

The politics of Harper's medicare decision ^[1]

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EXCERPTS

A decade before medicare, the federal government financially supported hospitals across Canada; that came in 1957 under John Diefenbaker's government. Ottawa used its spending power to bring in medicare in the late 1960s, negotiating conditions with the provinces for the money.

The 1984 Canada Health Act outlined five medicare principles that provinces had to respect; failure to do so could result in Ottawa's withholding money. The prospect of losing federal money (and flying in the face of public opposition) enjoined provinces to end extra-billing by doctors and user fees for services.

In recent decades, Ottawa always tried to tie some of its health-care money to certain objectives, usually with only fitful success. The last major money-tying effort came under the Paul Martin government, whose \$41-billion in transfers over 10 years, indexed at 6 per cent annually, had a welter of federal-provincial commitments. When Stephen Harper was campaigning for the first time, he proposed a Patient Wait Times Guarantee linked to federal money.

Now, however, Mr. Harper is going to give money to the provinces (they got federal tax points for health care a long time ago, a transfer they never mention) without any strings, conditions or demands. It'll be the first time since medicare began that a federal government has handed money over *carte blanche*.

Broadly speaking, two reasons explain his decision – one theoretical, one political.

Mr. Harper believes, when it suits his purposes, in a kind of classical federalism wherein the two levels of government more or less stay out of each other's jurisdiction. He thinks Liberal governments abused Ottawa's constitutional "spending power" to intrude into provincial jurisdiction, especially in social policy such as health care and daycare. Conservatives would rather use the federal tax system, or unconditional grants to the provinces, thereby respecting classical federalism.

The politics of his decision have been almost completely ignored, but they're important for those who think about political angles all the time.

Health care is a political hornet's nest. Governments can never spend enough money to satisfy those who want more health care in the form of more doctors and nurses, equipment, hospitals, community care, drug plans, research and so on. The less Ottawa has to do with health care, the easier the politics. Moreover, Conservatives have issues they think they own (crime, the economy, defence) and issues owned by others (health care, the environment) on which they essentially play defence. In these areas, they do enough to protect themselves but expend no political capital trying to persuade people to their point of view.

By offering health-care increases of 6 per cent for five years to the provinces, Mr. Harper has provided himself with a strong defence. He can say right through the next election that his government is spending at exactly the pace of the Paul Martin government. Who can complain about that?

The anticipated drop in indexing from 6 per cent to 4 per cent or 5 per cent thereafter won't figure in the next election, since the decline is hardly momentous. Put simply, Mr. Harper is trying – and he's likely to succeed – to take health care off the federal political agenda for the next four years, or at least give himself a plausible line of defence should it unexpectedly arrive.

Mr. Harper's view of federalism has a flip side: a stronger federal role shaping the national economy. This necessary imperative underpinned his government's attempt to create a national securities commission of the kind other industrialized countries use.

Provinces, except Ontario, rose up against the idea. Their Little Canada view of such matters hardly surprised anyone. They preferred the defence of their jurisdiction above the good of the national economy. The Supreme Court, made up of lawyers, looked at the issue after a federal reference as one of jurisdiction rather than the functioning of the national economy, and agreed with the Little Canadians.

In the space of a few weeks, then, Canada got a political decision from Ottawa to abandon all attempts to influence the country's most important social program, and a judicial decision to abandon an effort to improve the functioning of its internal economy.

Region: Canada ^[2]

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