

Federal-Provincial Fiscal Arrangements

hardhearted, and who is now practising law in Toronto in preparation for his next move—gave an assurance that there would be something to replace the revenue guarantee after five years. That was changed unilaterally by the federal government, the people who set up the formula—heavy handed and heavy fisted—hamhanded and hamfisted—uncaring.

They entered into an agreement with the ten provinces a few years earlier. And what else did they do, Mr. Speaker? They decided to put ceilings on some of these programs because of rising costs—costs caused by the inflation they had induced or failed to prevent. But they were not going to bear the brunt of that and placed it on the provinces who could ill afford to bear the brunt.

One of the changes they made was in the health insurance and medicare field. In the June, 1975, budget they decided to put a per capita growth rate ceiling on their contributions to medicare. It was not agreed upon by the provinces but just decided by the federal government. The medicare program that hon. gentlemen opposite started in 1967 and made it impossible for the provinces to stay out of was now costing too much—more than they anticipated because of their lack of care and failure to halt inflation, so they put on arbitrary per capita growth rates of 14.5 per cent for 1976-77, 12 per cent for 1977-78, and 10 per cent for 1978-79 and subsequent years. There was no consultation. The provinces were told the federal government will only share increasing costs if they do not exceed those percentages. That naturally has a tendency to induce bad feelings between the provinces and the federal government.

● (2100)

The miracle is that we still have a country, with the way the provinces are being treated. This is supposed to be a federal state. We are supposed to have one government at the centre and ten provincial governments supreme in their own sphere, but because of the fiscal power, because the federal government controls the tax system directly and indirectly, and because it controls the monetary system, it has the whip hand. This is no longer a federal system but a Liberal unitary system.

A unilateral change was made in medicare. The Minister of National Health and Welfare (Mr. Lalonde) wanted to change the arrangements in health insurance because health insurance costs were rising too quickly to suit him. He does not deal with hospitals; he does not enter into collective negotiations and collective bargaining with CUPE and other unions that represent hospitals. He is not dealing with situations where hospital workers have been underpaid since the beginning of history, but in the last four or five years have willingly organized collectively and were exercising some muscle. They were determined to see their wages increased so they could get a living wage. The minister did not have to deal with that. He certainly had no sympathy for them because he decided he had to put on controls, and what was going to be spent on hospitals would be limited.

[Mr. Crosbie.]

He came forward with proposals that the federal government would set a limit. He said the government would give the workers the same percentage increase as the increase in the gross national product each year. If their costs increased more than the percentage of the gross national product, they would still only get that percentage. That was the great brainstorm which he presented to the provinces, but the provinces would not accept it.

The proposal was made in 1972 and was rejected in September of 1974. Then the minister gave notice that in five years' time the government would terminate the whole hospital health insurance program. That is the government's idea of co-operative federalism. The new co-operative federalism is "If you do not do what I say, we will terminate the program and you will not get one cent for your hospitals."

I am surprised backbenchers opposite support such a hardhearted, arbitrary, dictatorial set of cabinet ministers.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for St. John's West (Mr. Crosbie) has the floor.

Mr. Crosbie: Mr. Speaker, let us look at another part of the established program financing which was established so that the ordinary people do not realize they are having their throats cut in health insurance, medicare, and education. They call it established program financing, EPF.

Let us take a look at post-secondary education. What did hon. gentlemen opposite do about this? They had instituted a system of supporting post-secondary education a number of years earlier. I will not go into the details of how they did it, whether it was per capita or 50 per cent of the costs in post-secondary education from trade schools to universities. But they became annoyed when these costs continued to rise. They were annoyed that the cost of operating trade schools, technical schools, and universities was rising. Having looked in the mirror and recognized the cause as being themselves, at least in part, due to the inflation which they permitted, or due to the fact that this was inevitable, they decided that the burden they were sharing for post-secondary education should no longer be shared on a 50-50 basis. They decided to put a 15 per cent ceiling on aggregate federal payments in any one year, a ceiling on the increase in federal payments. That was the decision they imposed several years ago.

The result of that in one province, Newfoundland, with which I am familiar, and that is why I hark back to it—I prefer to talk about something I know about—but this is true even more in other provinces, was that in 1975-76 Newfoundland received \$1.3 million less from the federal government for post-secondary education than it would have received had the 15 per cent ceiling not been imposed unilaterally. All this was done unilaterally, not by way of negotiation or agreement. It was done by the hon. gentlemen opposite, the hon. King Kongs flexing their fiscal muscles and saying, "This is it", with not so