ment, can improve, rather than curtail, medicare and hospital services.

While the federal government maintain that Bill C-68 holds the line on federal participation in medical and hospital cost-sharing, it actually amounts to a reduction in the federal government's participation. When you consider, Madam Speaker, the effect of inflation, the increased demand for medical services and the increased cost of labour, the provinces will be expected to absorb the lion's share of the cost of what is called a federal-provincial cost-sharing program.

● (1550)

It is an established fact that the cost of the medicare program has increased at as fast a rate as the cost of any other services in Canada, yet for some strange reason medicare has been made the whipping boy in the government's so-called austerity program. In effect, the federal government has reduced the size of the Prime Minister's personal staff by three or four positions and put the brakes on medicare. That seems to be the sum and substance of its efforts to hold the line on federal spending.

The plain fact is, when you consider that the increase in government spending for the coming fiscal year could run between 20 per cent and 25 per cent when the supplementary estimates are added to the revised estimates, any talk of restraint has to be taken with a grain of salt. When I think of the heavy fine levied against the Irving Pulp and Paper Company because it dared to award a wage settlement to its workers that exceeded 8 per cent, I have to ask whose example we should really be following. The Prime Minister (Mr. Trudeau) is saying, in effect, "Don't do as I do, but do as I say". We are told that the ceiling on federal participation in medicare and hospital insurance is to be imposed for only two years, but based on this government's record of broken pledges with the provinces there is no way we can be sure of what will happen next.

The worst effect of this cutback in federal sharing in medicare will, of course, be directed against medical and hospital services in the various provinces, especially those provinces that do not have the resources that we have in Ontario. However, another thing that concerns me is the possible effect it will have on all other federal-provincial cost-sharing programs. In these matters there must be a large degree of mutual trust, and as things are going at present that trust is being eroded by unilateral federal decisions.

As some of my colleagues have said before me, Mr. Speaker, Ontario was drawn into the medicare and hospital insurance programs. We in this province had our own medicare and hospital programs before the federal government got into the act. What has not been stated before is that we were blackmailed into joining the federal program. Since that time Ontario has had to absorb an increasingly larger percentage of the cost of a program that was supposed to be a 50-50 arrangement.

In 1969, Ontario was invited to join the federal program, but the premier of that time was satisfied that we could go it alone and do a better job of providing these services at a lower cost to the taxpayers of Ontario. Ontario asked to be allowed to go it alone, but the federal government came back with a counter proposal: we would be allowed to operate our own medicare program but the federal government would impose a tax on Ontario residents to help pay the cost of the federal program. In the first year of such an arrangement, Ontario taxpayers would have to pay for their own program and in addition would pay the federal government $225 million. As the cost of the federal program increased, Ontario residents would pay more to support the program. In the meantime, it must be expected that our own provincial program costs would rise, so there was no way that we could win: we could only lose—and that was blackmail, pure and simple.

The formula established for Ontario, after we were forced into the federal program, was a complicated one designed to reduce the amount of federal participation in what was supposed to be a straightforward 50-50 arrangement. The formula was tied to the average growth of the gross national product and, as we all know, the GNP has not been rising at anything like the projected rate of growth. For instance, in the case of hospital insurance—which is considered the high-cost area—the federal participation was 25 per cent of the national average, plus 25 per cent of actual cost. It worked out to an actual federal participation in shared costs which was below the actual costs of operating the program. Instead of receiving 50 per cent from the federal government, we ended up with 40 per cent.

At a conference of provincial health ministers in Victoria in August, 1975, the ministers arrived at a consensus that a fair sharing of the costs of medicare between the provinces and the federal government was essential to the maintenance and improvement of health services in Canada. Yet we find that the federal government has been scaling down its own share of the cost of these services and now it has announced that it wants out of medicare cost-sharing. This is a strange attitude on the part of the federal government in view of the fact that this cost-sharing program was imposed on the provinces in the first place, and in view of the fact that most, if not all, of the provinces entered into the federal program reluctantly. At the time of the Victoria conference the ministers called on the federal government to continue discussions of more acceptable financial arrangements with the provinces and to reverse its decision to introduce Bill C-68.

Instead, Mr. Speaker, we find that the federal government discontinued discussions altogether and introduced Bill C-68 without consultation with the provinces. One of the reasons cited for the government's wish to ease out of shared-cost medicare is that the cost of the program has been rising at an unacceptable rate. Last year the cost of the program increased slightly more than 16 per cent over the cost of the previous year: the federal government's estimates last year were 16 per cent over those of the previous year. This year's estimates are 16 per cent over last year's, and could run to more than 20 per cent.

Last year, the professional journal *Medical Post* warned that the federal government's decision to cut back on its own contributions to medicare could raise the very basic question as to how much influence economics should have in deciding the availability and quality of medical care for Canadians. That question is being raised right now in the form of Bill C-68. The federal government plans to convene a conference with the provincial ministers of health in the