

Federal-Provincial Fiscal Arrangements Act

doing so over the last five years. When I was a member of the provincial Legislature of Prince Edward Island a number of years ago, that council was making cuts at that time. The provincial Government was also trying to curb expenditures. There is simply no room for any further cuts in the education system.

There is a growing aging population in Prince Edward Island which will require more and more facilities. Once again the federal Government is cutting back on health care to make its deficit position look better. Really all it is doing is transferring the tax burden to the taxpayers of the provinces. Whether one pays a tax to the federal Government or to a provincial Government does not really matter much. However, the head of the family, the head of this great confederation of ours, must be the federal Government, and the federal Government should take its responsibility seriously. It should ensure that all Canadians have equal opportunity no matter where in this land they happen to live.

The same kind of health care should be available whether one lives in Toronto, Montreal, Ottawa, northern Alberta, northern New Brunswick, Prince Edward Island, Newfoundland or Labrador. I do not think it is reasonable to expect to have open-heart surgery in small hospitals. That is not what I mean, but I do mean that the basic principles of health care should be maintained and should be available to all individuals no matter where they live.

Those are the few words I wished to say. I know my time is up. I am very upset that the Government would move a motion to cut off debate on this most important subject, a subject that will affect all Canadians no matter where they live.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I would like to take a few moments to put some of my thoughts regarding Bill C-96 on the record. We have spent the last week or two debating the various effects of systematically reducing the growth of funds to the provinces required for the two most important services in Canada, health care and post-secondary education. These two services are the impetus for growth in the economy. Only if we have a healthy and well-educated population will we be able to survive under conditions of depression. Only then may we take advantage of every opportunity to grow. When the Government decides to reduce the amount of money that it is willing to spend on health care and education, it is reducing the ability of the economy to grow.

The Government keeps telling us that it is increasing the funding, and to some extent that is true. It is true unless one looks at it very closely. How long can a system survive if, every time the costs increase by \$1, the amount of money received to pay for them only increases by 50 cents? Eventually the services will have to be cut back. It becomes a sleazy way of reducing the quality of education and health care because, when cuts are made, the quality of the services is the first to be affected.

I would like to spend most of the time I have which is only a few minutes, on the effects of these cuts on health care. The health care programs of many provinces are already approaching a crisis because of lack of money. We need to look at the size of the reduction that is contemplated by this Bill. In very simple terms, the Government intends to cut \$2 billion per year by 1990-91. Over that period, \$5.6 billion will be withdrawn from the funding levels for health care. As was pointed out by a representative from Newfoundland, this means either poorer service, higher fees, higher provincial taxes, increased premiums, or all of the above.

In this Bill the Government is following its philosophy as shown by many of its other actions. The Government's approach is either to eliminate a service, redefine the responsibility of the federal Government so that the service will not cost so much, or pass the costs on to someone else, whether it be the provincial Government, the student, or the person receiving health care.

Organizations like the Canadian Medical Association have made strong protests against the reduction of funding for health care. In fact that association suggests that the basic problem underlying the fight that is going on right now in Ontario between doctors and the Government regarding over-billing can be traced to the fact that the Government does not have enough money to provide the kind of health services that are required.

The costs of health care have risen over the last few years and continue to rise. The greatest increases have been connected to hospitals. Some 70 per cent of the total cost of medicare programs today can be directly attributed to increases in institutional care, including hospitalization. It is recognized and accepted by most people that the costs will increase at the rate of about 4 per cent or 5 per cent above inflation. These costs are increasing for various specific reasons. For example, the cost of liability insurance has risen a great deal during the last few years. That cost will have to be picked up by the health care field.

An Hon. Member who spoke earlier suggested that we might look at privatization. It is well known that privatization in the health care field increases the cost, particularly in the hospital field. Canada, which now has a public system, allocates about 8.4 per cent of the Gross National Product to all forms of health care. In the United States, where privatization flourishes and is the basis of many health care structures, the amount of money going to health care is 10 per cent of the GNP, for vastly inferior coverage. Privatization will not save us money in a global sense. It will cost us more money, a difference of several percentage points.

• (1220)

In the United States the Blue Cross Shield plan is offered for \$1,840 per year. It has a \$100 deductible, and only 80 per cent of physicians' and psychiatrists' fees is covered. There is no coverage for physical therapy, routine physicals, or baby care. There is no coverage for treatment of any illnesses that