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Top Dollar, But Not Top Care: Canada's Failure to Invest in New Medical Technologies



by Dominika Wrona

Advanced medical technologies improve the health outcomes and quality of life for those patients fortunate enough to have access to them (Productivity Commission Research Report 2005, Australia). Yet many Canadians are unable to benefit from new medical advances. Relative to other OECD countries, Canada ranks poorly in providing its citizens with access to high-tech medical equipment through its universal health insurance program. High costs are often cited as a major obstacle to widespread clinical implementation and access. However, since Canada is one of the OECD's top health care spenders, its citizens deserve access to the new medical technologies available in other OECD countries.

Canada's track record of investment in high-tech medical equipment is dismal. Despite being the OECD's third highest spender on health care, Canada ranks thirteenth of

22 in access to MRIs, seventeenth of 21 in access to CT scanners, seventh of 12 in access to mammographs, and is tied for last in access to lithotriptors (all figures are age-adjusted) (Esmail and Walker, 2005).

Canada also trails other developed nations in its employment of cutting-edge medical technology. Perhaps the highest concentration of new medical devices has been in the field of minimally-invasive surgical procedures. For example, the Gamma Knife is one of the most precise and proven treatments for brain tumours (American Shared Hospital Services, 2006). Using highly focused radiation beams, the device can destroy lesions within the brain without requiring an incision, thus sparing patients from open skull surgery. Although the technology was developed over 3 decades ago, it is relatively new to Canada. The first Gamma Knife unit opened in 2003 and as of January 2006,

there were only 3 units in all of Canada (Canadian Agency for Drugs and Technologies in Health, 2006). By comparison, the first Gamma Knife unit in the United States opened in 1978, and there are now 103 units there, many of which are accessible to low-income populations covered by government insurance (American Shared Hospital Services, 2006).

Another example of a new technology unavailable in Canada is Magnetic Resonance-guided Laser-induced Interstitial Thermoablation (MR-guided LITT). The standard treatment for patients with metastatic liver cancer is surgical resection of parts of the liver. However, between 70% and 90% of patients are ineligible for resection due to the number, size, or position of their tumours. Using laser energy to destroy liver tumours, MR-guided LITT is a new option for those patients. Compared to surgery, MR-guided LITT is less invasive, does not require general anaesthesia, can be performed on an outpatient basis, and has a lower complication rate (Vogl, 2004). MR-guided LITT was approved for liver tumours by the US Food and Drug Administration in February 1997. However, as of June 2006 the system was still not licensed by Health Canada (Canadian Agency for Drugs and Technologies in Health, 2006).

Numerous leading-edge technologies also provide the opportunity for great improvements in diagnostics, and yet are not available to patients covered by Canada's Medicare program. One such technology is the Magnetic Resonance Spectroscopy (MRS), which can be used with Magnetic Resonance Imaging (MRI) systems to assess localized prostate cancer. While MRI provides anatomical information, MRS provides data on tissue biochemistry. When used with MRI, MRS provides more accurate information on the size and nature of tumours, leading to improved treatment decisions. Several MRS systems are approved for use in the United States. However, MRS is not available to Canadian patients covered by Medicare (The Canadian Coordinating Office for Health Technology Assessment, 2005).

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Production: Kristin McCahon

Contributing Editors: Jason Clemens and Nadeem Esmail

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1770 Burrard Street, 4th Floor, Vancouver, B.C., V6J 3G7

Tel.: (604) 688-0221, ext. 571; fax: (604) 688-8539.

Web site: www.fraserinstitute.ca.

E-mail address: student@fraserinstitute.ca

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Dominika Wrona holds an Honours B.A. in Economics and Political Science from the University of Toronto (2003). She has several years experience in small business management and one year of international commerce experience working for Export Development Canada (Warsaw, Poland). Dominika has been an intern in Calgary in the Health System Performance Studies Department of The Fraser Institute since January.

Although new medical technologies can be expensive, their benefits may far outweigh their costs. Published studies that perform cost-benefit analyses of advanced medical technologies tend to focus on pharmaceuticals rather than medical devices due to the greater availability of data (Productivity Commission Research Report 2005, Australia). However, given the parallels in improved health outcomes between new pharmaceuticals and medical devices, pharmaceutical studies may be used to illustrate the cost-effectiveness of new medical technologies. One such study by Frank R. Lichtenberg (2003) found that replacing a 15-year-old drug with a 5.5-year-old drug increased the prescription cost by \$18, but reduced total expenditures by \$71.09, far outweighing the increased cost of the prescription (Lichtenberg, 2003). These savings were manifested in the form of increased life span, reduced limitations on activities, reductions in the use of all medical services, and shorter and fewer hospital stays. Advances in medical equipment also bring numerous improvements, such as reductions in risk factors, complication rates, hospital admissions, length of stays, and indirect costs of caring for patients (Productivity Commission Research Report 2005, Australia). The savings that these benefits earn may very well outweigh the necessary investment costs.

Unlike other countries in the OECD, Canada continues to deny its citizens access to new medical technologies. Neither high costs nor a lack of funding can justify Canada's failure to invest in these technologies. As the OECD's third highest spender on health care, Canadian citizens should be receiving timely access to high-tech medical care, not limited access to high tech medicine with long wait times for all forms of treatment.

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Welcome!

For your summer enjoyment, this edition of *Canadian Student Review* once again offers a market perspective on issues that are important to Canadian students.

Check out the winner of our summer op/ed contest on page 8. Could you use some extra pocket money this fall? The entry deadline for the fall op/ed contest is September 15th, so get writing! (See page 5 for full details).

We would like to thank the Lotte & John Hecht Memorial Foundation for their generous support of this magazine, enabling us to distribute copies free of charge on campuses across Canada.

Best wishes,

Vanessa Schneider, Editor (vanessas@fraserinstitute.ca)

The How's and Why's of Rural Sustainability

by Paul Harris

On Wednesday evening, May 2nd, I had the privilege of attending a public forum hosted by the Harris Centre on Regional Policy and Development. The forum, which was part of the “Memorial Presents” series, was entitled *Rural: Is it Worth Saving?* The moderator for the evening admitted in his opening comments that this particular title was chosen to stimulate interest and debate around the issue of rural sustainability, and it obviously succeeded judging by the amount of press it generated prior to the event.

The forum took place at Grenfell College in Corner Brook, an odd choice of location for a discussion on rural sustainability, but the speakers were superb, representing the views of various regions of the province and offering a wide range of personal and professional experience. With the exception of Dr. Ivan Empke, a professor at Grenfell College, the speakers were non-academics with a wide range of experience in regional development.

Not surprisingly, considering their personal and professional experience, all four speakers supported the position that rural Newfoundland was indeed worth saving. The forum focused on two key areas: why rural communities are worth saving and, to a far lesser degree unfortunately, how we achieve this goal.

The first question was addressed by Dr. Empke, an entertaining and knowledgeable speaker, who listed the reasons for saving rural communities as culture, tradition, and identity. No surprise there, considering the source was a Doctor of Sociology. Personally, and speaking as an individual raised in a rural community, I believe these reasons are

insufficient to justify the continued existence of communities that are only kept alive by various forms of government-funded income support. If you look at the real culture and tradition of Newfoundland, it is largely defined by a history of going where the work exists. Let's face it, that's how most of our ancestors came to be on this rock in the first place!

Dr. Empke also added that rural communities are important because “without the rural there could be no urban.” After all, without rural communities where would city dwellers get their food and the raw materials that fuel their industrial complexes? Point well taken! Those rural communities that continue to make a real contribution to the provincial economy and, as a result, also contribute to its social welfare should survive and, where a helping hand can be given with a reasonable expectation of a return on investment, they should be supported.

I am not suggesting here that we should be cold and unfeeling in these matters. Where affected individuals are at an age that retraining and relocation is unfeasible, for instance, I strongly believe that we have a social obligation to support them in their current environment. To do any less would be cruel and inhumane. We must, however, take decisive action to stop a cycle of dependency from occurring in which young people who could avail themselves of opportunities in growth areas outside their community of origin choose instead to stay in an unsustainable rural community simply because government subsidies make it possible to do so.

As is often the case with such forums, however, the evening offered very little in terms of practical solutions as to how we might achieve wide-ranging rural sustainability in this province. We seem to talk a good game about the issues in Newfoundland (just tune into the open-line shows any day of the week or count the number of issues that have

Paul Harris, originally from Pasadena, NF, is a third year Social Work student in the BSW program at the University of Victoria in British Columbia.

been studied to death by government commissions if you need proof), but we seem to be short on arriving at viable solutions to complex issues.

I tried to address this lack of focus on solutions during the question and answer portion of the forum by posing the question, “How do we achieve this sustainability that everyone agrees is desirable?” Dr. Empke’s response was that, “if

I had the answer to that question you would have had to pay admission to be here tonight.”

I suggest that we’ve had plenty of time for talk in this province about the future of rural communities. It’s high time that we finally got on with actually taking real action to address the issue of rural sustainability in Newfoundland. 🐼

Do your friends sigh and roll their eyes when they see you look at a headline and start to speak ... ?

Well stop ranting to your friends—and start writing to us!

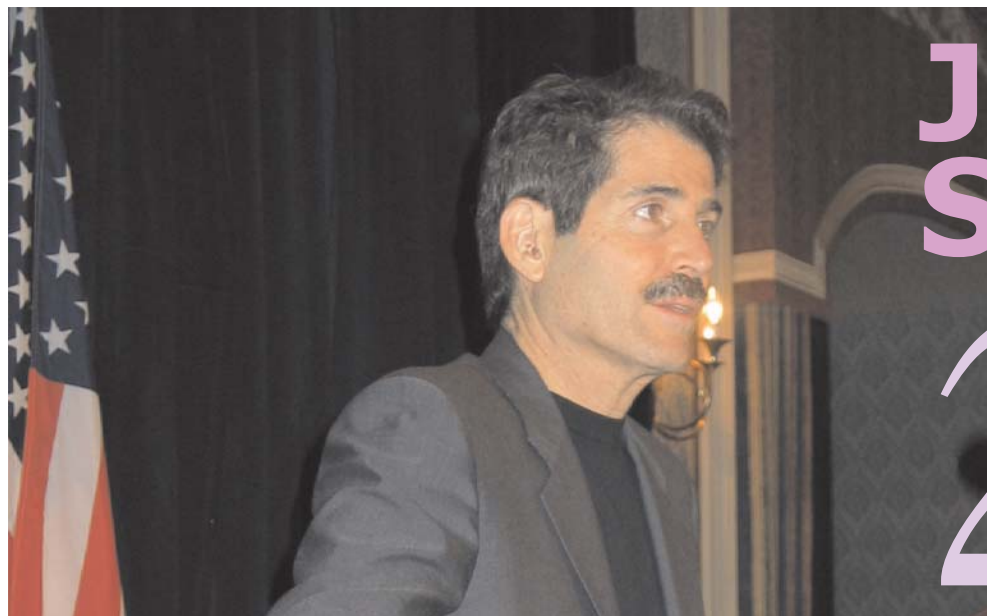


This is your chance to win cash for a great opinion article (or op/ed, for you journalism junkies)

Best entry wins a prize of \$100 and, for good measure, we’ll even publish your article in *Canadian Student Review*!

Application Rules

- ➔ Op/eds may be written on any public policy topic.
- ➔ General op/ed guidelines: 500-800 words, typed, double-spaced opinion article in plain text or MS Word format.
- ➔ Contest submissions must include a cover page with the following information: student name, mailing address, email address, phone number, and school information (school, degree program, major, year of graduation).
- ➔ Each contest submission must also include a paragraph describing which newspaper the article would be submitted to, when, and why. This paragraph will serve to put the op/ed in context and will be considered in the judging of the contest. (Please note that contestants’ articles WILL NOT ACTUALLY BE SUBMITTED to commercial newspapers.)
- ➔ Submissions must be received by email at student@fraserinstitute.ca by 5:00 pm on September 15, 2006.
- ➔ For guidelines on how to write a good op/ed, check out the fall 2005 CSR at <http://www.fraserinstitute.ca/admin/books/chapterfiles/OpEd%20contest%20and%20rules.pdf> (go to page 2).



John Stossel

2 Reviews

ABC television's John Stossel recently spoke to Fraser Institute audiences in Toronto, Calgary, and Vancouver. Student event-bursary recipients Christy Sarkis and Matt Aleksic were at the Fairmont Royal York Hotel in Toronto on Thursday, June 8 to hear him speak. Here are their impressions.

Acclaimed investigative journalist

by Christy Sarkis

John Stossel's provocative address on today's common myths, lies, and controversies cemented his credibility as an acclaimed investigative journalist who works for the best interests of the real conduits of power in a market economy: the consumers. His message was bold and clear; that the market works in unexpected ways, and that government doesn't necessarily have citizens' best interests at heart. Contrary to how the media portrays and protects big business, Stossel insists that by investigating and exposing scandals, consumers will be better equipped to make informed choices, thus leading to another layer of accountability in the market which leads it to regulate itself. If a product or a service is unsatisfactory, it's the consumer who holds the key to move it out of the market, and not just federally regulated bodies. As Stossel puts it, "government agencies just don't do things very well." This is quite simply because when government messes up, it bears few, if any consequences. Furthermore, he argued that bigger governments have clearly not made us safer, more prosperous, and have certainly not made us freer.

Stossel spoke about many of the issues captured in the media which are over-hyped and over-inflate the actual versus perceived risk—among them Avian flu, global warming, and drug crime. Through such reporting practices, governments' role becomes further legitimized and therefore is considered to be more necessary to curb these looming supposed threats and risks. However, in reality, what ends up happening is our freedoms become gradually replaced with restrictions in the name of state protection of citizens. Stossel passionately asked the audience, "in free societies, why have we become such wimps to let government say, 'no you can't have that, or no you can't do that?'" He challenged the audience to implement action where needed to protect individual choice, the fundamental right which characterizes a liberal and democratic society.



Christy Sarkis received double Bachelor of Arts degrees in Political Science and Communications from the University of Calgary in 2004. She is an accomplished public relations and communications professional. She volunteers with the Calgary Public Library teaching English as a second language to new citizens, as well as teaching computer courses that introduce seniors to computer programs and the internet.

Most intriguing about John Stossel's address was how he made sense of typically unpopular views. As such, his ability to communicate the truth behind conventional myths established his credibility with the audience. Stossel spoke about issues that matter most to citizens, and debunked the common misperceptions of social, political, and environmental issues which are influencing today's domestic and foreign policies.

One of the issues he focused on was education. His view is that it is illogical to have a government monopoly educating our children and that a voucher system would not only make economic sense, but would better educate children. Stossel went on to say that the biggest predictor of success is choice, and if schools were forced to compete, students would find themselves in an environment where teachers were motivated to cultivate learned students.

Overall, John Stossel provided a stimulating, thought provoking session which reinforced the need for awareness of facts and misperceptions presented by the mainstream media.

Unabashed Libertarian

by *Matt Aleksic*

John Stossel recently completed a series of speaking events promoting his new book, *Myths, Lies, and Downright Stupidity: Get Out the Shovel—Why Everything You Know Is Wrong*, in Toronto, Calgary, and Vancouver sponsored by The Fraser Institute. Stossel is perhaps best known for his regular appearances on ABC television's *20/20* and for his one-hour specials on topics ranging from *Are We Scaring Ourselves To Death?* to *Freeloaders*.

I attended the Toronto luncheon and had one surprise: Stossel is just his usual self on television as he is at a Fraser Institute function. This unforeseen similarity means that ABC executives exercise no restraint over his increasingly libertarian bent on government, society, and culture.

Early on in his career, Stossel actually believed the "father knows best" attitude of government regulation, until


he became a consumer reporter. The more he saw the free market work, the more he saw that it was solving problems on its own. He acknowledges that liberals hate him for defending business, and recognizes that they hate business because they detest the bourgeoisie. Interestingly, he won all of his 19 Emmy Awards bashing business and has not won a single one since he began challenging the media perception of a cruel free market.

Stossel illustrates the potentially destructive nature of laws by comparing legal nicotine to illegal heroin: nicotine is just as addictive as heroin, yet the social effects of the open availability of nicotine products doesn't even compare to the problems created by laws against heroin. By making heroin such a hot commodity, there are consequent laws required against violence, crime, gangs, and cartels that are derived from its illegality; tobacco's legality has spared it from such a destructive impact.

What often appears to protect society from the bad also protects society from the good. Most importantly, Stossel claims that government regulations shorten lives. If there are silly, cumbersome regulations (often encouraged by scare stories in the media), he says, capital can't flow to its best use. People have an inclination towards prosperity, and since "wealthier is healthier" because of access to the things that prolong life, government regulations help to decrease the length of our lives. Technology and liberty have helped increase life spans by 30 years since the turn of the last century, but a reversal of this trend might be in the cards.

The public seems to be cheering on an even bigger nanny state. Why do Canadians like a socialist health care system? It feels right and good. It's hard to understand why the free market works when you don't know what you're missing. Stossel suggests that, with choice, private groups do the job better and cheaper.

Choice is a fantastic mechanism that protects even the "poor and ignorant." Take cars: it's hard to get really ripped off nowadays, and yet most people have little to no knowledge about cars. The Trabant, a product of East German communism and pride of the Eastern Bloc, couldn't compete against the worst the free world had to offer.

In all, Stossel continues to promote his stalwart message that rules don't make people safer as the benefits don't outweigh the consequences. Free market capitalism provides a solution to most of society's ills. After all, as John Stossel told the audience, "business is voluntary: trade doesn't happen unless it benefits both parties." 



Matt Aleksic is entering his fourth year at the University of Toronto, specializing in Political Science. He currently works as a Research Coordinator at the Centre for Research on Inner City Health at St. Michael's Hospital in Toronto. He is Vice President of the Board of University of Toronto Community Radio and also sits as a Director with Varsity Publications.

Op/ed contest winner

Smoke and Mirrors: The False Promise of Public Smoking Bans

by Audra Mitchell

On May 30, the provincial governments of Ontario and Quebec followed the lead of other Canadian provinces by instituting public smoking bans intended to protect the health of non-smokers. However, these bans hurt more than just the profit margins of bars and restaurants; their unseen effects may worsen conditions for non-smokers while violating their property rights and freedom of choice. Those who wish to reduce the real externalities of second-hand smoke should oppose such bans and focus on achieving real change by exercising their citizenship—within the market.

The assumption that public smoking bans improve conditions for non-smokers is suspicious for several reasons. First, smoking bans do not necessarily reduce smoking, but simply displace it. The term “public smoking ban” is a misnomer; in reality, these regulations restrict smoking in privately-owned, self-contained spaces while displacing smoking to external, public areas. This can impose significant restrictions on the choices of non-smokers. For example, individuals who are not allowed to smoke in enclosed

buildings often congregate in popular outdoor locations, such as the entrances to shopping malls or public parks. While non-smokers could previously choose to avoid enclosed areas of concentrated smoke such as pubs or restaurants, it is much harder for them to avoid these public spaces. As a result, smoking bans may increase their exposure to smoke by decreasing their ability to avoid it.

Second, anti-smoking regulations are often justified on the basis of protecting children from exposure to smoke. However, policies aimed at reducing children’s exposure to second-hand smoke may place them at increased risk: by outlawing smoking in public establishments, they encourage parents to smoke in the home, an environment from which children cannot easily escape. An increase in smoking at home also adversely affects the tenants of apartment buildings. Since smoking bans have prompted many landlords to prohibit smoking inside apartments, individuals who are forced by smoking bans to smoke at home must now do so in external areas of the apartment, such as terraces and balconies. As a result, rather than containing smoke within their own property, these smokers pollute the air available to adjacent apartments, violating both the property rights of non-smoking tenants and their freedom to choose a smoke-free environment.

Third, smoking bans are intended to protect the health and autonomy of the employees and customers of public establishments, in particular restaurants. However, smoking bans in public places may actually reduce access to informa-



A Vancouver native, Audra Mitchell has just finished her BA (Honours) in Political Studies at Queen's University in Kingston. In the fall, she will begin research for her PhD in Politics at the Queen's University of Belfast, focusing on theories of social entrepreneurship and non-state approaches to conflict resolution.


tion which these individuals require to make choices. This problem arises because smoking bans are difficult and costly to enforce. Restaurants or bars that depend upon the patronage of smokers may agree ostensibly to smoking bans; however, many clients who resist such a ban may be unwilling to report infractions. This may violate the contractual rights of employees who have accepted employment on the assumption that the establishment prohibits smoking. It may also violate the informal contract between the proprietor and her paying customers to provide a smoke-free environment.

If smoking regulations are as ineffective and invasive as these examples suggest, what options are available to non-smokers? First, the problem could be attenuated if the role of the state were changed to focus on two principles: provision of information and property rights. Specifically, state intervention should be restricted to the enforcement of information laws, which would require business owners to state whether or not their establishments permitted smoking. The provision of false information to potential consumers or employees should be punishable by law on the basis of a violation of contract. Similar laws should apply to any form of contract made between a business owner and a client or employee, including the rental or sale of property. The refusal to provide such information should result in the voiding of the contract in favour of the prospective consumer and a significant financial penalty.

Second, anti-smoking activists should promote the creation of smoke-free public spaces through the proactive use of market forces, referred to as “market citizenship.” In this

model, individuals hoping to effect social change would focus on creating a market instead of a lobby. This market should correspond to smaller businesses that control the sale and use of tobacco products on their premises. The creation of a defined, articulated market for non-smoking facilities would speak directly to the interests of these business owners who could make effective, immediate changes to their products and services based on demand.

Anti-smoking activists could begin to create a cohesive market and strong demand for non-smoking spaces by engaging in campaigns, activities, and educational drives aimed at *consumers*—not politicians. In so doing, they would create an interested, pre-segmented market ripe for entrepreneurial use. Next, they must articulate the existence of this market to appropriate businesses through a variety of means, including private boycotts, letters, media statements, and other forms of public communication. By suggesting to business owners that there exists a large and profitable market for the creation of non-smoking environments, activists would be able to promote the creation of non-smoking environments more efficiently. Simultaneously, they would create a niche market for businesses who wished to cater exclusively to smokers, thus preserving smokers’ rights.

The desire of anti-smoking activists to achieve social change is legitimate, but the unnecessary coercion and harmful effects of public smoking bans are not. By opposing these bans and using the techniques of market citizenship, anti-smoking activists could provide a better solution for all Canadians, smoking and non. 

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Things Folks Know...

Compiled by Lindsay Mitchell

What folks know...

Canadian parks must be managed by government in order for them to be maintained and preserved.

Why it ain't so...

Faced with a persistent revenue shortfall and growing maintenance backlog, Canada's national parks and historic sites are at serious risk, not from natural "stressors," but from government mismanagement and neglect. According to the Auditor General, 20 percent of Canada's heritage buildings have been lost in one generation, and another two-thirds are in fair or poor condition. A third of park facilities are in "urgent need of repair," while another third will need repair in the next five to ten years (OAG, 2003). New funding promised by the federal government falls far short of the \$425 million currently needed for investment in infrastructure, and the additional \$100 million per year needed thereafter to maintain these facilities (Parks Canada, 2003). It seems obvious that Parks Canada is failing at its original mission: to protect Canada's parks and make them available for Canadians to enjoy.

The reason for this government failure is pretty simple: it's cheap, easy, and glamorous for a government to draw a circle on a map and designate a park, but it's expensive, difficult, and unglamorous to maintain it. And of course, politicians face few consequences for irresponsible behaviour—they're rarely around long enough for the chickens to come home to roost. As former environment minister David Anderson said, "My feeling is we should grab [new property] even if we do not have money in the budget to maintain it the way we would like" (Hogben, 2004).

With thinking like that, it's no wonder that frequently the designation of a park by the government is not a promise of protection, but rather, a promise of neglect and degradation. But if the government can be persuaded to get out of the way, there's hope for Canada's parks.

Parks Canada could dramatically improve park maintenance by using more private services. With 60 percent of Parks Canada's budget going to inflated salaries and benefits, the organization can achieve significant cost efficiencies by contracting out park management and service delivery (Parks Canada, 2002). Many park services, such as the operation of campgrounds, maintenance, and road clear-



The Student Programs Department would like to welcome Lindsay Mitchell, who joined us earlier this year. Lindsay will assist with all of The Fraser Institute's student programs, including the student seminars, Student Essay Contest, student internships, and bursaries for events. Lindsay obtained her BA in Economics from the University of British Columbia. We are very pleased to have her on our team.

ing lend themselves easily to contracting out to small, local companies where competition controls costs. Likewise, there's no reason why unionized campground attendants, gate attendants, and tour guides at rural parks need to receive wages set nationally in a collective bargaining process that often far exceed local private pay scales (Jaimet, 2004; see Bruce, 2001).

The involvement of private contractors and service providers has been the norm in many provinces for over a decade. A survey of park privatization options observed, "In 1988, BC Parks began using private-sector contractors to operate its parks; by 1992 the department contracted out 100 percent of park maintenance and operations." Savings were estimated at 20 percent on average (Hansen, 2000). Regular park user surveys showed high visitor satisfaction following the change, with very few contracts cancelled for poor performance.

... it's cheap, easy, and glamorous for a government to draw a circle on a map and designate a park, but it's expensive, difficult, and unglamorous to maintain it.


Another tool from the private sector that Parks Canada could better use is localized, self-contained funding arrangements that make each park a self-sufficient entity. Parks Canada's decision to bump user fees 40 percent last year is an encouraging, if only partial, solution to the current financial crisis. The move is encouraging, because it recognizes that the costs of our parks should be borne by the people who use them; but only partially so, because unless accompanied by a reduction in taxes, Canadians end up paying for these parks twice.

However, despite collecting user fees, many parks fail to recover the costs of maintaining their campgrounds, much

less raise sufficient revenue to care for park infrastructure and heritage buildings. Real world examples, both past and present, show that parks can be self-sustaining (Leal and Fretwell, 2001). Private park operators and non-profit organizations stewarding protected areas for multiple uses show that revenues generated from recreation and other user fees, and even limited resource extraction, can be a much more stable and dependable source of income than politically-driven budgetary allocations.

Parks Canada has confirmed the need for creative solutions to save our parks, warning, that "unless a solution is found, the deterioration of cultural assets will lead to the closure of facilities, or the permanent loss of natural treasures" (Parks Canada, 2004). Creative solutions lie in localizing management and decision-making processes, creating new efficiencies by experimenting with various privatization/private contracting options, and managing parks towards self-sufficiency, preferably through trusts and other voluntary means. Government failure has put Canada's national parks at risk. It's time to give the market a chance to save them.

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Acknowledgement

This article is based on articles written by Sylvia LeRoy (2004), "Can the Market Save Our Parks?" *Fraser Forum* (April); and Kenneth Green and Sylvia LeRoy (2005), "Let the Free Market Save Canada's Parks," *National Post* (May 12).

For an in-depth report, please refer to The Fraser Institute's April 2005 digital publication by Sylvia LeRoy with Kenneth Green, *Can Markets Save Canada's National Parks?* found at <http://www.fraserinstitute.ca/admin/books/files/CanMarketsSaveParks.pdf>.

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