

*Inquiries of the Ministry***HEALTH****MEDICARE—STUDY OF WAYS TO MEET COSTS AND PROVIDE SERVICES**

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare arising out of discussions at the recent federal-provincial conference concerning the costs of medical care. In view of the rising costs in this area, is the government giving consideration to an over-all and comprehensive study of ways in which these costs can be met and services provided, rather than just trying to solve the problem by cutting off what the federal government would pay and leaving the rest to be paid by the provinces?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, there is no suggestion of cutting off what the federal government is paying. The suggestion is that if we can implement many of the reforms identified, of which there were some 80 in the joint federal-provincial study on health costs, we could have funds available to do many other needed things that should be done and that indeed many provinces are doing in their own way.

Mr. Knowles (Winnipeg North Centre): Is the only answer of the government in that area to tie the federal contribution to the level of the GNP and not to consider other factors?

Mr. Munro: No, Mr. Speaker. The suggestion is that the formula be on a base year and be escalated in accordance with annual increases in the GNP. There would also be further moneys, some \$640 million over a five-year period, as an incentive to the provinces to get into new areas and bring about reforms in the health services system.

• (2:40 p.m.)

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[Translation]

THE CANADIAN ECONOMY**ABOLITION OF INDIRECT TAXES TO ALLEVIATE INFLATION AND UNEMPLOYMENT—PRICE AND WAGE FREEZE**

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the Prime Minister.

Would he tell the House whether the government agrees with the Senate Standing Committee on National Finance that indirect taxes should be abolished in order to check inflation and unemployment in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the hon. member is referring to a report to be tabled in the Senate at this very moment. As I was not able to obtain copies of the report as quickly as the hon. member, I have not yet read it and I cannot now answer the question.

Mr. Beaudoin: May I ask a supplementary question, Mr. Speaker?

[Mr. MacInnis.]

Could the Prime Minister tell us if the government intends to freeze prices and wages in order to fight inflation and unemployment and to stop the 10 per cent American surtax on some Canadian products exported to the United States from having adverse effects on our economy?

Mr. Trudeau: As we have said on previous occasions, Mr. Speaker, that is an alternative which we have considered and to which we are ready to give further consideration if the need should arise. For the present, as the hon. member knows, inflation is not what is threatening the Canadian economy.

PROPOSED REDUCTION OF FEDERAL SALES TAX

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I would like to put a supplementary question to the Prime Minister.

Does the government feel that reducing taxes, the sales tax included, would improve the economic situation in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Finance told us, barely fifteen days ago, I think, as well as in June that personal and corporation taxes had been greatly reduced. So as far as tax cuts are concerned, we indicated our agreement. It remains to determine where such cuts will benefit the economy most.

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[English]

NATIONAL DEFENCE**U.S.-CANADA PRODUCTION-SHARING AGREEMENT—UNITED STATES REQUEST FOR GREATER CANADIAN PURCHASES FROM THAT COUNTRY**

Right Hon. J. G. Diefenbaker (Prince Albert): My question is directed to the Minister of National Defence and relates to the agreement entered into on June 6, 1963 between Mr. MacNamara on behalf of the United States and the present President of the Treasury Board, then Minister of National Defence, in connection with the sale and production of defence material. Last year the credit balance in favour of Canada was, I think, well over half a billion dollars. Has the United States now called on Canada to make greater purchases in the United States in order to bring about what was described in the agreement as a fair balance of expenditure? Has there been anything like that recently?

Hon. Donald S. Macdonald (Minister of National Defence): Mr. Speaker, the primary responsibility for this agreement lies with my colleague, the Minister of Industry, Trade and Commerce. However, I can confirm to the right hon. gentleman that in particular the United States has been very enthusiastic in pressing upon us the purchase of the Lockheed Orion aircraft as a long-range patrol aircraft. At all stages I have made it clear to the Americans that we would buy such equipment as was suitable to our needs in what we regarded as the best possible market.