interest to Canadians concerned about their economy. Canadians may be interested to know what is the nature of

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Canadian input into the drug manufacturing industry. I quote, again, from a highly competent, highly respectable and in no sense a muck raking organization. I quote from Drug Merchandising in March 1972.

First it was the Canadian giants and then the medium sized companies and now the most recent vintage of medium and small companies to the extent that the pharmaceutical industry has now become 92 per cent foreign controlled.

And they proceed to list, and I would like to give you some of these examples, of takeovers which have occurred in the Canadian drug industry as Canadians have lost control of an important technological industry.

Anca Laboratories has been purchased by Wander Company of Switzerland. Ayerst purchased by American Home Products of the United States; Bell-Craig Limited purchased by Denver Laboratories of the United States; Canada Duphar Limited purchased by Bristol Laboratories; Elliott-Marion purchased by American Home Products; Frosst purchased by Merck, Sharpe and Dohme; Gelatin Capsules purchased by Scherer Incorporated; Hartz Company purchased by Wander; Horner purchased by Carter Wallace Incorporated of United States; Ingram purchased by International Bonds Incorporated; Intra Medical Products Limited purchased by Penick Incorporated; Shuttleworth purchased by Pitman-Moore of Dow Chemical of the United States; and most recently, Mr. Speaker, we have had Analco-Octo-Canada purchased by Alcon Laboratories of the United States. We have had Diamond Laboratories purchased by Diamond Incorporated of the United States; we have had Marsan purchased by International Chemical and Nuclear Corporation of the United States; Saunders purchased by American Incorporated of the United States; Sterilab Corporation purchased by Damon Incorporated of the United States; Winley-Morris purchased by International Chemical and Nuclear Corporation, and finally the most recent and what was the pride of our generic drug industry we have had Empire in the last couple of months purchased by a Mr. Panich - we have a panic in our midst, Mr. Speaker - a Mr. Panich of Pasadena, California, the manager, the owner of International Chemical and Nuclear Corporation.

Here is but a small list in one particular industry of what is happening to the Canadian economy. Mr. Speaker, we can do better.

Now, Mr. Speaker, there are problems in the manufacturing end, as do exist in the merger and the takeover and the concentration of the manufacturing industry into ever smaller, every fewer number, of foreign companies. There are also problems, of course, at the wholesale and there are also problems at the retail. The retail I would like to quote, Mr. Speaker, for the edification of the people and Members of the House.

A certain memo coming forth from a proprietary drug firm referred to suggested tactics of how retail men should proceed to sell largactil extensively used in care of psychiatric patients. Now what they were trying to do, Mr. Speaker, was they were trying to get a fairly large share of the market and they were prepared to lower the price if it were absolutely necessary. They were willing, for example, and I quote, and this is the plan of action laid out to the retail men.

1. Visit all hospital pharmacists as soon as possible.
2. Determine their annual consumption of largactil tablets.
3. Find out the brand and prices paid for the products they are using at the present time.
4. Attempt to determine at what price they are willing to purchase a year's supply of largactil.
5. Point out the advantages of being able to obtain the original product which is being sold at what is a non-profitable price for a research company.

Note the typical expenditures spent on research, Mr. Speaker, of approximately 6 cents out of a dollar, of a research company. However this is being done because we believe it is unfair to treat some hospitals as privileged customers while asking the general hospitals to pay more than their privileged sisters.

What is happening, Mr. Speaker, is that there have been complicated degrees of monopoly worked out by the drug manufacturing companies and that these have been partially broken by certain powerful institutions when hospitals have banded together to try and secure lower cost drugs for their patients.

As the wall is crumbling, Mr. Speaker, largactil and the proprietary owners move in and they realize that they are going to have to equalize things among all hospitals. That doesn't apply to you, however, the person who is paying for this product over the counter at the pharmacy. This applies because certain hospitals had gotten a deal and they now have to expand the deal. Of course, they want first to learn if they have to expand the deal, first find out what price they are paying and what price they would be willing to pay. Don't come down unless you have to come down. This is where we are at, Mr. Speaker.

Now, in Saskatchewan we have over 300 pharmacies scattered across the province at the retail level. It is our concern, very much, to protect the problems of the retail pharmacist who in turn has also been done in - if that is the appropriate expression, Mr. Speaker, - by the drug manufacturing companies which have at every turn tried to get the maximum out of him and have been grossly unconcerned about the pattern of collapse and change at the retail end of the industry.

When we come to look, however, at problems at the retail end, I think it would be most illuminating if Members read March 1972 issue of Consumer Reports. There they will learn about what happened to a certain O'Neil drug retail chain store which had the nerve to print what would be the retail prices for a certain number of large selling pharmaceutical products. The experience of O'Neil Pharmacy is something to behold. That we had colleges of pharmacy in the United States advising and threatening their students that they must not work for this company. We had States passing legislation which prohibited the display of prices of pharmaceutical products. We had a whole range of restrictive trade practices which were applied to this company in order to discourage it from serving the public in terms of lowering drug costs. I very sincerely hope, Mr. Speaker, that as we in Saskatchewan move on behalf of the people of Saskatchewan, to lower the price of pharmaceutical products, that we do not have this kind of display from the drug manufacturing industry.

I very sincerely hope that they will realize that the time in which they can earn their unbridled monopoly profits and

engage in the ludicrous degree of marketing and the ludicrous system of marketing which they now have is at an end.

Once again, the Saskatchewan market is obviously in itself, relatively insignificant - we are talking about three, four, five per cent of the national market - but again it is not the absolute or relative size of the Saskatchewan market which is the key to understanding the significance of this program. The significance of the program lies in the fact that once again Saskatchewan is prepared to take the lead, to take the lead in using public government and in using the elected representatives of the people of Saskatchewan to pioneer in something which will be of value across the continent.

SOME HON. MEMBERS: Hear, hear!

MR. RICHARDS:— That as with Medicare, as with all the other health reforms, it fell to the NDP to bring forth and do something about this problem. All the facts and the figures and the tables that I can cite are irrelevant in terms of introducing new knowledge. Anybody who has had any technical knowledge about the drug industry has known this for a decade. Some of the figures that I have quoted date back to the Kefauver hearings of the United States Congress in the early 1960s. This information has been public knowledge but no government in Canada has had the courage to act, no government in Canada has been prepared to challenge the drug manufacturing companies. Fortunately Saskatchewan people have a government which is so prepared.

Now, Mr. Speaker, you might think that this is just socialist talking about major multi-national corporations and there is nothing significant in this for the public. I assure you, Mr. Speaker, that such is not the case. Let me quote to you some of the price differentials which now exist in drug prices. Let me quote to you for example, Bristol's price for a certain antibiotic at 13 cents a capsule for 250 milligrams and I have here a small sample of it. Thirteen cents per capsule. Let me now quote you a price of a certain generic company's brand - 2.7 cents for the identical capsule and the identical formulation in terms of number of tablets and identical strength. We have a price range there of nearly 4 to 1. This is not untypical, Mr. Speaker. 4 to 1 is the price range which now exists. Later I shall come to explain why patients, the drug purchasing public, do not get the advantage of these lower priced products. But it is illuminating to realize this and, again, my sources are absolutely impeccable. These are figures published by the Ontario Government in its Parcost program and distributed to every physician in the Province of Ontario.

A 4 to 1 price differential, Mr. Speaker. Let me refer to another drug, let me refer to the largest selling single item in terms of value of sales in the country, Valium used as a tranquillizer. That until very recently Valium was the monopoly of drug corporations and this is the proper chemical name of the drug, but the brand name was Roche, which was the company which had the monopoly of this drug, and their name was Valium, which I am now referring to and they sold a five milligram size at the present price of seven cents per tablet. Seven cents, Mr. Speaker. They have recently been challenged by a second company. The second company has lowered the price to four cents. This is Horner, Mr. Speaker. But we have information from reliable drug companies which indicate that from foreign sources,

we might be able to reduce the price, not from seven cents to four cents, Mr. Speaker, but we could bring that price down to 5 per cent of that four cent figure. That instead of having to pay \$40 per 1,000, which is the Horner price, we might be able to bring this price down as low as \$2, to which, of course, would have to be added the cost of prescribing the drug, the pharmacist's fee.

Mr. Speaker, this brings in another aspect of the drug industry and that is the fact that we have got to be prepared to look to foreign sources of supply in order to break certain monopolies on certain drugs such as diadopham in which there is not adequate competition. The two companies are just sharing the cream and they are trying to keep up the price. In order to get a certain share of the market Horner has lowered its price substantially. We are going to have to be prepared to go to foreign sources of supply.

This raises certain interesting problems, Mr. Speaker. Because given the power of the drug lobby over the Federal Government, it is not the easiest thing in the world to undertake to import quality foreign pharmaceutical preparations. Due to recently passed legislation, it now becomes possible to secure what are termed as compulsory import licences. But that is just one bureaucratic hurdle to overcome. Once one has secured one's compulsory import licence from the Department of Consumer and Corporate Affairs - and it's worth a footnote here, Mr. Speaker - that the Federal Government believes that one can combine a Department of Consumer and Corporate Affairs as if the interests of the two were identical. We did not make that mistake here, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. RICHARDS:— It is interesting to note that they do think their interests are identical. Once one overcomes the hurdle of the Department of Consumer and Corporate Affairs, one has to overcome the hurdle of the Food and Drug Directorate under the Department of Health and Welfare, and the hurdle that the drug manufacturing industry has its tentacles holding the members of the Food and Drug Directorate in its loving grip.

The Food and Drug Directorate have various classifications of drugs. And although, diadopham, for example, has been on the market for many years, it is still classified as a new drug which requires complicated testing ranging in the order of \$50,000 to \$100,000 plus six to twelve months time duration before anybody else can try and market any additional brand of diadopham. A \$50,000 to \$100,000 barrier plus a six to twelve month barrier is a very effective barrier to entry into that industry, Mr. Speaker.

It may be argued that we are solely concerned here about quality, but I submit that there is something more afoot than that. It is precisely this problem. It's the problem of the control of the drug manufacturing industry over entry into the industry and their attempts to prevent it. Because, Mr. Speaker, I would like now to come very briefly to talk about the question of drug quality.

A great deal is talked about this on behalf of the PMAC (Pharmaceutical Manufacturers Association of Canada) in which

they claim that the exorbitant price differentials of four or five to one are justified on the basis that there is not equivalence between the two products. This, Mr. Speaker, is baloney. There may be differences, and again I refer to highly competent, highly authoritative documents which I will be willing to table at the request of Members. We refer now to the Food and Drug Directorate's bulletin RX July, August 1971. In addition, the Task Force on prescription drugs has found that the lack of official standards has been grossly exaggerated as a major hazard to the public health. In other words, Mr. Speaker, the claims by the major drug manufacturers that the products of the smaller generic companies and of the foreign suppliers are of inferior clinical quality do not stand up.

92 to 97 per cent of the different brands of drugs sold in Canada are sufficiently observed to be clinically equivalent. The experience on drug availability in Canada summarized by A.B. Morrison is that problems with drug availability cut across company brand names and types of product. There are some big companies that do an excellent job but some who don't do so well. And the same holds true for little companies. In other words, Mr. Speaker, there do exist problems of quality of drugs, there do exist problems of clinical equivalency, but there is no indication that this has anything to do with price. That we, Mr. Speaker, when we come to establish our own program shall be highly concerned with drug quality. We shall not proceed to market any drug which is not to our satisfaction and to the satisfaction of pharmacists and clinical experts whom we will employ. We will not market any such product which has not been sufficiently scrutinized by them.

Mr. Speaker, I gave certain references to Parcost which is the Ontario Government's attempt to introduce some program to reduce the cost of drugs. Now, it's a noble experiment, Mr. Speaker. We must give due credit where credit is due. What they have proceeded to do is they have requested from all drug manufacturers what they conceive as their list price for drugs and then proceeded in a very attractive form to distribute this information to all physicians in the province with the hope thereby that physicians will prescribe low cost products to their patients. At least physicians will have available to them in a handy manner what are drug prices.

However, the system fails, Mr. Speaker, for a number of fundamental reasons. There are three crucial elements in any prescription in terms of who makes it. There is the physician who prescribes it, there is the pharmacist who dispenses it and there is the patient who purchases it. And of these three the only person having to bear the brunt of the cost is finally the patient. Because of the way of the economics of this transaction, it is of no crucial concern to the pharmacist and physician as to which product he prescribes or which product he dispenses depending upon his profession. And accordingly there is a considerable incentive through disguised kick-backs from the drug manufacturing companies to the pharmacists, in fact, to abort the whole process of trying to reduce the cost of prescriptions to the final consumer, the patient. Because the companies which list their prices at very high prices have got very comfortable margins with which to gauge various under-the-counter kick-backs all along the line. These may be very open and above board in the sense that the physician receives very attractive offers if he proceeds to prescribe the appropriate drug.

And we have here, for example, Special Deals for Physicians. Only buy 25 millilitre vials of kenolog injector and you get a Panasonic clock. Deal No. 33 - buy 36 vials and you get a radio or transistor radio. Or, Mr. Speaker, Deal No. 4 - if you buy 50 vials you get a cassette tape recorder. Now this is not, Mr. Speaker, purely clinical information made available by the drug manufacturing industry to the purely clinically interested physician. And given the human failings of all of us, the physician might be concerned and might be interested because of his teenage son in getting himself a cassette tape recorder. It is just conceivable that this might have some bearing upon the product which he would prescribe.

Now, Mr. Speaker, far be it from me to suggest that we should outlaw this kind of advertising. Far be it from me to suggest that this is inefficient. This is the way of the world, Mr. Speaker, as Members opposite will tell you. Cassette tape recorders are an integral part of progress especially in the drug manufacturing industry. But I would submit that in order to reduce the costs of drugs to the final consumer, that cassette tape recorders are not an integral part of the process. And when the Saskatchewan Government enters in the area, we will not, I can assure the Members of this House, be offering special deals in terms of getting cassette tape recorders for the dispensing and the prescribing of products which we may secure.

SOME HON. MEMBERS: Hear, hear!

MR. RICHARDS:— Not even to the Members of the House.

Now, Mr. Speaker, that is one reason why the Ontario plan has failed. Again to come back to another organization which has received a certain amount of criticism from me this morning, I come back to the Food and Drug Directorate and now I should like to give them a certain credit. They have very fortunately introduced what they call their quad program, their drug quality testing program which is taking the major drugs in terms of volume of sales and they are proceeding to test all companies which market brands of these major pharmaceutical products. They are proceeding to get comprehensive kinds of analysis of the chemical composition of the drugs in terms of the quality of the plants in which they are manufactured, in terms of cleanliness, in terms of quality of chemical analysis, etc., etc. And this credit must go to the Federal Government for initiating this program which will be highly helpful to us here in Saskatchewan and will mean that we will not have to undertake the massive expenditure on our own drug testing program.

Let me come now and talk in more detail about what we in Saskatchewan hope to do. In the resolution which I would like now to give, you have in that resolution the general framework of what we hope to achieve. We hope that working in co-operation with representatives of the pharmacists and physicians in preparing a formula of drugs and ensuring the quality of drugs handled, we hope to issue tenders for drugs on a bulk basis, we hope to distribute, if necessary, drugs to retail pharmacies and hospitals throughout the province, and we hope that, if necessary, we can secure alternative sources of supply of certain pharmaceutical preparations if bulk tendering does not result in significant savings to the public.

Now, Mr. Speaker, let me first talk about the quality. We

are highly concerned about the quality of any products which we, the Saskatchewan Government, will have to deal with. And I assure the Members of the House that we will establish highly competent drug testing committees which will review the literature which will pass on any product with which we shall deal with. That goes without saying. This will be done in co-operation with the professionals in the health industry, the pharmacists and the physicians of the province.

Now let me talk very briefly about the question of bulk tendering. There are savings to be had by bulk tendering, Mr. Speaker. Let me just give one very simple example of a certain anti-biotic, ampecillin, of which I have here some 500 milligram capsules and anybody may be glad to see them. The price of these is not cheap, Mr. Speaker. For 500 of these tablets, according to the Empire price list, you would have to pay \$182, well over 30 cents a capsule. That's not cheap. And Empire, of course, is not one of the expensive companies. This is one of what are called generic companies, one of the low cost companies. Also it is one of the companies which has just been purchased by an American company which, of course, will be to the betterment and advance of the drug industry in Canada. Now, Mr. Speaker, the Saskatchewan Government via central purchasing will be able to procure these ampecillin capsules at \$124.55 for 500 capsules which is a significant saving. However, I would submit that that is not as far as we can go. If you happen to be lucky enough to be a physician, you can get a discount on these capsules which amounts to purchasing them for \$78.72 per 500 capsules. This is the kind of mess that we have in the pricing of pharmaceutical products. We've got prices ranging from \$182 down to less than half of that - \$78.72. There is obviously a need to secure the advantages which now go to special customers for the entire people of Saskatchewan and not to restrict it.

Mr. Speaker, when we come to the wholesale question, to what extent we should deal with the existing wholesale mechanism, to what extent the Government will have to be involved, this is a discussion which is currently underway with the various interested parties and no final decisions have been made.

At the retail end our interest is to protect the interest of the retail pharmacist who is like the small businessman who has dealings with major multi-national corporations. We have a situation now with pharmacists in which they spend over half their time not in professional activities but, in effect, in running small stores. And this situation cannot in the long run persist.

We are also going to have to assure that we get the co-operation of the retail pharmacies, that we do not have a repeat of the kind of situation which has happened in Ontario. In Ontario what happened with participating pharmacies was that they agreed to charge the list price which was distributed to the physician plus a prescribing fee which was specified by negotiations between the pharmacies and the Provincial Government. But now, Mr. Speaker, the Ottawa Citizen in a recent article, dated November 25, 1971 conducted a small experiment. And I will refer again to one drug which we have been talking about diadopham. It's a tranquillizer, largest selling single drug in the country, sales in the order of \$11 million. According to the maximum which was allowable given the purchase of the most expensive brand specified in the Parcost manual, adding to it the \$2 dispensing fee which had been negotiated between the

Government and the pharmacies, the maximum price which the purchasing public should have had to pay for the prescription in question - 24 tablets, five milligrams - should have been \$2.96. Keep that figure in mind, Mr. Speaker, as I list down what the Ottawa Citizen had to pay when he took a sample prescription around to a number of pharmacies in Ottawa. First, Astley's Drugs Limited, 244 Laurier East - \$4.20; Canterbury Pharmacy \$4; Coulter's Drug Store - \$3.75; Doctors Building Pharmacy - \$3.10; Freedman's Pharmacy - \$3.20; Linwood Pharmacy - \$3.08; Medical-Dental Pharmacy - \$3. And now, Mr. Speaker, we go to those who charge the price below what was the maximum specified, we have on the good side, Miracle Mart Pharmacy - \$2.40; Super Save Drug Mart - \$2.72; Towler's Store Pharmacy - \$2.68. Incidentally, I have been assured by Mr. Stan Wright of the Community Clinic in Saskatoon that were the same prescription presented to him, he would charge the patient if he were a member - \$1.75 and if he were not a member of the clinic - \$2.75. One up for the Community Clinic in Saskatoon.

Mr. Speaker, I very sincerely hope that we shall not have that kind of situation arise in Saskatchewan. I hope that we will not have the phenomenon of certain pharmacies not respecting the spirit of the program which our Government is going to try and introduce.

I've talked perhaps too long, Mr. Speaker, I will now move the motion which I hope will be very well received by both sides of the House and I hope that in the very near future the citizens of Saskatchewan will receive the fruits of yet one further advance by this Government acting on behalf of ordinary citizens of Saskatchewan.

MR. A. TAYLOR (Kerrobart-Kindersley):— Mr. Speaker, I'm sure the problem raised by the Member for Saskatoon-University (Mr. Richards) is one with which we are all concerned. We have all probably been in contact with people having to spend \$40, \$50 and more dollars per month to keep themselves supplied with drugs. We've also probably all had occasion to come in contact with people leaving the doctor's office with a prescription in their hands and ripping it up because they knew they could not afford to have the prescription filled. I doubt if there is any industry which spends as high a proportion of their intake on promotion as does the drug industry. And yet, it seems to me, there is no industry that should need to spend less. If a product such as the drug is effective it ought to sell itself. The type of promotion has been mentioned by the Member from University, the idea of giving away radios if a doctor will prescribe their particular drug. We know of the promotion men who call around to the doctor's office, and who on walking into the office hand him half a dozen golf balls as a good will gesture, maybe they are supposed to be symbolic of pills, but they would be a bit hard to swallow. So that we can give further consideration to this important matter, Mr. Speaker, I would ask leave to adjourn this debate.

Debate adjourned.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion

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by the Hon. Mr. Messer that Bill No. 110 - An Act to facilitate the Acquisition and Disposition of Farm Land in Saskatchewan be now read a second time.

MR. ROMANOW:— Mr. Speaker, this Bill stands in the name of the Hon. Member for Touchwood (Mr. Meakes) who is now taking his seat.

SOME HON. MEMBERS: Hear, hear!

MR. MEAKES (Touchwood):— Mr. Speaker, I had a long run. When I adjourned debate last night just prior to that the Hon. Member for Cannington (Mr. Weatherald) had been speaking on this Bill. One of the things that really surprised me was when he started talking about low cost loans for farmers. Of course he wasn't around in the late 50s and the 60s when the CCF Government did start, I'll admit, a very modest program, in conjunction with Co-op Trust a program designed to assist young farmers to start out in the business of farming. The Liberal Party at that time, I can well remember and I realize he wasn't in the House at that time, but the Liberal opposition of that day said this was a program that was too small, it was peanuts. They went on and they promised in the election of '64 they went out, and promised to bring in a big program, they promised to do something about this problem of getting young people on the farm. Then they were elected and at that time my Hon. friend was elected too.

What did they do then? They actually did away with the program. They did away with it completely. I wouldn't have minded them doing away with it completely if they had replaced it with some kind of a program. Now he has the gall to stand up and to suggest that this is what we should be going into. And as I say the Liberal Party in 1964 election and again to a lesser degree in the '67 election went across this Province, stood on every platform there was, talking about the need for a program to assist the small young farmer to get established. Just another broken Liberal promise. Really what he was suggesting as I said yesterday evening, he is really just suggesting another Farm Credit Corporation. And I see no sense in a Provincial Government running competition to the Farm Credit Corporation.

Let us just look for a moment at what his suggestions would mean if we did follow out his suggestions. It would mean that another generation of young farmers would spend a lifetime paying for the land, the same as their fathers and their grandfathers had done prior to that and in turn they would have to turn around and sell it to their sons so that they could retire gracefully, so that generation could turn around again and have to buy the land again and spend a lifetime . . .

MR. LANE:— Why bring in The Gift Tax Act?

MR. MEAKES:— It so happens we are debating, not The Gift Tax Act and if I was to answer you, I am sure, Mr. Speaker would call me out of order.

As I was saying it will be another generation paying or repaying for the land. And in so doing what has happened in the last 25 or 30 years, farms will continue to grow bigger and

bigger and fewer and there will be less people on the farm and less people in the rural communities. I suggest his speech betrays the same usual actions of the Liberal Party of promising everything, talking lots and doing nothing.

I should like to turn, Mr. Speaker, to what I had intended to say in this regard. I personally, am very pleased to add my support to this Bill that we are debating. In my opinion it is one of the most, if not the most important piece of legislation to come before this Legislature at this Session. Indeed more important than any bill that has come before this Legislature in the last 20 years.

Since 1945 great changes have come over the industry of agriculture, some of them good and some of them not so good. With the advent of mechanization and new scientific and technological information, agricultural practice has changed. Less manpower has been necessary. Farms have grown bigger, land prices have risen as have machines and the cost of production. Because of the higher cost of land and the higher investment needed to farm, fewer young people have been able to turn to farming. The result has been that potential young farmers have turned to the city to seek employment.

This trend has meant that the average age of a Saskatchewan farmer has increased until now it is 57 years. Unless something is done to change this trend within the next decade that average will be close to 65 years. There has been another trend operating as well. As farmers have retired or changed occupations their land has not gone to another small farmer so that his operation might become more economical. But because the large operator has had the money to purchase the land, he's purchased the land for sale and in so doing his farm has become that much bigger. As that bigger farmer becomes older and wants to retire he is forced to sell to another farmer and it becomes the same old cycle again. Many farmers who want to retire have sons who would like to farm but have no money to buy from father. The father would like the son to have the land but needs to sell his farm so he can retire in some comfort and security. This problem has been facing governments for years and they have done little or nothing to solve the problem. And I am convinced that if nothing is done to reverse this trend, I see in the next decade a large growth of large corporate farms, owned by absentee landlords, operated by men who like to farm but without the necessary wherewithal, they must be hired men.

After all, Mr. Speaker, Saskatchewan is not the only place facing this problem. In fact, because the farming areas of the United States were settled earlier, it has happened already there. One can see the results. The National Farmers' Union, the United States Farmers' Union back in 1967 commissioned a study of the problem and the result of that study was a book published by the Union called the Corporate Invasion of American Agriculture. Every Member of this House should obtain a copy and study it.

I would like to deal with some of its findings because I believe they are relevant to our problem here. Perhaps we can learn something from their mistakes and benefit from their findings. I believe, Mr. Speaker, this is completely relevant to the Bill that I am discussing this morning, setting up a Land Bank. Let me say at the outset that this book proves to me the danger is real. To quote Tony Deshant, the union president, the United States union president in the introduction of the book and I

quote:

Rural America is being invaded. It is not an invasion of tanks or troops, it is a subtle invasion driven by engines of financial and political power. Indeed the takeover is so quiet that the very use of the word invasion seems forced and inappropriate. But it is leaving behind wasted towns, deserted communities, depleted resources, empty institutions and people without hope and without future. Its power is so enormous, so impersonal and ruthless. Its progress so inevitable, that it may already be too late to stop it. The urban society has long since been dominated or surrounded, restless generals are studying greedily the weakened flanks of rural America. Area by area, commodity by commodity the silent assault moves forward. The Panzer divisions of corporate power becoming more depersonalized with each celebration of victory are mopping up the countryside, isolating the social and the economic body of America. So far it has been easy. The disparity of power is so great. National Farmers' Union President, Tony Deshant, has said how can they fail? It is not just the weakness of the agricultural sector that makes it easy for corporations often subsidized and protected in other sectors of the economy to take over. Deployment of political and social opinion is warm and friendly and welcomes the invader. Politicians accept the contributions of money and influence of corporations and then do their bidding in the legislative halls of the nation. The mass media makes heroes of the new generals and tells the peasants that the takeover is inevitable. The urbanites do not understand what is at stake.

This study was a widespread one. It covered many states of the country. It looked at agriculture all the way from the producer to the processor through to the consumer. Very, very soon it was apparent for all to see that the invasion was at all levels and all fronts. The ultimate aim was the eventual ultimate takeover of all the food production and control it all the way to the mouth of the consumer. The report cites many incidents of corporate interference in the market. Incidents of infiltration into production processing and retailing. Quoting again from the corporate invasion on page 26:

In its August 26, 1967 issue, Business Week advised its readers that buying farm land for weekending or retiring could be good business. Some farm machinery and capital improvements will even qualify for the seven per cent investment credit. And losses can offset other taxable income.

I might say here that was one of the things that I am glad the Federal Government is suggesting they may do something about. One effect of this buying activity is to price the land from under the local farmers who may need to expand. This was a complaint by Edgar Langel of Burlington, Colorado in a letter that appeared in the Denver Post of December 21, 1967. Mr. Langel, noted that Gates Rubber Company was buying land at such a rate in Yuma county that land prices were going up so that young farmers who would like to get a foothold were in effect priced out of the market. Mr. Langel commented on the apparent secrecy of the Gates invasion. The company had started out

saying it was buying 5,000 acres. Already Mr. Langel noted they had bought 6,700 acres. In early June 1968, Gates purchases had gone to 9,000 acres in the Yuma county and at least another 640 acres in an adjoining county. There had been no public announcement of the fact however. For obvious reasons such corporate invaders operate under a cloak of secrecy. T.C. Kennedy of Newman Grove, Nebraska, was contacted by the agents of an insurance company asking if they could use his name to buy land in the area. He refused, a reaction now being shared by others. The Rocky Mountain Farmers' Union told its members in the December, 1967 issue of its paper, "Hang onto your land. Why do you think the big corporations are trying to buy." Because there is a better day coming that's why. The buying continues, some of it is direct and some indirect. Adrian Gregmiles a rich fellow from Missouri came into southern Iowa and bought some 10,000 acres of land. The Des Moines Sunday Register of April 28th, 1968, reported that Gregmiles had transferred 2,750 acres of this Missouri farm to the giant C.P. Kay Incorporated, a diversified corporation that has announced it is in the process of acquiring 80,000 acres of land from Texas to the Canadian border. It is phasing out its garment making and asphalt business to finance its farming operation.

The New York Times of May 5th, 1968 reported that Doan Landco Incorporated of St. Louis affiliated the Doan Agricultural Service and set up a \$200,000 fund to acquire suitable farm co-operatives. This report also shows the takeover of the cattle feeder industry and I again quote:

The postscript comes from Roy Sulley the farm manager of Shinrone of May 21st, 1968. He is a tall, lean, friendly Iowan who comes out of the big farm to shop, wearing grease smeared overalls. He explains that they are nearly through building a feedlot for 10,000 cattle. "We are growing 5,200 acres of corn", he said. Has he ever fed cattle before? "No", he replied, "but you don't do these things by yourself any more. We'll use a computer and feed them to optimum weight". The new computer is at Ames Iowa at Iowa State, thus does the Land Grant University contributed to the new agriculture. Why should it be assumed that the only market being affected is in the livestock market. Sugar beet growers north of Denver see their bargaining power with the big sugar companies slipping away, for them it's the Gates Rubber Company contracts to grow 5,000 acres of sugar beets in Yuma. But that's another story.

Members in this House may say it will not happen here, I suggest that it is happening and it will continue to increase unless we as legislators are prepared to act and act now. I see this Bill as one step in keeping agriculture in the hands of family farmers, men who will want to till the soil, preserve the soil and not mine our most important resource, agricultural soil.

Let us see what is already happening in Saskatchewan. Every once in a while we hear of blocks of land being sold to someone or other. The Member for Qu'Appelle-Wolseley (Mr. Hanson) or the Member for Cannington (Mr. Weatherald) can tell you of large land exchanges. A year or so ago it was in the Tisdale area. Who are these buyers? They are strangers to the area. I ask you are they the undercover buyers for large

corporate giants? We don't know, but in the early years the corporate takeover in the USA these same tactics were used. The Farm Union Study revealed disturbing statistics. They made several studies of towns that had not been invaded by the corporate giants. Let me deal with two towns. These two towns are both situated in the general Great Central Valley of California and I should like to quote just a little bit from this report, page 48. This study was made in 1946 of the two towns, I quote:

The two towns are much alike. Both are located in the Great Central Valley of California. Each is 15 to 20 miles southeast of one of the Valley's principal cities, Arvin to the southeast of Bakersfield, Dinuba southeast of San Francisco. Each gets about ten inches of rain a year and thus is dependent on irrigation. Grapes are important to both although other crops are produced. In the Arvin area the diversification includes cotton and oil. In Dinuba the diversification tends towards fruits and vegetables. Temperatures are a little higher in the Arvin area. The average temperature in January is 50 degrees, July 87. The growing season is 348 days with frost occurring only in the first part of the year. Temperatures are practically identical. But from this point on the similarities of Arvin and Dinuba end. Arvin is an area of large corporate farms in the location of the DeGeorgeo and Giumarra holdings. In the DeGeorgeo area most of the farms are small and operated by families. It was this difference that was the subject of the study.

I won't go into it but he compares the two communities. He questioned the occupants of ten per cent of the houses in the towns and surrounding areas and here is what he found:

Certain conclusions are particularly significant to the small businessman and to the understanding of the importance of his place in the community. Not only does the small farm itself constitute small business but it supports flourishing and small commercial business. The small farm community supported 62 separate business establishments to but 35 in the large farm community. The ratio of small farm community of nearly 2 to 1. The volume of retail trade in the small community during the 12 month period analyzed was \$4,383,000 against \$2,535,000 in the large farm community. Retail trade in the small farm community was greater by 61 per cent.

I'll quote further on:

Physical facilities for community living, paved streets, sidewalks, garbage disposal and other public services are far greater in the small farm community. Schools are more plentiful and offer broader services in the small farm community. The small farm community is provided with free parks for recreation. The large farm community has a single playground owned by a corporation. The small farm town has more than twice the number of organizations for civic improvement and social recreation than its large farm counterpart.

I could really go on and on but this was in 1946, Mr. Speaker. When Mr. Goldschmit went back to look at it again in 1967, he found a very different situation. He said and I quote:

You drive through miles of great vineyards, southeast from Bakersfield to Arvin there is poverty in the landscape that defies the logic to the blooming desert. The acres of trestled grapes, the grasshopper legs of oil wells pumping lazily. An occasional air-conditioned car that moves along the highway with its occupants inspecting the riches of the field. The houses along the way are poor, violating the riches of the land. Old cars sit in the yard, they belong to migrant laborers that come into the area to work in the vineyard where the United Farm Workers organizing committee has a strike in progress.

I think, Mr. Speaker, that all of this is very relevant to this Bill. I ask you why I've quoted this? I believe that unless governments are prepared to stop the growth of bigness in the agricultural community that this can well come about. I suggest that these kinds of conditions can happen here. Who are we to say with absolute surety that the Land Bank will be a success but we shall be able to say that this Government is prepared to try to stabilize the growth of farm size. We are prepared to try to stop the takeover of farm land into large corporate farms. I believe that this Bill that we are debating, which incidentally may well be the death knell of the Liberal Party because they are opposing it, is just one step in keeping our rural communities a good place to live. I believe that, but we have certainly not said and are not saying now that it is the answer to the whole agricultural crisis. We had said from 1964 to 1967 when we were on that side of the House and we were talking about the need to do something about turning over the land from one generation to the other. I've spelled out the reasons why it was practically an impossibility in recent years even with the Farm Credit Corporation. I do believe this Bill can be one step in keeping our rural communities as a good place to live.

It gives me, Mr. Speaker, great pleasure to support this motion.

SOME HON. MEMBERS: Hear, hear!

MR. J. WIEBE (Morse):— Mr. Speaker, last evening a few games were played in this House respecting the Land Bank legislation. I feel that it is legislation which cannot be taken light-heartedly and in the manner that it was taken last night. I am very happy with the remarks of the Member from Touchwood (Mr. Meakes) today because at least he tells us where he stands on this Land Bank proposal. The performance last night by two of the more senior Members of this House makes one wonder if they, themselves, are afraid of what this Bill is going to do to them when the next provincial election comes along. Down deep they don't like this Bill and they didn't have the courage last night to speak for or against the Bill. Each one in his remarks was apologetic. Sure, the Bill isn't perfect. Sure, we'll make mistakes. The first mistake that was made was when the Minister introduced this Bill last Friday. The Member from Pelly (Mr. Larson) spent all his time talking about Federal agricultural policies. I might remind him that this is a Provincial Land Bank Bill and not the Federal Land Bank Bill and I am sure that when the Federal Land Bank Bill is proposed it will far outweigh the benefits received in this one here.

The Member from Melfort-Kinistino (Mr. Thibault) talked about education. He seemed to feel that because society was paying for our children's education it should also pay for our farm land. All of society's children benefit from education, Mr. Speaker. I don't think that there is any way that we can justify asking a plumber in Regina or a hairdresser in Saskatoon to buy land so that my son can farm.

Getting back to some of the comments made by the Member from Touchwood (Mr. Meakes), he said that larger farmers were buying up the land in this Province and it was going to the big corporate farms. Might I maintain, Mr. Speaker, that this will continue to happen even with this Land Bank legislation. The Government is not providing enough funds to purchase all the lands that are going to come up for sale within the next two or three years. This has been clearly indicated by the report just out of Moose Jaw. Where will these retiring farmers go, where will they turn to? The only alternative they've got is to the large corporations, is to the big farmers. If the Minister included in this Act the opportunity for young farmers to purchase land immediately and help them by stating that purchase money will always be available to purchase land from those who wish to retire. This can be incorporated very easily and I suggest that it be done by my suggestion which I made and which I proposed in my maiden speech in this House. That the Government guarantee or co-sign a mortgage of the young farmer with Farm Credit Corporation. I should like to deal with this a little bit later on in my remarks.

Land Bank legislation which we now have before us is a very disappointing piece of legislation. There have been no meaningful changes made from the initial proposals that the Land Bank booklet has stated. The Minister had told us that changes were being made, that he had listened to the people and was in the process of making changes according to their recommendations. He stated that this was the reason for the delay in the presentation of this legislation. We have now waited two months. The changes that I can see in this Act could have been made in two days. The changes that have been made clearly indicate that he was not listening to the people of this province. He conceived and drafted the legislation last summer, put it in booklet form and went to the people. Ten months later he comes back to this Legislature and inasmuch tells the people of this Province to accept this proposal as such or else. Take it or leave it. The entire concept of regional meetings was a waste of time and a hoax on the farmers of this Province. This Act that is before us now does not take into account the recommendations and concerns raised by farmers throughout this Province.

Let's just take a look at some of the changes that he did incorporate into this Act. He has removed the compulsory aspect of crop insurance, with which I agree. But why did he remove this aspect from the Act? I suggest, Mr. Speaker, that it is because by the time the farmers are in a position to begin operating that land it will be compulsory for all farmers in this Province to take out crop insurance. I suggest as well that it is an admission by the Minister that rental rates are too high as compared to purchase and ownership. With the added burden of compulsory crop insurance the cash outlay by a young farmer when combined with taxes and lease fees would just not be acceptable when compared to purchase and ownership. The Minister mentioned in his remarks that the farmers in this Province over the years have made tremendous sacrifices to

mortgage companies, banks and so on. Tremendous sacrifices by these farmers forced to pay high interest rates. This I feel is a very hollow statement by the Minister in his attempt to justify this Land Bank.

What will this young farmer who enters into a lease arrangement with this Government be forced to do now. His lease fees payable to the Government as prescribed by the Minister will go 100 per cent towards the payment of interest. This is how the rental fees will be set. He will have a continuous burden for the entire length of time that he farms that land and that will be an interest burden, Mr. Speaker. They will be based solely on the interest charges on which this Government has to pay. The young farmer in turn will now be making tremendous sacrifices to this Government in its determination to nationalize the farming lands of this Province. It is a devious scheme designed to make the farming industry of this Province cut its own throat by subsidizing this Government's determination to nationalize the farm land of this Province. There is no way, Mr. Speaker, that I can support a piece of legislation such as this. I am sincerely disappointed in the legislation which we now have before us. This Government had the opportunity to bring before this House one of the greatest pieces of legislation that could have benefited the entire farming industry of this Province. It could have been legislation that could have helped the young farmer of this Province instead of helping the Government in its farm nationalization program. I feel that one of the major problems facing the rural communities of Saskatchewan today is the transfer of land and farm units from one generation to another. I feel very strongly that every young farmer in this Province should be given the opportunity to begin farming if this is his desire. He should also be given a meaningful opportunity to own that land. We have before us an Act which does not give them a meaningful opportunity to own that land, and in turn does not give him a reasonable opportunity of building a farm which he can call his own, nor does it give him a meaningful opportunity of building an estate.

If a young man has an opportunity to own his farm he then has a desire to improve this property and to expand his operations. His desire to make a success out of his farm unit would be much greater. A security which he can build on. Ownership, Mr. Speaker, is one of the keys to a successful farm operation.

There are many reasons why I am opposed to this Land Bank proposal. Let me just name a few. First, this piece of legislation along with Succession Duty legislation and The Foreign Ownership of Land Acts all complement each other. Each is designed to achieve the goal of nationalization of all farm land in this Province. Second, it does not give a young farmer a reasonable nor a meaningful opportunity to own the land. According to the figures used by the Minister the proposed saving of \$186 per quarter of land will not give this young farmer enough cash nor accumulated savings over a period of five years so that he can purchase this land for cash from the Commission. Third, this legislation along with The Foreign Ownership of Land Act does not give this farmer a meaningful base of security which is needed for the obtaining of credit for the purpose of expansion and improvement of his farm. Fourth, there is no guarantee to this young farmer that his rental fees will not be increased each year. The Minister has stated that rental fees will be set on a yearly basis that each February a new schedule of rentals will be determined. He stated that the basic criteria for rental charge will be the

cost of money by this Government. If interest rate are to be increased, so will rental fees. This Act is not geared solely to production and marketing capabilities of the land nor the economy. It is a dictatorial situation in which rentals will be determined by regulation, determined on the whim or the dictates of the Minister and the Cabinet.

SOME HON. MEMBERS: Hear, hear!

MR. WIEBE:— The clause still remains in this Act which gives the Commission the power to dictate to the young farmer the use which can be made of the land which he operates. It takes away his freedom of choice, his individuality and in turn, Mr. Speaker, his initiative.

Sixth, the allocation of land to a young farmer and the decision to purchase the land from a retiring farmer is again determined by regulation. The Minister and Cabinet has the final say on who can lease a particular piece of land and who qualifies to sell that land. There is too much room in this Act, Mr. Speaker, for political patronage. Regardless of which Party is in power the temptation will always be there and will certainly be abused, no matter how sanctimonious a government may try to be, politics could always be involved in the purchase and allocation of land.

Seventh, Mr. Speaker, it will mean an extra tax burden on the people of this Province in terms of administration and operating costs. A commission is to be set up which is to be comprised of six regions, manned and staffed, along with 12 sub-regions which as well are manned and staffed. This I feel is unnecessary. The Farm Credit Corporation has offices already manned and staffed throughout this Province to adequately handle the transfer of land from those who wish to sell to those who wish to purchase. A department to allocate and supervise leases, the Land Branch by the Provincial Government is also manned and staffed to facilitate those who wish to lease as compared to purchase.

Eighth, the Minister has stated that one of the purposes of this legislation is to allow a farmer to retire with dignity and financial security at a time of his own choosing. This I heartily endorse. Under this proposal this will not be the case for all farmers in Saskatchewan. The Minister has stated that there will be priorities set as to who qualifies first to sell his land to the Commission. Again this is determined by regulation. Another drawback is the fact that only \$10 million has been allocated for the purpose of buying the land. While it sounds like a lot of money, in a province of this size and the average age of present farmers, this money will not go very far. Here again is a good example of why land should be sold and not held by the Government. It will allow a turnover of funds to always ensure money is available to purchase land from anyone who wishes to sell, regardless of his qualifications. It will give a ready market for those wishing to sell and to retire. I should just like to mention here as well, Mr. Speaker, that I think this is where the Minister of Agriculture has misread the general farming public of this Province. Sure he had great attendances out at his meetings, but these were people who were wanting a market place for their land. How many young men were at those meetings? Can he give me a count of the young men that were there? I can tell you that the majority of the people

attending those meetings were people who were in retirement age or close to it wanting to find what proposals this Government had to make in that regard.

The Minister in his opening remarks accused this side of the House of destructive criticism and condemned us for not giving any meaningful alternative. I can assure the Minister he will not receive from us any alternative that will agree with his determination to nationalize all farm land of this Province.

SOME HON. MEMBERS: Hear, hear!

MR. WIEBE:— If the Minister is able to remember that in my maiden speech in this Legislature when I criticized this present legislation, I also presented at that time a meaningful alternative. I said then and I say now, that every young farmer in this Province should have the opportunity to begin farming. I maintain that every young farmer should have the choice immediately as to whether he wishes to purchase the land or whether he wishes to lease the land. I maintain that if a young farmer wishes to lease farm land that this Government should give him that opportunity under legislation similar to this. I maintain also that lease fees should not be geared to interest costs of the Government but should be geared to the productivity of the land, should be geared to the economy of the country. Lease fees should be determined by the type of crop which is produced in a given year and that the farmer is not thrown to the mercy of mother nature.

I also maintain that a young farmer be given the opportunity to purchase the land, not after five years, but whenever he wishes. The Government should facilitate and help him in that purchase. We now have the facility set up in this Province under the Farm Credit Corporation that will make the money available to the young farmer at low interest rates. These payments stretched over a period of 29 years will cost very little more and in some cases less than what the rental fee would be through the Land Bank Commission. Another advantage of this would be that his cost per year would remain constant. It wouldn't be subject to increase each February at the whim of the Minister or of the Commission. The only restriction now to this young farmer in obtaining the money from the Farm Credit Corporation is the lack of security or guarantee. Under the Farm Credit Corporation if security is adequate or a co-signer is available, a young farmer can obtain the entire amount needed to purchase that land. I should like to emphasize, Mr. Speaker, that a young farmer can obtain the entire amount needed to purchase the land from the Farm Credit Corporation.

Some young men in this Province are fortunate enough to have a father who is able to co-sign or guarantee that mortgage. However, there are many, many more young farmers who are not this fortunate. If this Government has enough confidence in a young farmer to lease land to him, it should as well have enough confidence in that young farmer to guarantee and co-sign his mortgage.

SOME HON. MEMBERS: Hear, hear!

MR. WIEBE:— This would then qualify any capable, up and coming,

young farmer in Saskatchewan to purchase his own land at the same costs per year as it would be to lease that land. This, in turn, would make more money available for the retiring farmers of this Province to be able to sell their farm and retire at a time of his own choosing and not at a time when money is available by the Commission.

I should like to spend a bit of time to comment on the comparisons which the Minister made regarding purchasing by a young farmer as opposed to leasing. The Minister stated that lease fees will be based on the cost of money to the Government each year and that lease fees will be adjusted each February according to the market value of the land and the cost of money for that year. This then means that if land values go up and interest rates increase, this young farmer's rental cost will increase as well. From experience in the past, we can safely say that market value of land over the next 30 years will definitely increase. Interest rates as well will fluctuate. The Minister, I am sure, realizes that the cost of long term money to the Government is not 7 per cent as he suggested but rather 8 or 9 per cent. He also stated that his Government will not subsidize the interest rate. Therefore, a more realistic figure of 8 or 8½ per cent should be used. This then means that 320 acres at \$75 per acre will make the young farmer's rental fee either \$1,920 or \$2,040 per year. And this is subject to change each February. Over a period of 29 years, if the rental fee does not increase the young farmer will subsidize this Government's farm nationalization program by over \$59,000.

Let's look at the other alternative of purchasing land through the Farm Credit Corporation with a guarantee or co-signing by this Government. The Minister used the figures of 320 acres at \$75 per acre for a total cost of \$24,000. Under the Farm Credit Corporation where the interest rate is 7 ½ per cent, this would come to an annual payment of \$2,052 for a period of 29 years. An extra cost of \$1 per month or the opportunity and the privilege of owning that land. I should like to remind the Minister that this annual cost of \$2,052 is constant, that regardless of the increase in land values, regardless of the increase in interest rates, regardless of the increase in productivity, regardless of the increase in the farmer's net income, this annual cost remains the same and it is not subject to increases in interest rates, it is not subject to the whim of Cabinet or to the whim of the Land Bank Commission.

SOME HON. MEMBERS: Hear, hear!

MR. WIEBE:— He will as well after that period of 29 years, own that land. He will be able to take advantage of the capital gain and increases in the value of that land. He will own and receive the benefits of the improvements which he has made to that land. In closing, Mr. Speaker, I maintain that the proposal which we have made is a much better alternative to helping our farming industry in this Province and in turn the young farmers of this Province. I urge the Minister to make these changes and allow the young farmer the opportunity of the alternative to lease from this Government or to buy with a guarantee by this Government through the Farm Credit Corporation. If he is determined to push this present Bill through the House as presently written, I will definitely oppose it.

SOME HON. MEMBERS: Hear, hear!

MR. W.A. ROBBINS (Saskatoon Nutana Centre):— Mr. Speaker, may I preface my main remarks on the Land Bank Bill with an observation or two with respect to contributions, if they may be termed as such, from the Members of the Opposition. I notice that the Leader of the Opposition (Mr. Steuart) made a statement the other day when the Land Bank Bill was introduced when he said that it would stop all farm sales transactions. However, the Member for Morse (Mr. Wiebe) said the Land Bank Bill would not stop farm sales and that the farms would get larger and larger. Obviously, they haven't got very good communication one with the other. I also note that the Member for Morse for whom I have a considerable degree of respect, as I think he makes a reasonable contribution to the debates in this House, talked about capital gain. (We'll write a poem about the lilliputian leprechaun from Prince Albert shortly.) If we check the records with regard to the average pricing of land, we find that for long periods in Saskatchewan there were no capital gains in terms of ownership of land. I think the Member from Morse should keep this in mind.

I took the time and trouble to take a course in economics - in land resource economics - at the University this past winter and in that course and in the discussions relating to that course, we looked at price movements in terms of markets related to prices of land. A drop of one cent a bushel in the price of wheat actually means a drop of \$2 per acre in the price of land in this Province. We have had a drop of some 20 cents a bushel in the price of wheat in the last short while. Actually, the price of land has come down very appreciably in the last three years. It is a fluctuating item and of course, this is obvious. However, one should not assume that one is automatically going to get a capital gain simply because he owns land. Incidentally, if the Leader of the Opposition is critical of the fact that I am an urban Member, I should also notify him that I am an owner of land, that I work that land, and that last Saturday I hauled out 3,600 bushels of grain.

SOME HON. MEMBERS: Hear, hear!

MR. ROBBINS:— I don't think the Leader of the Opposition would know a shovel from a snowshoe.

AN HON. MEMBER:— He understands the shovel all right.

MR. ROBBINS:— I think, Mr. Speaker, it is very important that we clearly define the need. We all know that agriculture is the basic industry in this Province. We all know that agriculture is experiencing extreme difficulties. As the Member for Melfort-Kinistino (Mr. Thibault) mentioned in his speech, the average age of farmers is such as to indicate a necessity of facilitating a rapid transfer to younger persons, particularly in the next decade or ten years.

Mr. Speaker, there is clearly a need for a new approach to bring about a required adjustment in Saskatchewan agriculture. I have always believed that expansion in agriculture should occur within the line fence. An approach which goes along with larger and larger farms accompanied by greater and greater capital inputs for more sophisticated and more expensive machinery,

is in itself, self-defeating. It speeds depopulation of the rural areas and the subsequent demise of the smaller trading centres. The problem of increasing capital requirements per farm for business viability and income adequacy is admittedly a severe one. One of the difficulties in introducing Land Bank legislation is that the expectations of people are at a high level. It is obvious the Land Bank will not solve all of agriculture's problems nor should it be designed to do so. It is essentially a transfer mechanism to permit younger persons to get into farming and older persons to retire. A major requirement is to permit low income operators to convert land holdings into disposable income without necessarily giving up their local, economic and social ties. Older farmers as proposed in this Bill, can transfer title to their land in exchange for a specified annuity. Annuities utilized can readily be designed to be paid in full when the farmer reaches a specified age. Retiring farmers in such instances could retain occupancy rights to the farmstead until actual retirement is reached. If a farm operator is 60 years of age and he selected a term annuity to normal retirement age of 65, when Old Age Security and Canada Pension Plan payments become available and rented the farm back on a cash rental basis, it is clear the annuity would make a major contribution to his disposable income to the end of its term. The assured income for a known period of time would facilitate personal planning for retirement, and permit time for disposition of machinery and livestock.

Mr. Speaker, I might say a few words about that. I hold in my hand a current list, April 3rd in fact, of annuity rates related to age levels for both males and females 55 through to 70 on a guaranteed and a non-guaranteed basis and also using specified terms. If, for example, a 60 year old farmer has a section of land which he might dispose to the Land Bank, let's assume at an average price of approximately \$66 an acre, which could be reasonably assumed in present day markets, he would secure about \$45,000. If, however, he takes an annuity of \$400 a month which he could procure with that \$45,000 with a ten year guarantee attached to it, he would be assured of a minimum payout of \$48,000. The annuity, of course, would be paid as long as the individual lived. If he wants to get a real bargain out of it all he has to do is be stubborn and keep on breathing for a long period of time. The minimum payment would come on the basis of the ten year guarantee. On this basis the individual would not utilize a cash settlement and on that basis many annuities could be issued to a goodly number of farmers and you would appreciably enhance the probabilities of scale in relation to the use of the Land Bank Commission.

Mr. Speaker, it is vitally important that satisfactory arrangements for transferring land resources from one generation to the next be achieved now. This is what the Opposition does not seem to understand. They are willing to bring in propositions, in fact last night's paper says, "Liberal MLA offers Land Bank alternative." They didn't identify him. I don't know which one it was who offered the alternative, but they had seven years to do something about it and they let the market take over and matters drift. The Liberal Opposition reverts to its old practice of using outworn shibboleths. At the time car insurance was introduced in Saskatchewan, a Liberal Member, the then Member for Moosomin, described it as "the greatest hoax ever perpetrated on the people of this Province." They now defend the auto insurance plan 25 years later. They are slow learners, Mr. Speaker. They took the same rigid stance in relation to

hospital insurance and medical care. Now they support them. Probably by the turn of the century, Mr. Speaker, the Members to your left, will be attempting to convince the voters of Saskatchewan that they originated the Land Bank scheme and even nurtured and promoted it.

Mr. Speaker, we should clearly understand that the primary objective of the Land Bank is to facilitate the transfer of land. Experience has shown that land ownership does not guarantee an adequate income or security of tenure. Land rental is an important component in Saskatchewan land tenure. It does not cause significant inefficiencies in land resource use. The Land Bank will assist in the transfer of land from very small and from very large farms into more economically viable units. It is not the be-all or the end-all here and no one on this side has suggested that it is. Operators who participate in the trade-land-for annuities approach coupled with lease back arrangements will facilitate their own retirement and the necessary transfer of land holdings from the older generation to the younger generation, and that, Mr. Speaker, is what the Land Bank is designed to do and it is absolutely vital that this be done.

No one on this side, Mr. Speaker, has argued that the Land Bank will cure all agricultural ills. It is essential that we secure national action in relation to markets and prices. I note that the Hon. Otto Lang is doing his bit in terms of using up the surpluses of grain. He had a bake sale in Saskatoon last Saturday morning.

Mr. Speaker, I should like to make a few comments with respect to comments of the Member for Cannington (Mr. Weatherald) when the Bill was introduced the other day. The Member for Cannington tried to make some points I think with respect to the fact the Minister of Agriculture had made a statement that \$372 is the amount which the farmer would save annually by renting instead of purchasing. He made some comments with respect to the \$600,000 that was set aside in terms of administration of the fund and claimed this could have helped 1,612 farmers. I used Simpson, Pirenian and Crenshaw mathematics and finance tables and did a little bit of calculation. Now I admit that this is a liberal interpretation but surely the Member from Cannington cannot object to a liberal interpretation in relation to this particular item. The \$372 saved per year, if we assume that to be the case, for the first five years under a leasing program at current market rates in terms of investment would result in \$2,139 being available to that individual if he set it aside in an investment. However, if he went the full length of term of 29 years which is tied in with the maximum term of a loan from the Farm Credit Corporation, \$372 a year set aside at current market rates would result in \$32,494.20 in cash being available to that individual. However, the Member from Cannington said it would only buy one cow and he said it wouldn't even be a very good cow. Well I know they have some objections to rental but if he bought one cow with that \$372, and if we assume that he is willing to rent a bull, over that 29 year period that one cow based on the assumption that half of the produced calves would be male animals and would go to market and the remaining half would be kept in the reproductive process, would result in 488 animals being available through the 29 year period. If we assume that they brought \$200 a piece not \$372, they would bring a total of \$97,600. If we deducted off of that for labor, management and feed input \$63,192 calculated on the basis of a scale related to land resource utilization of land in intensive

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farming, we would still have \$34,408 left over.

Now I said in the beginning, Mr. Speaker, that the assumptions are liberal and obviously the Member from Cannington can't object to a liberal assumption.

Mr. Speaker, I strongly support this Bill.

MR. KRAMER:— Keeps shooting the bull . . .

MR. ROBBINS:— That's why they can't get any production, they are shooting the bull all the time.

Mr. Speaker, Opposition Members have made much of individual New Democratic candidates' promises in the election last June. One promise I made was that I would work for security and viability of the family farm, on the basis that it is absolutely essential to the provincial economy. I look at the Land Bank Bill as a step in this direction and, therefore, Mr. Speaker, I wholeheartedly and enthusiastically support this Bill.

SOME HON. MEMBERS: Hear, hear!

MR. A. MATSALLA (Canora):— Mr. Speaker, the Land Bank Bill introduced last week in my opinion is one of the most important pieces of legislation brought into this House. It will be a milestone marking a bold effort on the part of this Government to maintain the family farm and save our rural way of life in Saskatchewan. It is in this context I give my full support to the principle embodied in this legislation.

The Leader of the Opposition (Mr. Steuart) in his remarks, Mr. Speaker, called for regulations covering this legislation. I, and other Members of this House, should like to know what the regulations are going to be as well. Might I suggest that perhaps the Minister of Agriculture (Mr. Messer) would like to be absolutely certain about the regulations. The only way to obtain certainty, and I believe the Leader of the Opposition knows it, is to first approve the legislation in principle. This is normal procedure. This procedure was followed by former governments including the Liberals of the past. The procedure is nothing new.

One of the arguments raised by the Leader of the Opposition was that the Government through its Land Bank program won't give the farmers a chance to buy land and the Government wouldn't allow people to own land. This statement cannot be further from the truth. I want to suggest that if the Leader of the Opposition would listen to what is said, read what is in the legislation, use good judgement, and then speak in honesty, he would find that in the first place farmers do not have to sell their land to the Land Bank and the Government. This is absolutely voluntary. Secondly, the farmers can continue to own land if they so desire. When they lease the land from the Land Bank they do so on an option to buy. What's wrong with that? Doesn't this mean that farmers can own their land and doesn't this mean that farmers can buy land? Certainly it does. But the spokesman for the Liberals and the Members opposite would prefer to distort the contents of the legislation and destroy the true concept of the Land Bank.

It is very evident, Mr. Speaker, that the Opposition is doing everything in its power to condemn the Land Bank through perverse and fear tactics. They have done this in the last election campaign, during the campaign and now after the campaign. The people just won't hear the Liberals. The people are intelligent and they know better, and they proved it too, Mr. Speaker, on June 23rd last by giving the New Democratic Party resounding support, which seemed to say, Mr. Speaker, "the Land Bank is a good idea. We want you to set it up. We believe the plan will work."

The Hon. Member for Cannington (Mr. Weatherald) when he spoke indicated that the Liberal Opposition believes in the principle of private ownership of land rather than in a rental plan proposed by the Land Bank. Might I suggest to the Hon. Member that he must be either thoroughly confused or extremely inconsistent in his philosophy and principle of land ownership. I want to make reference to what the Hon. Member said during Agriculture Estimates when he suggested and urged the Government of Saskatchewan to buy up some 18 sections of land in the Kisbey area.

MR. WEATHERALD:— On a Point of Privilege, Mr. Speaker, I think I have the right to, rather than have him misinterpret my remarks, as I said I urge the Department of Natural Resources and the Minister of Agriculture to look at the piece of land and take into consideration the possibility of adjoining the park and the possibility of making it community pasture. That is very much different than the Land Bank proposal.

MR. MATSALLA:— Mr. Speaker, it is noted that he said this and I find this in the Leader-Post, April 15, 1972 and I quote:

I am concerned that a large American concern may purchase the land and it would then be lost to the local people forever.

Now doesn't this mean that he suggested that the Government buy the 18 sections of land in the Kisbey area? Certainly it does. You will note, Mr. Speaker, that the Liberal Opposition speak with two tongues. With one tongue, it says we are against Government getting into the land business and holding control of farm land, and the other tongue says we are concerned about Americans buying up the land. I ask the Opposition, where do you stand? Do you know what your position is on this issue? This House wants to know, and so do the people of Saskatchewan want to know.

SOME HON. MEMBERS: Hear, hear!

MR. MATSALLA:— The Members to your left, Mr. Speaker, will have to make a decision. The alternative proposal put forth by the Hon. Member for Cannington yesterday is a joke. There is nothing new about the proposal. What he is saying is that the Government of Saskatchewan should set up another Farm Credit Corporation. We have one Farm Credit Corporation, why do we need another one? I don't want to seem as if I am belittling the Farm Credit Corporation. I believe the Corporation has done a good job and still is doing a good job. There is a place for a farm loan agency in our agriculture industry and the Corporation

should continue its function. But the farmers of Saskatchewan want an alternative program - a program through which they are not forced to borrow large sums of money in order to stay above water. They do not want to get mortgaged to the limit in order to get into farming or to stay in farming. They want a program that will provide the easy transfer of land from father to son and one that will give young farmers a chance to farm without having to invest a large sum of capital in land purchases.

The New Democratic Party is in close touch with the farming community of our province. Over the past years the New Democratic Party recognized the farm problem and the need for an acceptable land transfer and lease plan. Now as a Government we have come up with a plan which we believe is acceptable. Mr. Speaker, the farmers in Saskatchewan played a very important role in developing the Land Bank program. I speak from my own experience in the Canora constituency. We held four Land Bank workshops. All four of them were well attended. Of those attending I would say that 25 to 30 per cent of the people were non-supporters. I believe this to be very significant. What is more significant and inspiring is that all of the people attending including the non-supporters participated in the discussions in an intelligent and very constructive manner. The workshops gave me the impression that amongst the people of the farming community a strong feeling existed that the Land Bank program is the alternative. The ideas and suggestions put forth by the workshops were compiled and sent into the office of the Minister of Agriculture. The farmers had pride in that they themselves had a part to play in designing their own program, and that's the way it should be.

When the Members opposite speak of another Farm Credit Corporation in Saskatchewan it is a clear indication how far out of touch they are with the grassroots farming community of our province. They are completely out of tune with the times. In the words of the Hon. Member of Pelly (Mr. Larson), they are playing the same old gramophone record of gloom and doom and they are too regressive to even change the needle. The farmers and the people of Saskatchewan had to make a choice. Their choice was either to continue farming under the conditions as they are, that is, gradually go broke and face mortgage foreclosures, leave the farms, and go into cities where we already have over-crowdedness and unemployment. With the eventual takeover by mortgage companies and corporations, contract farming and a new feudalism would be the order of the day. Peasants would work for a wage for large corporation landlords. Farm family life would become a thing of the past. Or their choice was to look toward a new land program that would provide for convenient land transfers, sale of land for preparation for retirement in the case of old farmers, and for a way to help young farmers get established in farming without having to invest capital in farm land, and hence maintain the satisfying rural style of living as we know it. I would say, Mr. Speaker, that the people of Saskatchewan made their decision of choice on June 23rd last. They chose to elect the New Democratic Government that would give them an alternative, a new image in a farm program that could have a significant effect in maintaining the family way of farming in our province.

I might say that the people's choice is now our Government's obligation and responsibility to carry out the proposed Land Bank program. This legislation, Mr. Speaker, means an honest effort by this Government to make farming a family way of life and as such deserves the support of every Member of this House.

It is my intention, Mr. Speaker, to make further comments on this Bill. I therefore beg leave to adjourn the debate.

Debate adjourned.

WELCOME TO STUDENTS

MR. B.M. DYCK: (Saskatoon City Park):— On behalf of Mr. Brockelbank the Member for Saskatoon-Mayfair I would like to welcome to this Assembly 70 students from Caswell School in Saskatoon. I hope that they have an informative afternoon here. I understand that they are accompanied by their teachers Mr. Rathgaber and Mrs. Korpan. I hope that you find this afternoon's proceedings educational and have a safe trip home to Saskatoon-Mayfair.

HON. MEMBERS: Hear, hear!

MOTION

BILL NO. 128 - An Act to Amend The Medical Profession Act.

MR. A. TAYLOR (Kerrobert-Kindersley):— Mr. Speaker, it seems as though an error was made earlier today when I introduced a Bill which apparently includes a money matter.

It is therefore moved by myself and seconded by the Member for Elrose (Mr. Owens), by the leave of the Assembly, that the order for seconding reading of Bill No. 128 - An Act to amend The Medical Profession Act, be discharged and the Bill withdrawn.

Motion agreed to.

The Assembly adjourned at 9:30 o'clock p.m.