

continue to pay each year the increase of more than 10 per cent a year in hospital and medical costs. I support the studies that are being made, but, further, I believe that the federal and provincial governments need to look at some possible alternatives.

In my own province a number of alternatives are being explored. The government is looking at methods by which the number of acute care hospital beds can be, if not reduced, at least gradually diminished by offering alternative facilities by way of convalescent hospital beds, and so on. Certainly, I think such facilities are necessary. The provincial government is looking at the possibility of having doctors work in teams at community health clinics and being paid a salary rather than a fee for service. Tests now done either in private clinics or hospitals would be done much more cheaply at community health clinics. In the provinces of Manitoba and British Columbia, the premiers have made it very clear that the virtually unilateral increases in medical fees that doctors have been able to charge must be arrested. In the province of Quebec, the provincial government has put forward proposals in an attempt to try to control the increasing cost of health care. All such attempts should be pursued vigorously.

As I have said, I cannot accept the unilateral decision of the federal government to limit, as far as the federal government is concerned, the cost of health programs to a certain percentage each year. I am not saying that methods to limit these increases should not be found; of course they must be found. But I do reject the idea that, having helped persuade the provinces to enter into these kinds of plans for the benefit of their citizens, Ottawa should now decide either to withdraw completely or to reduce unilaterally the percentage of the cost it has paid up to now.

I do not say this in criticism, but I would remind the members on the government side that provinces like New Brunswick, for example, were somewhat loth to embark upon a universal health insurance plan, not because the province did not want it or because their citizens did not need it, but simply because they were worried about how to finance such a plan. New Brunswick has now—I am speaking from memory but I think I am not far wrong—a 7 per cent sales tax. I suggest to the Minister of Finance that if the federal government is to unilaterally restrict the percentage of the medical insurance contributions which it makes to the province of New Brunswick, that province may in the very near future have to increase its sales tax even more. There is no more regressive type of tax than a sales tax. There is no tax which hits poor people, people with low incomes, harder than a sales tax. Yet, if the federal government goes ahead with its proposal to limit its contribution to health programs, that is probably what a province such as New Brunswick will have to do. As I say, the government of Canada has been trying to get the provinces to agree to its proposal which would severely limit future federal participation in hospital insurance and medicare programs which, as I have already said, were originally established by Ottawa. Not only would the federal government's proposals undercut and erode existing national health standards, but they would also effectively thwart attempts by provincial governments to revise their health service delivery systems so as to introduce more efficient, less costly alternative care methods.

Federal-Provincial Fiscal Arrangements

• (1650)

I have indicated some of the attempts which have been made in Manitoba and other provinces to improve health services and at the same time control the cost. The provincial governments have consistently opposed the attempts by the federal government to apply the kind of arbitrary arithmetical ceilings on expenditures in the field of health care, and in other shared-cost programs, on the grounds that the controls which the federal government is proposing fail to provide allowances for provinces with relatively weak fiscal capacities to upgrade their service standards, to narrow the gap between their services and the services provided by wealthier provinces, and to maintain their services at these levels once they have been attained.

The province of Manitoba has objected to the federal government's proposal that it use the growth rate of per capita gross national product with some variations to calculate the amount of increase which Ottawa is prepared to agree to in the field of shared-cost programs. The province of Manitoba has emphasized that the gross national product figures bear no relationship to the health program costs or quality and, more important, no relation to health care needs, and that therefore this kind of calculation simply cannot serve as the basis for determining programming decisions in the years ahead.

The province of Manitoba has outlined the elements which it believes should form the basis of any new financing arrangements. They suggested that the plan should be flexible enough to allow the provinces to move toward more effective alternative delivery systems while maintaining and, where possible, improving the service standards. Second, it is suggested that federal support must be adequate, not only to meet the demands placed on existing services—demands which will continue to be high, especially in any transition period while new programs are being initiated—but also to cover the necessary large costs of effecting a program redirection of the magnitude required to ensure longrun cost de-escalation. Arbitrary limits put on the cost of financing health care programs by the federal government will not put a cap on the increasing cost. What they will do is shift the burden increasingly from the federal government which has the money to the provinces which simply do not have the money required to meet the increasing costs. The province of Manitoba has made it clear, and in this it has been joined by the province of Saskatchewan and other provinces, that it rejects the proposal of the federal government that it set an arbitrary limit on the percentage increase which Ottawa is prepared to pay to meet the cost of health care services.

Lastly, the Manitoba government has insisted that federal support must be allocated in such a way as to recognize the special needs of various regions in Canada as well as the fiscal capacities of the different provincial governments to meet these needs.

Let me just give one illustration of what I mean. The province of Newfoundland is certainly one of the poorest provinces in this country, if not the poorest. Some years ago it established a medical school. For the first time, some of the doctors whom they need in order to try to treat the people who are ill in Newfoundland are being trained in that province. The province is paying a substan-