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# FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

there is an alternative.

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## The Conservative Stealth Strategy to Undermine Medicare

**T**he Harper government has a two-fold strategy to undermine Medicare. One part of the game plan is to underfund Medicare creating “shortages” over the medium run without making a politically unwise frontal attack against the not-for-profit publicly funded and organized health care system cherished by Canadian citizens. When it expired in 2014, the Conservative government refused to renegotiate the 2004 Health Accord. According to research by the Council of the Federation, a body comprising Canada’s 13 premiers, the provinces and territories will receive \$36-billion less over the next 10 years. In effect, the federal government is balancing its budget on the backs of the provinces. In response, provinces are left with difficult choices: de-list needed services and invite more private health care providers as wait times increase or raise taxes and redistribute tax dollars from education and other public services.

The other passive-aggressive strategy is to allow some provinces to privatize health care by refusing to use its federal fiscal power. In 1984, for example, Liberal Health Minister Monique Begin used the Canada Health Act (CHA) to threaten withdrawal of federal funds because there was enough federal dollars in support of Medicare to matter to the provinces. At that time, she forced Alberta to withdraw from plans to privatize their system.

It is important to remember the public sector portion of the Canadian health sector (hospitals, physicians and administration)

has effectively controlled costs over the past forty years. It is the private sector (e.g. drugs) that has driven Medicare’s increased costs. Research by Marc-Andre Gagnon and Guillaume Hebert (2010, *The Economic Case for Universal Pharmacare*) shows that bringing drugs under the control of the public system could not only reduce expenditures from \$25-billion to \$15-billion but also provide universal access and improved efficacy.

The Harper government strategy is to ignore violations of the CHA while underfunding Medicare. Where then will the Canadian public be able to receive needed medical care? They will either go without needed care or turn to the more costly, less effective for-profit private sector. The Harper government strategy will increase health expenditures and reduce access. A more complete public health care sector would have billions more to spend on real problems like waiting lists without increasing costs to the taxpayer.

So what are the motives behind this strategy?

First and foremost, that most elements of healthcare in Canada are beyond the grasp of the for-profit system is maddening for those who might profit from it. The Medicare part of healthcare in Canada is part of the commons, not a commodity to be sold

CCPA-MB  
205-765 Main St.  
Winnipeg, MB  
R2W 3N5

phone

(204) 927-3200

email

[ccpamb@policyalternatives.ca](mailto:ccpamb@policyalternatives.ca)

website

[www.policyalternatives.ca/  
manitoba](http://www.policyalternatives.ca/manitoba)

blog

[www.policyfix.ca](http://www.policyfix.ca)  
twitter

@ccpamb



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CCPA-MB  
205-765 Main St.  
Winnipeg, MB  
R2W 3N5

**phone**  
(204) 927-3200

**email**  
ccpamb@policyalternatives.ca

**website**  
www.policyalternatives.ca/  
manitoba

**blog**  
www.policyfix.ca

**twitter**  
@ccpamb



in a marketplace for profit. The for-profit delivery of hospital and physician services is prohibited by the Canada Health Act. It is in principle a system of each according to their ability to each according to their need. For those who are driven to make profits it does not matter that healthcare is delivered more efficiently, effectively and is more accessible by the public sector, by definition it is in need of privatizing. This public system is sufficiently popular in Canada, so that it has to be privatized by stealth.

Second, as health economist Robert Evans argues in Canada's universal, tax-financed Medicare higher-income people contribute proportionately more to supporting the healthcare system, without receiving preferred access or a higher standard of care. Any shift to more private financing might reduce the relative cost for those with higher incomes and offer them perceived better or more-timely care because they are willing and able to pay. Ironically more health care can be as dangerous to patients as too little health. The wrong incentives in the health care system can kill or harm you by providing excess surgery, tests drugs etc. In broader economic terms, the profits to be made by a more costly for-profit medical sector would remove a competitive advantage for other sectors, especially those like autos, buses, aircraft, agriculture and natural resources, that depend on export trade, The lack of universal health care system in the United States helps to explain some of the USA trade deficit. The Canadian Medicare system is not only sustainable but makes a significant contribution to the sustainability of the Canadian economy.

The research on the economics of healthcare is clear: privatized/for-profit healthcare is less efficient, less effective and significantly more unequal than single-payer public healthcare systems, as we show in our book, *To Live and Die in America* (2013). Publicly delivered universal healthcare means a more efficient

economy where our products and services are relatively less costly, leaving resources available for other social needs such as education, research and development, a living wage and a green economy.

*Robert Chernomas and Ian Hudson teach economics at the University of Manitoba and are Research Associates of CCPA MB.*

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