

The other obvious economic crime against the Atlantic region implicit in this budget, beside the relatively higher increase in unemployment that the region will get as a result of this budget planning for more national unemployment to fight the cost of living, is farther down the road. I refer, of course, to the proposed amendments to the Medical Care Act which came into force on July 1, 1968. We know that since then Ottawa has contributed half the national cost of medicare. It now intends to put a sliding ceiling on its contribution by limiting the federal increase, calculated on a per person basis, to 13 per cent next year, 10.5 per cent the following year and 8.5 per cent in all subsequent years.

Consider also, Mr. Speaker, what this government intends to do with our national hospital plan. Under the Hospital Insurance and Diagnostic Services Act of 1957, the government has also paid half the national cost of hospital care. The act requires that the federal government give five years' notice before renegotiating its agreements with the provinces. This government gave that notice during budget week. Why? Because it wants to do the same thing as with the Medical Care Act—place a ceiling on its commitment. As well, it announced it will reduce by 35 per cent its payments to the health resource fund.

Our parliamentary leader asked, on June 25 in this present debate, why these things in the medical care field were being imposed on the provinces unilaterally. As he pointed out, the poorer provinces will not be able to cope. Economize as they will, the poorer provinces of the Atlantic region in the end will have to pass on the burden to the people living there. This will take the form of higher premiums, new taxes and deterrent fees and/or inferior health care. So much, then, for guaranteed equality of health treatment in this country. So much, too, for the late Lester B. Pearson's "co-operative federalism".

As we mentioned previously, the gas and oil price increases announced in the budget have caught the most attention. But as Don McGillivray of the *Financial Times* has recently noted, the Minister of Finance expects to take \$350 million from the nation's car drivers this year, but the extra payroll tax from increasing the employees' and employers' premiums and decreasing the federal share may add anywhere from \$800 million to \$1 billion next year.

Mr. Speaker, there are many things to be said of this federal move announced in the budget. Time does not allow dwelling on them all, but certain implications of this move have to be well understood by the Canadian people. First of all, as is evident from what I have said, it is a large tax which could average about \$90 a year for a wage earner. Secondly, it is meant to be a disguised tax. Thirdly, it is a regressive tax in that it will fall on the lower income groups and the working poor of this country with a vengeance—and that during a recession.

Little wonder that the former minister of labour, who evidently fought hard for the favourable changes in the 1971 amendments which were subsequently copied and improved by France and Germany, walked out of the House when the Minister of Finance was announcing that he was, in effect, turning back the clock as far as changes in the Unemployment Insurance Act were concerned. How pitiful, then, to read in *Hansard* that the minister in charge

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of DREE tried to defend this reactionary move by saying that the benefits have not been cut for the unemployed. Is he and other members of this Liberal cabinet, including the Minister of Labour (Mr. Munro) and the Minister of Manpower and Immigration (Mr. Andras), agreeing to a notion that the unemployment insurance scheme or the Canada and Quebec pension plans should be financed from taxes which bear most heavily on those least able to pay?

Are they party to the plan of the Minister of Finance to renege on what was promised in 1971 when more generous benefits were built into the scheme? It was then that the federal government agreed to pay all costs attributable to unemployment over 4 per cent. The federal white paper introducing this scheme said:

This policy clearly establishes the government's responsibility for the financial support of a national unemployment scheme program over and above the self-financing aspect.

Yet what did this cabinet do in the June 23 budget? It changed the 4 per cent unemployment yardstick or norm to an eight-year moving average so that this year they estimated the norm would have been 5.3 per cent. How easily the Minister of Finance can change upward the statistical full employment goal to make up for poor mismanagement of the economy. Even his friend, the Secretary of the Treasury, Mr. Simon, of the United States would not try that one. Or would he? Since so much of the philosophy of the budget evidently emanates from the thinking of conservative Republican advisers to President Ford, one wonders.

It is quite a trick, Mr. Speaker. You establish an eight-year moving average bench-mark during a recession. Presto, you assure that little or none of the cost of the main unemployment insurance benefits will fall on the federal treasury or be financed by the progressive income tax in future years. The Minister of Finance tried to camouflage all of this by talking about adjustments to unemployment insurance to create "a greater incentive to remain at work and to search more actively for a job". He implicitly leaves the impression that was rampant a few years ago, that there is a rip-off from the unemployment insurance.

It sort of has an old-fashioned ring to it—phrases like "increasing the incentive to work". It is a great way to pander to the Neanderthals who like to think that somebody like the federal minister is protecting them from those welfare bums on unemployment insurance. It is a convenient way, also, to divert attention from what you are really trying to do. I would advise the Minister of Finance and his advisers to read discussion paper No. 33 of a study by the Economic Council of Canada for the Council of Maritime Premiers. In that document there is a chapter entitled "The Effect of the Unemployment Insurance System". I will just use a short quote from the conclusion of the chapter:

The greater generosity of the unemployment insurance system has not decreased true labour force participation in the maritimes.

So much for the camouflage. No wonder, Mr. Speaker, that the leader of the official opposition referred to the budget as a cynical document. Here is a finance minister who brings in a budget that is practically a carbon copy of the great American plan—you fight inflation by creat-