

*Supply*

Democratic Party in order to continue to govern. That was one of the prices the Liberals paid; the introduce of national medicare.

Medicare started on certain principles: universality, portability, public administration. It was also based on a partnership between the federal and provincial governments; a cost shared partnership in which the federal government, using its spending power, would give to the provinces 50 per cent of what they were spending on medicare. There has been an erosion of that partnership and of the principle.

I think it is important to document as to where this erosion started. It started most dramatically as soon the Liberals got a majority government. By 1975 the Liberals were determined to back away from their commitment of a 50-50 partnership.

I will refer to some of the budget of the then Minister of Finance in the Liberal government in 1975. It reminds me of, and I would have sworn it was, the current finance minister. It states: "The government proposes to set an example of restraint in this regard by imposing strict controls over activities and programs. All are directed to bring outlays under more effective control to slow down the rate of growth this year and into the future. Our target of cuts this fiscal year is \$1 billion".

He goes on to say: "under the Act the federal government must give five years notice before the present agreement can be terminated and new arrangements undertaken. I therefore wish to announce that the government will give immediate notice of its informal intention to undertake these steps". That was the notice to get out of it. It was not done by a Conservative government. It was done by a Liberal government. That was the beginning of the erosion of the 50-50 partnership, right there.

The introduction of block funding in 1977 came out of that. The federal government had limited transfer payments and it forced upon the provinces block funding in which it was saying: "We will give you so much money and you are on your own". That was the basis on which future governments could then unilaterally pull out.

In the early eighties even the Liberals started to renege on their agreements under the block funding program.

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They did it by withdrawing the revenue guarantee. They unilaterally withdrew the revenue guarantee, and it cost the provinces \$1.2 billion a year in lost revenue directed toward health care. That \$1.2 billion is an escalating figure because it cuts off the base. At the same time, they attacked other parts of the transfer by the six and five, which was more specifically directed to post-secondary education but had the cumulative effect of the moneys being directed toward health care.

What we have here is the example that the Liberals would have done the same thing as the Tories have done if they had only continued in power. They set the basis and the agenda. It is the Liberals who made the legislation possible. It is the Liberals who started the whole erosion of health care.

When the Tories came into power we got the 1986 budget with its freezing of the transfer payments to GNP minus 2 per cent, the 1990-91 budget and Bill C-96 which froze the transfer payments, and this budget in 1991-92 which extends that over a long period of time. What has happened is that the Conservative government only did what the Liberals taught it how to do. It may have learned to do it a little better, to cut the transfer payments a little more effectively and a little deeper, but it only followed what its good teachers the Liberals taught it.

We have to take a look at the effect of these cumulative cutbacks started by the Liberals and carried on by the Conservatives. Prior to the 1991-92 budget the parliamentary library documented the loss in revenue to the provinces. It was a cumulative loss in revenue of \$22 billion. With this budget the estimates now are that there will be a little over \$29 billion in lost revenue. We have to take a look at what this means to a number of provinces, particularly some of the have not provinces where there is a tremendous erosion of their ability to provide health care.

The loss of \$29 billion also means that the federal government is no longer anywhere near that 50 per cent figure. The figures before this budget indicate that the