

Oil and Gas

federal spending, limits on the proportion of the costs of medicare that this government is prepared to accept. I suggest that this has created an entirely new context for the consideration of this bill relating to equalization.

The government received some kind of general acceptance from most of the provinces with regard to the formula in this bill. I asked the Parliamentary Secretary to the Minister of Finance (Mr. Cullen) at second reading stage how many provinces had registered opposition to the formula in the bill now before us, and he said he did not think any had been opposed in any formal sense, in writing, but he was not sure of that. Certainly, I do not think one could say there was approval by the provinces of this formula, but there was acceptance by most provinces. I believe that the premier of my own province, Premier Regan, objected to any departure from the equalization formula, which principle includes all provincial revenues, and this bill clearly represents a departure from that principle.

I had been of the impression also that the premier of Saskatchewan had been bitterly opposed to the formula in this bill, and to the departure by the federal government from some of the assurances that the Prime Minister (Mr. Trudeau) gave the oil producing provinces a year or so ago. My impression was that the government of Saskatchewan felt it had been double-crossed. It had believed, with justification it seems to me, that it had been assured that any petroleum revenues it might receive would not be considered provincial revenue in the hands of the government of Saskatchewan if it were put into a capital fund.

Now, of course, the government has changed the rules. My understanding is that the government of Saskatchewan, as I said, feels that it has been double-crossed and it cannot count upon assurances given by this government. But now, in addition to any double-crossing that may have taken place, now that we have the Minister of Finance, the Prime Minister and other great ministers across the way, having met during the past number of months with the provinces and discussed with them the equalization formula, we have the Minister of Finance suddenly rising in the House, with the full approval of his colleagues, and announcing that beginning in the next fiscal year the federal government will impose arbitrary limits on the percentage the federal government contributes to the medicare program.

Some hon. Members: Shame.

Mr. Stanfield: I say to the Minister of Finance through you, Sir, that I am sure there was no talk about the government of Canada reducing its proportion of the cost of medicare, no talk about the federal government giving notice to the provinces that it was going to terminate the hospital plan. I am sure there was no talk about any of these matters when the Minister of Finance was discussing the equalization formula with the provinces. What the government proposes with regard to medicare, the unilateral ceilings which the Minister of Finance proposes, which amount in effect to a reduction of the proportion of the cost of these plans that this government would be prepared to bear, will bear very heavily on all the provinces, the well to do as well as the not-so-well to do. The government imposed the medicare plan and the hospital

[Mr. Stanfield.]

plan in the current form and I say that the government must deal fairly and equitably with all the provinces, the wealthy and the less wealthy.

• (1120)

This bill now before us deals only with equalization. It deals, therefore, only with the revenue of the less wealthy provinces. They are going to be struck a savage blow by what the government is proposing with regard to reducing its share of the cost of medicare. They will not have the resources to make up this loss. If one took the Minister of Finance and the Minister of National Health and Welfare (Mr. Lalonde) seriously, one would get the impression that it is very easy for the provinces to reduce substantially and significantly the rate of escalation of the cost of medicare and the cost of the hospital plan. If it is so easy to do it, why have the provinces not done it? They have a very significant incentive to do it now because they pay roughly 50 per cent of the cost of medicare and the cost of the hospital plan. They have a very powerful incentive now to operate these plans as economically as they can.

As one who has had some experience at the provincial level in trying to control costs of these plans once they are put into operation, I want to tell the House that there is only one practical way in which the rate of escalation of the cost of these programs can be reduced, and that is by changing the plans. I say that the provinces have a very substantial inducement now to control those costs, a very substantial incentive, since they bear 50 per cent of the cost. I believe they are trying earnestly to control the costs, and for the Minister of Finance to unilaterally announce that the Government of Canada is, in effect, reducing its proportion of the cost of medicare and terminating the hospital plan is something which will bear particularly heavily on the less wealthy provinces, although it will bear heavily on all the provinces.

We have before us a measure relating to equalization, an arbitrary variation of the equalization formula, designed to get the government over a particular problem. This was discussed with the provinces on the assumption that the shared-cost plans in the field of health were mutual agreements which would be varied significantly only by mutual agreement and that they would be modified only by mutual agreement. We have had a long history of doubletalk and double dealing by this government, to be very blunt about it.

Mr. Baker (Grenville-Carleton): Doublecross.

Mr. Stanfield: I will not go back over the whole history, but we had a change following the deal fixing oil prices in the spring of 1974. The federal government immediately changed the ground rules relating to the deductibility of royalties paid to the provinces in respect of natural resources. The federal government has a long history of smart dealing and corner-cutting with the provinces. Indeed, we have reached the point where some think it is now only a question of what the government can get away with, but I say that this does enormous and irreparable damage to our country and to the whole area of federal-provincial arrangements.

Some hon. Members: Hear, hear!