The health care agenda hijacks "social union" talks

Charlotte Gray

In brief

Few political discussions have received as much coverage as attempts to gain more federal funding for health care. At the same time, the coverage has all but ignored other aspects of the social union — the provision of postsecondary education and social services.

It all began at the loftiest of levels, for in the aftermath of last November's Quebec election the tone of federal-provincial negotiations was earnest and sober. The *phrase du jour* was "social union," and newspapers spent a lot of time telling readers what might be on the table. But by the time talks took place in mid-January in preparation for this month's federal budget, negotiations regarding the social union had narrowed down to a single issue — health care — and there was only one item on the agenda: money. Unless Ottawa was prepared to restore payments to the provinces to something approaching 1995 levels, provinces would not sign on to a new rule book for confederation.

This month's budget will tell us how far the provinces, public opinion polls and lobby groups like the CMA have managed to twist federal minister Paul Martin's arm, and how much progress has been made on the framework within which the money will be spent.

It is a shame that the goodwill of a few months ago appears to have evaporated, but it is not surprising given the fog of ignorance that floats down on politicians and the public whenever they discuss what social union means or might mean.

There's no fog surrounding the malaise that encircles the health care system, however. Everybody understands that the system has deteriorated since Paul Martin cut transfers to the provinces by $6.3 billion in the 1995–96 in order to put the brakes on the deficit. As the 1999 federal budget approached, premiers realized they had to make their pitch for more funds rapidly or lose a crucial opportunity to get what they wanted. Andrew Petter, BC's minister of intergovernmental affairs, was blunt: "If the federal government is not prepared to put funding on the table then we cannot deliver on a cooperative basis the kind of services ordinary Canadians expect."

However, once the contents of the 1999 budget are revealed, talks on how the Canadian federation will be structured, or restructured, are bound to resume. So what will these talks entail? And how will they affect health care?

The Quebec issue

The overall intent of social union talks is to reduce friction between Ottawa and the provinces by working out clear rules outlining which jurisdiction is responsible for what service. Ideally, a renewed social union would improve the delivery and financing of federal-provincial programs. The demand for talks arose after Ottawa simultaneously cut transfers to the provinces and then imposed sanctions on provinces that started bending long-accepted rules. In 1995, Alberta was fined for allowing private eye clinics to bill medicare; the following year, British Columbia was fined for withholding welfare payments from people who did not have at least 3 months' residency.

The provinces protested that Ottawa should not be allowed to act unilaterally on such matters, and last August the 9 English-speaking provinces responded with the Saskatoon Accord — a tough-talking provincial-rights demand for almost total control over social policy.

Fast forward to the Quebec election of November 1998, in which Lucien Bouchard's Parti Québécois won the battle by winning the most seats but lost the war on almost all other fronts. The surprising upset, which saw the PQ collect fewer votes than the Liberals, meant that the PQ goal of independence had to be shelved, at least temporarily. Bouchard then joined his provincial colleagues in what he obviously regarded as a campaign to unravel the federation in a more piecemeal fashion, and the push for social union talks was on.

But at a preliminary meeting between Prime Minister Jean Chrétien and Saskatchewan Premier Roy Romanow in Toronto 3 days after the Quebec election, it was obvious that talks would be complicated because the participants all had different goals. Rich provinces like Ontario and Alberta wanted more authority to design their own programs. Poor provinces, such as Newfoundland and Nova Scotia, wanted to ensure that Ottawa didn't reduce

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transfers again, and the PQ wanted to boot Ottawa from social-policy turf it considered its own.

The federal government, meanwhile, wanted to further Ottawa's legitimacy as an agent for change for all Canadians and reassert itself as a partner in health care, not just one of the bankers. It also needed to prove to Quebecers that confederation was a flexible vehicle that could meet their needs. Chrétien's cabinet had an additional tug on the leash: its left-leaning Ontario caucus, which provides well over half of the Liberals' parliamentary strength, had no wish to see any power or money channelled to Ontario Premier Mike Harris.

Three key questions

The December negotiations, conducted in one-on-one meetings between the prime minister and the premiers and through media interviews, quickly settled on 3 key issues. Should the federal government be required to ask the provinces for their consent before Ottawa introduces a new social program, even if the program is to be delivered directly by Ottawa? Under what circumstances would a province be allowed to "opt out" of a new national social program and still receive full compensation? What should the role of the provinces be in settling disputes between a province and the federal government?

If satisfactory solutions could be found to these questions, the entire bureaucratic beehive that buzzes and thrives because of Canada's confrontational federal-provincial relations could close up shop. Hundreds of people in Ottawa and provincial capitals who rely on these confrontations for their jobs, and who have made their careers in constitutional negotiations, could be forced to look for honest work. But a closer investigation of the prebudget rhetoric, and particularly the figures that were flung around, illustrates the likelihood that this round of social-union talks will not be the end of the story.

The focus on health care, in itself, reveals the highly politicized nature of this debate. The premiers want to zero in on health care because this issue causes their voters the most concern. The sight of angry doctors confronting Lucien Bouchard in his own riding, and of placard-waving health care workers appearing elsewhere during the Quebec election, must send shivers down the spine of every politician, provincial or federal, who will have to hit the hustings soon. There may be up to 6 provincial elections during 1999, and votes will definitely be called in Newfoundland, Ontario and Manitoba. Premiers who are watching the polls and waiting to drop the writ are anxious to put the blame for hospital cuts and surgical waiting lists firmly on Ottawa's shoulders.

Provincial spending up, but . . .

Yet most provinces began cutting health care services well in advance of Ottawa's decision to cut transfer payments. Alberta and Saskatchewan began to act 3 years before Paul Martin launched his deficit-slaying strategy, and by now most provinces are finished cutting. Overall the provinces are now spending 10.6% more on health than they did in the peak year of 1991–92, although this is still less per capita when population growth is taken into account. Provincial spending on all health care fell from a peak of $1745 per capita (in 1997 dollars) in 1992–93 to $1625 in 1997–98, a 7% decline.

Although health care cuts have received the most attention because they have the potential to affect the most people, the most savage cuts at the provincial level have been in the postsecondary-education and social-service sectors. Provincial governments now spend 18% less per capita on postsecondary education than they did in 1992–93: $340 today vs. $410 just 6 years ago. Cuts to social services — welfare, day care, legal aid and services for the disabled and children — were just as deep. Per capita spending has fallen from more than $1000 in 1993 to under $900 today. Alberta and Ontario have both cut welfare rates and tightened eligibility requirements much more dramatically than the national average. Alberta's welfare spending is down 33%, while Ontario's has been reduced by 22%.

There are 2 simple reasons why education and social services were hit hardest. First, it is easier to cut in these areas than in health care. With education more can be squeezed directly from students' pockets, and with social services programs can be cut and eligibility requirements made more restrictive. However, health care is a universal program with costs that rise inexorably, and the only rationing device is waiting lists.

The second reason health got off relatively lightly was that health care consumers have a lot more clout than students or welfare recipients. Angry patients know how to berate their elected politicians, how to make headlines about poor service and how to lobby effectively, and medical associations and similar groups stand firmly behind them.

Everybody at the federal-provincial bargaining table knows this. That's why the provinces went to war on the health care issue and why federal officials knew they had to get a deal — however minimal — because nobody wanted to take the hit for killing medicare.

The irony, as every informed observer knows, is that education levels, social services and freedom from debt are probably more important factors in an individual's health status than the kind of crisis interventions and hi-tech surgery that make the headlines.

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