



# canadian student review

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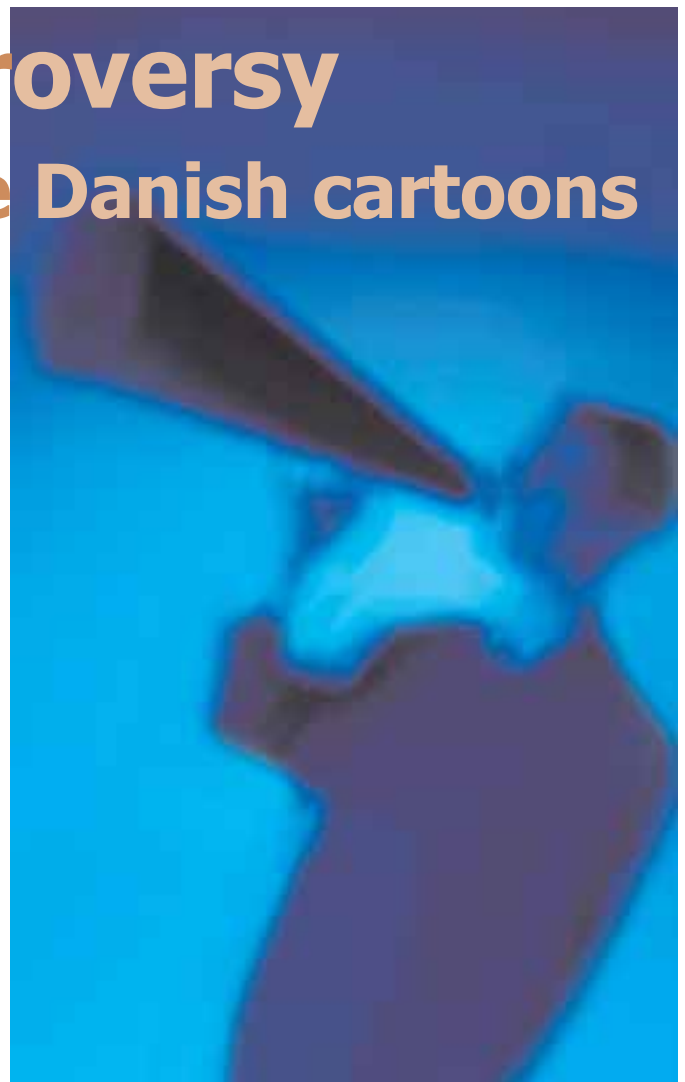
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## Courting Controversy Ezra Levant and the Danish cartoons

*by Meredith Lilly*

On March 14, 2006, The Fraser Institute held a luncheon meeting in Toronto to host *Western Standard* publisher Ezra Levant. The *Western Standard* is the only publication in Canada's mainstream media to publish the controversial "Danish cartoons." The cartoons, which feature caricatures of the Muslim Prophet Mohammed and were initially published in the Danish newspaper *Jyllands-Posten*, provoked violent riots in Europe and the Middle East among some extreme Muslims.

In his luncheon address, Levant claimed that the riots that occurred after the cartoons were initially published had a greater impact on western culture than the September 11<sup>th</sup> terrorist attacks. Never before, he says, have we seen such widespread covering among the media. Canadian media outlets hastily asserted their respect for religion as the reason they did not publish the cartoons. However, *Rolling Stone* magazine has recently depicted rapper Kanye West as Jesus on its cover. The media previously celebrated the




work of artist Andres Serrano, who, by the grace of a government grant, put a crucifix in a container of his own urine, photographed it, and called it "Piss Christ." These "artistic" displays were certainly not intended to evoke respect. Has the media found religion and changed its ways? Two weeks after the University of Saskatchewan student publication *The Sheaf* refused to print the *Jyllands-Posten* cartoons, they published a cartoon by Jeff MacDonald that depicted Jesus performing fellatio on a capitalist piglet. Religious slander is routinely deemed newsworthy and fit to print. The media does not respect all religion; they fear one religion.

Levant chastised Foreign Affairs minister Peter McKay and Defense Minister Gordon O'Connor who stated that publishing the cartoons put our troops at risk. These car-

toons do not kill our troops, and saying so merely grants the terrorists an excuse for their depraved actions. Our troops are overseas to defend our liberty, perhaps even to import a sense of Canadian liberty to Afghanistan. They are certainly not there to serve as a pressure point to make Canada more like Afghanistan.

The *Western Standard* lost 36 subscribers after they published the cartoons. They gained 1,140 new subscribers. They did not lose a single sponsor. They employed security, but it was unnecessary: no one threatened them. The rest of the Canadian media relied on the assumption that the *Western Standard* would be harmed as a result of publishing the cartoon, that the cartoons would cause a resurgence of the rioting to vindicate their fear. It didn't happen. The mainstream media did not stand up for press freedom because they were afraid, and masked their fear in moral indignation. Levant pointed out that it was not the act of publishing the cartoons, but the act of leaving the cartoons unpublished that proved to be irresponsible behavior on the part of the free press.

Somewhat tongue-in-cheek, Levant now identifies his ideological stance to be that of a liberal feminist. The Canadian leftists have chosen anti-Americanism over their ideals. Levant is determined to claim the terms that the left abandoned. As a feminist, he will champion the rights of Islamic women who are subservient in their male-dominated culture. As a gay-rights activist, he will condemn Islam's doctrine of fanaticism. As a liberal he will defend free speech and criticize censorship.

Silencing the press undermines those with moderate Islamic beliefs who came to Canada to escape tyranny. Levant stressed several times that the *Western Standard* is not about lofty moral ideals, but about selling magazines. They are dedicated to providing honest reporting that serves the interests of civilized human beings. I was greatly impressed by Ezra Levant's speech and intend to make every effort to support his publication. 

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*Meredith Lilly is in the first year of Social Science at the University of Toronto, Mississauga. She is originally from Saskatoon, Saskatchewan.*

# The Increasing Cost of University: Is it Fair for Lower-income Families?

by *Claudia R. Hepburn*

Large increases in university tuition fees, particularly in British Columbia, have led to an outcry. Yet, after three years of double-digit tuition increases and a total tuition rise of 88 percent, students in the province saw their fees rise only 2.9 percent this year. That increase put the province's average university tuition cost on par with the rest of the country. That said, the average 2005/2006 academic year will cost undergraduate students \$4,214, which is almost 3 times the amount paid in the early 1990s (Statistics Canada, 2005).

What are the implications of these increases for lower-income Canadian families? Are they fair? Should we expect students, particularly those from lower-income families, to be excluded from post-secondary education as a result?

Although the tuition increases, particularly those in British Columbia, have been sharp and painful for those students and their families paying the bills, they should be

considered relative to the real cost of education and who is paying for it. According to Statistics Canada, in 2005 total university and college revenues in Canada totaled \$27.7 billion. Of this, students paid \$5.5 billion through tuition, while other taxpayers contributed \$15.5 billion through federal and provincial funding (Pakravan, 2006, p.5). (The remainder comes from sales of goods and services, investment income, and other own-source revenue.) That means that university students and their families are paying just over \$1 for every \$3 contributed by other Canadian families. As a portion of GDP, Canadian taxpayers contributed more to university funding than those in any other of the 29 OECD countries (Kedrosky, 2003, p. FP13; Lines, 2003, p. 12). It's not just students who are paying a lot for their degrees; the rest of Canadians are paying even more.

## Welcome!

Welcome to the spring edition of *Canadian Student Review*. Once again, we are pleased to bring you Canada's only student magazine committed to examining policy issues from a competitive market perspective.

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We would like to thank the Lotte & John Hecht Memorial Foundation, whose generous support of this magazine enables us to distribute it free of charge across Canada. If you would like to distribute *CSR* on your campus, please contact me.

Best wishes,

Vanessa Schneider, Editor (vanessas@fraserinstitute.ca)

It is not surprising that the students faced with increasing bills are upset. However, concern over rising tuition fees have temporarily caused those most affected to forget the inherent value of the education they seek. The benefits of a university education are numerous and significant. Students and their families weighing whether or not an education is worth the cost should remember that higher earnings, lower levels of unemployment, higher rates of satisfaction, better health, and longer life go to those holding a sheepskin.

Many studies show that the financial benefits to an individual from a university degree are so great that even if tuition rates become much higher than they currently are in Canada, the investment is still sound. The rate of return to a university education in the 1990s was between 12 and 17 percent for men and between 16 and 20 percent for women (Boothby and Rowe, 2002; Vaillancourt and Bourdeau-Primeau, 2002). Because more and more jobs—including 25 percent of all new jobs—demand a university degree, the unemployment rate of Canadians with a university education in 1997 was half that of those whose education stopped at high school (4.4 percent versus 8.8 percent) (Alexander and Lascelles, 2004, p. 2). As a result of their higher income and lower unemployment, Canadians with a bachelor's degree have a net worth 70 percent higher than a high-school graduate, and those with master's and doctorate degrees have a net worth 2.7 and 3.5 times higher, according to Statistics Canada (Alexander and Lascelles, 2004, p. 2).

The benefits of a degree or two, however, extend far beyond the financial rewards. Higher education is also associated with longer life expectancy, better health, reduced participation in crime (Haveman and Wolfe, 1984, cited in Riddell, 2001) and better child-rearing skills (Stager, 1996, cited in Vaillancourt and Bourdeau-Primeau, 2002). Higher education also appears to offer its graduates greater satisfaction in their field of endeavour. A recent study showed “emphatically” that “even those in less profitable career paths have a higher rate of satisfaction regarding their choice of degree—in other words, they would pick the same discipline if given a second chance” (Alexander and Lascelles, 2004, p. 2). Surely it is not too much to ask recipients of these many precious blessings to pay for a fraction of

the cost themselves, even if that fraction is more than they were used to paying.

Student protestors respond to these arguments by saying that though tuition fees don't cover the full cost of their educations, it is too high if it deters the participation of students from lower-income families, or saddles students with unmanageable debt loads. On both counts, one can whole-heartedly agree. There would be no reason to have any government subsidy of post-secondary education if that subsidy were spent financing only the educations of children from wealthy families. The very fact that the majority of university students still do come from middle- and upper-middle class families is in itself a reason to raise tuition costs further, to reflect the real cost of the education, and focus public assistance on scholarships, bursaries, and loans for those with the greatest financial need.

In fact, research indicates that there is no reason to fear that the current increases in tuition will result in lower participation of students from lower-income families. The experience of rising university tuition fees in Australia and New Zealand in the 1990s is very encouraging (Norman LaRocque, 2003). In New Zealand, tuitions increased far more dramatically in the 1990s than they have done in Canada, or even in British Columbia, and not only did participation increase overall, but so did the proportion of students from low-income schools (by 50 percent) and from low-income communities (by 44 percent). Increases in participation also occurred in the minority Maori population, among women, and for graduate students (New Zealand University Students' Association, 2001). The increases happened despite dire predictions from student leaders to the contrary.

In Australia, which also introduced new, higher tuition fees and income contingent student loans in 1989, higher fees have not affected the participation of students from relatively poor families (Chapman and Ryan, 2002, p. 13; Department of Education, Science and Training, 2003, p. 202, both cited in Larocque, 2003). OECD data confirms that, internationally, low levels of private spending on education are the norm in countries with the lowest enrolments in tertiary education.

This research conforms to a range of international reports that indicate that post-secondary participation is relatively

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insensitive to price (Larocque, 2003, p. 16). The decision to enroll in university seems to be based less on the cost to students and more on employment and earning prospects for graduates, which as we know, are much higher in Canada for university graduates than the rest of the population. Decisions to attend university are also based on less tangible characteristics such as culture, attitude, and motivation, which are more difficult to change.

But surely, opponents will argue, increased student debt loads will overburden our youth. They cannot cope with any more.


Research suggests that, in fact, Canadian students are managing admirably with their debt loads after graduation. A study undertaken by Saul Schwartz and Ross Finnie at Carleton and Queen's universities indicates that the vast majority of student borrowers are not having difficulty repaying their debts. Less than half of students have government loans when they graduate, and only 7 to 8 percent have trouble repaying their loans over the long term. Twenty-five percent of borrowers repay their loans within two years. As one would expect, our intelligent, well-educated young adults are living up to their potential, fulfilling their financial obligations after graduation as well as they fulfilled their academic ones before graduation. Student leaders simply do not have the facts on their side.

Rather than continuing the extreme subsidizations of tuition that have existed in Canada in the 1990s, provincial governments should direct relief to students with the greatest financial need. Financial aid, including both bursaries and loans, should be widely available for those from the lowest income families, while those from wealthier families should be expected to pay a higher percentage of the real cost of tuition themselves. Such a policy would ensure that higher education is accessible to all families, yet would ensure that those who will benefit most from the education take more responsibility for its cost. Other Canadians, most of whom have never had the benefit of a university education, should be given a break.



Claudia R. Hepburn is Director of Education Policy at The Fraser Institute, and Managing Director, The Fraser Institute Ontario Office. She has a BEd and an MA from the University of Toronto. For information on Children First: School Choice Trust, go to [www.childrenfirstgrants.ca](http://www.childrenfirstgrants.ca) or call toll-free 1 (866) 924-8881.

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# The Daycare War

by Jesse G. Hamonic

Many people believe that the daycare funding debate is only relevant to people who are currently raising children. However, the daycare debate affects all Canadians because, in the end, this new program will be funded by the federal government, which is funded by taxpayers. Therefore, it is essential that all Canadians take part in this child care subsidy debate.

There are currently two major child care subsidy plans being proposed by the major federal parties. Both of them aim to open more daycare spaces and reduce the fiscal burden placed upon parents by their children. Even though the stated goals are the same for both plans, very different methods are being proposed in order to achieve those goals. The Liberal party has suggested that Canada create a centrally planned daycare system, which would cost \$1 billion per year. The Conservative party opposes the creation of a centrally planned federal daycare system. Instead, they have proposed a plan that will give every family \$1,200 per

annum for every child under the age of 6. In addition, they will offer \$250 million a year in tax credits to firms that create childcare spaces.

A quick glance at both programs may lead one to conclude that both plans will achieve their initial goal. However, a closer examination reveals striking differences between the two.

One area in which the two proposed programs contrast greatly is in regards to freedom. On a daily basis, thousands of Canadians sing the national anthem in which they say the words, "With glowing hearts we see thee rise, the True North strong and free!" Freedom is woven into the Canadian fabric. The importance and promotion of freedom must always be at the forefront of all debates.

Under the centrally-planned daycare system approach, parents seeking aid have only one choice subsidized by the government, which is to place their child in daycare. Although this program may be beneficial for those parents

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who have already placed their kids in daycare, or would like to do so, it ignores the large number of parents who are not able to use daycare services, or, for one reason or another, simply do not want to place their child in daycare. The centrally-planned daycare system only benefits a small portion of society and limits choice greatly.

On the other hand, the Conservative child care program offers parents greater choice. Under this plan, parents are allowed to spend their tax credit any way they like. Some parents may spend it on daycare, some may choose a part-time babysitter, and still others may spend it on diapers and supplies. The Conservative program respects the idea of freedom by giving families true choice with no strings attached.

By examining the contrasting child care proposals, one can easily see that there is big difference in how each program deals with freedom and choice. The Conservative plan, compared to the Liberal plan, does the best job to respect and promote both choice and freedom.

The centrally-planned child care program will open daycare spaces directly, so most have accepted the argument that this program will increase daycare capacity. However, the tax credit system's ability to open new daycare spaces has been questioned.

In a written editorial to the *Toronto Star*, former Minister of State Carolyn Bennett recently discussed the idea that the Conservative plan will not address daycare shortages, which will in the end keep daycare capacity static (Bennett, 2006). Premier of Nova Scotia Rodney MacDonald even goes further, saying that "Stephen Harper's proposed tax breaks for child care are fine, but they don't solve the problem of ensuring there will be enough day-care spaces to go around" (Brunswick News Corp, 2006).

Any introduction to economics textbook would easily explain that the idea of static daycare capacity is clearly false. Because the child care market has fairly low barriers to entry, as the demand for daycare increases over time, initially prices will rise in order to ration the current supply of

daycare spots. Then potential market entrants will see that the current firms are making economic profits, which will offer them an incentive to enter the market. This will then increase daycare capacity, which will then be followed by a reduction in daycare prices. At this point, we will have reached a new sustainable equilibrium. Therefore the argument that the voucher child care program will not increase daycare spots is fallacious.

Child care relief has been a long time coming. It's important that we reward parents for their hard work. Nevertheless we must make sure that we find the best way to get there. The Conservative child care plan may not be the best program. However, compared to the centrally planned subsidy program proposal, the tax credit plan is far superior at promoting and respecting freedom and choice while trusting the market to increase daycare capacity. Therefore, Canadians must uphold Canadian values such as freedom, choice, and liberty by supporting a child care subsidy like the one brought forth by the Conservative Party of Canada.

[*Ed's note:* The May 2, 2006 federal budget contained a universal \$100 per month, per child, taxable cash benefit for children under 6 years old.]



*Jesse Hamonic is pursuing a BA (Honors) in Economics at the University of Manitoba. He has a strong interest in economic freedom, international trade, and taxation.*

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# Things Folks Know...

## What Folks Know...

Increasing the minimum wage reduces poverty.

## Why it ain't so...

There is a difference between low-paid workers and people living in poverty. Poverty is an absolute condition in which individuals lack basic necessities. Low income, on the other hand, is a relative measure of income used to determine to what extent some Canadians are less well-off than others (Sarlo, 2001). The connection that does exist between earning a low wage and living in poverty depends greatly on one's age and family structure. That is, many low-paid workers are not considered poor because they are young people supported by their families, adults supplementing their spouse's earnings with part-time employment, or senior citizens working on a casual basis to augment their retirement income. In fact, evidence shows that the majority of minimum wage earners are young and unskilled, and not necessarily living in poverty:

- In 2003, almost two-thirds of all minimum wage workers were between the ages of 15 and 24
- Almost 90 percent of these young people lived at home with their parents or another relative (Sussman and Tabi, 2004)
- In 2003, 41 percent of all minimum-wage workers did not have a high school diploma (Sussman and Tabi, 2004)
- Twenty years of census data from Statistics Canada show that only 30 percent of low-paid workers live in low-paid families (Morissette and Picot, 2005)

In addition, almost half of the Canadians who worked low-paying jobs in 1996 had moved up into better jobs five years later (Janz, 2004).

Therefore, minimum wage laws are unlikely to raise the income of the poor. Instead, they have unintended consequences that most hurt young and unskilled workers who need the training and work experience gained in entry-level jobs to climb their way up the economic ladder. Faced with higher labour costs, employers reduce entry-level positions.

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Consequently, unemployment levels increase. Employers also reduce valuable on-the-job training, which is critical to the development and advancement of these workers. Some examples:

- A recent comparison of labour policy in Europe and the United States found that a 15 percent increase in minimum wage reduces employment by 4.5 percent (Pries and Rogerson et al., 2000)
- The proportion of young workers in their early twenties receiving formal training falls 1 to 2 percent for every 10 percent increase in the minimum wage (Neumarek and Wascher, 2001)

School dropout rates are also driven up because higher wages increase the immediate attractiveness of low-skilled jobs for many young people. This is particularly troubling considering the strong relationship between education and future earnings (Chaplin, Turner, and Pape, 2003).

Not only do minimum wage increases fail to reduce the incidence of poverty, they can actually make society's neediest citizens worse off by raising the price of goods that tend to be consumed by poorer families. A large proportion of workers earning minimum wage is employed in the service and sales sectors, i.e., jobs in retail, food and beverage, accommodation, and personal services industries. Consumption expenditures of lower income families are focused on many of these industries. Hence, if an increase in the minimum wage raises the prices of the goods produced by these industries, then the real income of the needy may even decline (Schneider, 1999).

While we all aspire to live in a country where poverty is rare, we should be wary of quick fixes that keep us from ad-

ressing the more complicated factors that contribute to the most serious cases of poverty. In the end, high minimum wage rates ultimately hurt the very people we are trying to help.

### Acknowledgement

This article is based on a longer piece by Sylvia LeRoy (2006). "Minimum Wage Hike Won't Solve Poverty." *Fraser Forum* (March).

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Articles can be written in many styles, including academic essays, book reviews or journalistic commentaries. It is critical that you back up your facts with references, and that you submit clean copy, free of spelling or grammatical errors.

Send your article as a plain text or MS Word e-mail attachment to

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