

Health-care costs and the economy

William Haviland, Secretary of the Economic Council of Canada, warned on March 31 that further rapid increases in health-care spending had become politically untenable and could occur only at the expense of other important government programs.

In a speech to the Canadian Nurses' Association Annual Meeting in Ottawa, he observed that, after the Second World War, health-care expenditures became one of the most rapidly expanding areas of public spending. Total health-care expenditures have been rising at an annual rate of over 11 per cent, and have now reached about \$12 billion a year, or about \$520 *per capita*. Much of the increase has occurred in hospital costs. Improved methods of treatment and more care, as well as inflation, have caused hospital costs to soar from \$20 per patient day in 1960 to about \$115 at present.

General trend

According to Dr. Haviland, this situation has reflected a general trend in western countries over the past two decades. These countries have relied increasingly on government intervention as a means of improving social welfare and justice. Health-care spending in Canada now accounts for 6.5 per cent of gross national product, which

is above the average of some 20 industrial countries, although it does not exceed some of the more advanced ones such as the United States. Moreover, total health-care expenditures have been rising faster in Canada than they have in the United States.

Dr. Haviland recalled that the Economic Council had voiced its concern about this trend six-and-a-half-years ago in its *Seventh Annual Review*. Pointing to the increasingly large proportion of national resources going into health-care activities, the Council cautioned that this situation was unsustainable and urged "that the wider economic and social aspects of health care...become a matter of growing public concern." However, he observed that it was only recently that there had been widespread questioning of social policies in general and of the concomitant government intervention and regulation.

Who pays who gains?

He said that, in light of these new doubts, the Council's forthcoming *Fourteenth Annual Review* would be devoted to the role of government in Canada. The *Review*, which will be published in about eight months, will study how well the Government's social policies had succeeded in distributing benefits fairly among Canadians. As well, it would investigate the degree to which those policies conflicted with

market forces. Among the programs to be studied, according to Dr. Haviland, is the system of medicare, which comprises roughly three-quarters of health-care spending. He noted that an important question to be answered was whether free health care really ensured equal access to health-care services, as was originally intended. Who pays and who gains?

Slowdown coming

Dr. Haviland foresees some slowing in health-care spending over the next ten years in so far as there is less scope for further extensions in medicare coverage and because much of the needed catchup in pay and work standards for lower income personnel has been accomplished. Working in the opposite direction, however, is the aging process of the population, since elderly people need relatively more health care.

Taking these trends into account, as well as public resistance, he advocated tying increases in health-care spending to the increase in the economy. Accordingly, he suggests that the provincial and federal governments agree to limit their expenditures on health care to the recent level of 6.5 per cent of gross national product. In Dr. Haviland's opinion, this is a target which consumers, taxpayers, and other main interest groups can and should learn to live with.

Niagara blossoms in May

Few natural spectacles can match the charm of blossom time. In Ontario's Niagara Peninsula, thousands of fruit trees — peach, cherry, apple, plum and pear — burst into glorious perfumed blooms along every highway and byway in mid-May.

The Niagara Peninsula, a narrow, 40-mile plain bordering Lake Ontario's shores under the protecting lee of the Niagara Escarpment, is the province's main fruit-growing area where, for two weeks or more, orchards remain magnificently decorated in pink and white, eye-catching and fragrant.

Blossom time brings Niagara Falls out of its winter hibernation with a variety of festival events from May 6 to 23 which include a grand parade, a festival dinner, a ball and the crowning of Miss Hospitality.

