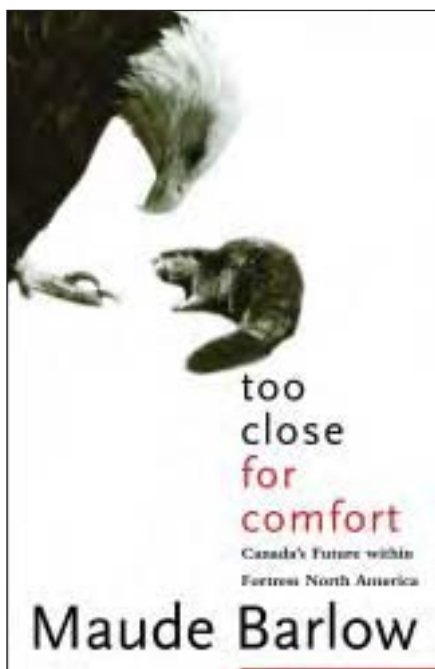


A TOUGH PILL

HOW CANADA-U.S. INTEGRATION IS LEADING TO THE PRIVATIZATION OF THE CANADIAN HEALTH CARE SYSTEM



A preview of Maude Barlow's new book *Too Close for Comfort: Canada's Future within Fortress North America*.

Canada's universal social programs were forged in the twin furnaces of the Great Depression and the Second World War. The men and women who survived those terrible ordeals vowed they would not go back into bread lines and work camps, and set out to build a social nation worthy of the fallen comrades they had left behind on the battlefields of Europe.

Living next to the biggest superpower on earth, Canadians knew that they had to create ribbons of interdependence across the country, if they were to survive as a separate nation-state on the northern half of the North American continent. Canadians rejected the American narrative of "survival of the fittest" and chose instead a vision of "sharing for survival." As a fundamental right of citizenship, they decided that all Canadians, regardless of socio-economic background, ethnicity, or geographical location, had a right to good education, health care, and assistance for the elderly, the young, the poor, the unemployed and the disabled.

Canada's social programs are not directly named by the Task Force on the Future of North America or the Canadian Council of Chief Executives (CCCE) in their campaign to create a North American common market. But there is no question that deeper economic, security and foreign policy integration with the United States would put tremendous pressure on Canada to harmonize its social security system with the American model and open it up to competition from big American service corporations.

CORPORATE INCENTIVES

In its submission to the Romanow Commission on the Future of Health Care in Canada, the CCCE stated that Canada's health care system should be taken out of the hands of politicians and bureaucrats and turned over to provincial Crown corporations that would be run by "experienced business people" and would provide performance bonuses, incentives, corporate discipline and private sector innovation. The Canadian Chamber of Commerce echoed the position of the CCCE at the Ro-

TO SWALLOW





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manow Commission, calling for greater use of voluntary, private sector delivery of health care services and private sector investment. The CCCE was delighted, of course, with the June 2005 Supreme Court ruling on the unconstitutionality of Quebec's ban on private health insurance.

If the big-business community gets its way on its deep integration project with the United States, this will spell the end of Canada's already profoundly troubled universal social programs.

HEALTH CARE TARGETED

Next to social assistance, no social program in Canada has been as frequently targeted by right-wing politicians and the big-business community as public health. Oblivious to the fact that burgeoning health insurance costs are nearly bankrupting many American corporations (and were cited by General Motors as one of the reasons for its massive layoffs announced in June 2005),

Canada's big-business community continues to push for the full privatization of health care.

In Canada, the assault has targeted both government spending on health care and Medicare's status as a public service. Massive cuts at the federal level have been matched by massive cuts at the provincial level. And most provinces have chopped their own funding to hospitals, laid off registered nurses and closed beds. The Romanow Commission reported that even with new investments in health care, provincial government spending on health care as a percentage of the GDP is down half a percentage point from 1990. As well, like their federal counterpart, most provinces have implemented huge tax cuts, draining provincial revenues.

MASSIVE PRIVATIZATION

But Ralph Klein did something else. He made Alberta the petri dish for Canada and was the first to introduce massive

privatization of public services, including health care. When their public services were cut to the bone, the people of Alberta were forced to accept private alternatives. In 1997, in what appeared to be an abrupt turnaround, the Klein government began pouring money back into the system, and by 2002, spending levels on health care were back to where they had been a decade earlier. This time, however, the funds are supporting what is essentially a parallel two-tier system, and going straight into the pockets of many of the Premier's corporate friends. This is now happening in most of the country. Proponents call this system "public-private-partnerships" and claim that government maintains control of the programs while the more "efficient" private sector runs them. In truth, no matter how efficient the company in question may be, it must find ways to turn a profit for its investors; in the end, this usually means cutting corners and services to the public.

A "meta-analysis" of all the studies comparing mortality rates between not-for-profit and private for-profit hospitals in the United States was undertaken by McMaster University, and the results were published in the May 2002 edition of the *Canadian Medical Association Journal*. The massive study found that death rates in for-profit hospitals were significantly higher than in not-for-profit hospitals, even though patients who used for-profit hospitals were more wealthy and able to afford a healthier lifestyle. The researchers found that for-profit hospitals cut corners in order to achieve a profit margin for investors and to pay the excessively high salaries of their administrators.

THE NAFTA EXEMPTION FOR HEALTH CARE APPLIES ONLY TO A FULLY PUBLICLY FUNDED SYSTEM DELIVERED ON A NON-COMMERCIAL BASIS.

PARALLEL SYSTEM

Many provinces are following Alberta's lead. Ontario announced in June 2005 a \$30 billion public-private-partnership fund for new schools and hospitals. All this money will go to for-profit corporations. The Cambie Surgery Centre in Vancouver boasts that it is Canada's "most advanced private surgical centre in Canada" with "more operating capacity than most BC hospitals." It is proud of its record servicing "famous athletes and celebrities" and known for the outspoken private-sector advocacy of its founder, Dr. Brian Day – or "Dr. Profit," as he is often referred to. British Columbia has 14 private clinics, which looked after 50,000 paying customers in 2004.

Montreal was labelled the "private health care capital of Canada" by the *Montreal Gazette*, which conducted an investigation in February 2005. There is a "parallel system for the wealthy" in that city, said the newspaper, which reported that 90 doctors in Quebec have opted out of medicare, more than in all other provinces combined. One of them, Dr. Sheldon Elmer, is Prime Minister Paul Martin's doctor. There are at least a dozen private medical imaging clinics and a number of knee and hip replacement clinics. The going rate for hip replacement is between \$14,000 and \$18,000. Montreal also has the first private emergency clinic and was, not surprisingly, the launching pad for the Supreme Court challenge.

While the fall-out from that ruling will take time to assess, there is no doubt that it should be a wake-up call for Canadians. Within days of the ruling, American corporations announced their intention to move into Canada on the basis of rights they have under international trade rules. A spokesman for America's Health Insurance Plans told the Ottawa Citizen that the 1,300 companies his agency represents in the U.S. are interested in the new opportunities

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opened up by the decision. Normand Laberge of the Canadian Association of Radiologists called the decision an "atomic time bomb on the health care system."

TRADE IMPLICATIONS

While proponents of two-tier health care say they do not want the American system but rather the "kinder, gentler" system of Germany or Sweden, the fact is that Canada has not signed a free trade agreement with those countries. It has, however, signed the North American Free Trade Agreement (NAFTA), whose rules are clear. The exemption for health care, which has largely kept the big U.S. for-profit health corporations out of Canada, applies only to a fully publicly funded system delivered on a non-commercial basis. Once privatized, the system must give "national treatment" rights to American private hospital chains and HMOs, which must not be treated differently than Canadian for-profit companies.

Not only would U.S. health corporations have the right to set up shop in Canada,

they would have the same right to public funding as Canadian companies. In no time, the public system would be bankrupt and we would have an Americanized corporate health care system. If any level of government tries to resist, the next Canada Health Act case would likely be held before a secret NAFTA tribunal at World Bank headquarters in Washington.

Even without the Supreme Court ruling, it is arguable that these companies have a right under NAFTA to compete in Canada because the health system is being privatized so quickly. Fully one-third of all Canadian health care spending is now private, as services are de-listed and doctors opt out of medicare. There are now at least 240 health care corporations, many of them American, operating in Canada. There are also 140 private health insurance companies operating here; the Canadian Life and Health Insurance Association says that at least 37 of them are American. There are also 663 private home care agencies, and private companies now control at least 10 per cent of the MRI market.

In light of the rapid privatization of Canada's health care system, the Supreme Court ruling in the Chaoulli case is a dangerous development. It opens the door to the Americanization of Canada's cherished health care system.

This article is adapted from Maude Barlow's new book *Too Close for Comfort: Canada's Future within Fortress North America*. For more information on Maude's upcoming book launch and speaking tour, check out www.canadians.org.

Maude Barlow is the National Chairperson of The Council of Canadians.