

otherwise, being conducted by that country. If we have knowledge that a country intends to explode a nuclear device or that it is indeed being supplied with devices that can only be used for an explosion, then of course our decision will rest upon an appreciation of that fact.

It is not the so-called instability per se of a government but the lack of credibility that might be forthcoming on the part of a country that says it does not want to explode a nuclear device that is the test as far as we are concerned. If a country is taking steps toward acquiring explosive devices then, of course, our safeguards would prevent us from selling to them.

#### POSSIBILITY OF RENEGOTIATING 1973 AGREEMENT FOR SALE OF NUCLEAR REACTOR TO ARGENTINA

**Mr. Allan B. McKinnon (Victoria):** Mr. Speaker, my question is for the Acting Secretary of State for External Affairs. Last Wednesday the Acting Secretary of State for External Affairs told the House that safeguard negotiations with Argentina for the sale of another reactor are still underway. Since the understanding with Argentina on the first sale, the one of 1973, involved nothing more than an exchange of letters that expressed peaceful intent but included no safeguards, enforcement or inspection measures, are those 1973 arrangements being renegotiated as well?

**Hon. Mitchell Sharp (Acting Secretary of State for External Affairs):** Mr. Speaker, we have not yet supplied any nuclear reactor to the Argentine. We have made it very clear that our safeguards are to be satisfactory to us; that is, that the country undertakes not to use nuclear technology for explosive purposes, peaceful or otherwise, and generally abides by the international safeguards we are insisting upon. As the Prime Minister has said, we are concerned about the sort of reports that have been coming forward regarding the intention of Argentina in this respect, and we are having further consultations with the Argentine to determine what their real intentions are.

#### TOUGHNESS OF NUCLEAR SAFEGUARDS—GOVERNMENT POSITION

**Mr. Allan B. McKinnon (Victoria):** A supplementary question for the Acting Secretary of State for External Affairs. He often refers to Canada's nuclear safeguards as the toughest in the world. The ones available to us in regard to Pakistan and Argentina obviously do not require the customer to sign the non-proliferation treaty and do not require any inspection by us. The agreement with Pakistan permits any party to withdraw on six months' notice. So in what way are they tough at all?

**Hon. Mitchell Sharp (Acting Secretary of State for External Affairs):** As tough as any in the world, Mr. Speaker, and I say tougher than anybody else's. It is always possible, as hon. members know, for any country, regardless of what undertakings it has made, to denounce those undertakings and to withdraw from the treaty. These are the facts of international life. There is no way we can protect ourselves against that eventuality, unless we decide, which we do not want to do, to withhold our

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technology and not make it available to the needy people of the world. That is a possible alternative but one that we have rejected.

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#### HEALTH

##### POSSIBILITY OF REDUCTION IN MEDICAL SERVICES—GOVERNMENT POSITION

**Mr. Edward Broadbent (Oshawa-Whitby):** Mr. Speaker, I have a question for the Minister of National Health and Welfare. Since the cost of medical services has increased in Canada by some 16.6 per cent this year, given the current rate of inflation and the increasing cost of medical programs unrelated to inflation, and the announcement in the budget that there is to be a 13 per cent federal ceiling next year on medical cost sharing programs with the provinces, which really amounts to a freeze, would the minister inform the House whether or not his department has given consideration to which medical service programs may have to be cut back in the provinces, particularly the poorer provinces which may have no access to greater sources of revenue to pay for medical services?

● (1420)

[Translation]

**Hon. Marc Lalonde (Minister of National Health and Welfare):** Mr. Speaker, the figure of 16.6 per cent to which the hon. member refers can only be at best a forecast and not a firm figure since the year is not over yet. We will know the exact figure only when the year is over. When the hon. member compares the figure of 16.6 per cent with 13 per cent, he is mistaken because the latter should further include an adjustment of 1.5 per cent for the increase in population. So the comparison must consequently be between 16.6 per cent and 14.5 per cent growth for next year. As the hon. member knows, the rate of inflation seems to be slowing down over last year. There is every reason to believe that the rate of inflation next year will again be lower than this year's. And it seems the figure of 14.5 per cent may very well be reached within the forecasts made without any reduction whatsoever in the quality of medical services made available to the people of this country. There is no reason for such a thing to cause a reduction in the quality of medical services in any province of Canada.

[English]

##### EFFECT OF FREEZE ON MEDICAL SERVICE ON NEGOTIATIONS WITH PROVINCES FOR EXTENSION OF SERVICES

**Mr. Edward Broadbent (Oshawa-Whitby):** Mr. Speaker, the minister will have an impossible task convincing his provincial counterparts about his calculations in that answer with regard to existing programs. I should like now to ask a question concerning negotiations he and his officials are having with the provinces with a view to extending medical service programs in the country. Does he think that the unilateral announcement by the federal government of the freeze it is putting on costs is going to jeopardize those negotiations going on, and is it going to