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THE Quarterly

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INSIDE**

Ontario Indebtedness
Worse Than California

Smaller Government
Spurs Economic Growth

Canada's Lengthy Health Care
Wait Times Come With a Cost



Niels Veldhuis
President, Fraser Institute

Dear Fraser Institute Friends and Supporters,

On behalf of all of our staff, I would like to personally thank you for your support of the Institute. 2014 marks the Fraser Institute's 40th anniversary—a milestone that we plan to celebrate throughout the year with special anniversary events and initiatives.

Fitting with the celebration of forty years of influential ideas, the impact of the Institute's work has once again been recognized in the most recent edition of the University of Pennsylvania's *Global Go-To Think Tank Report*. The Institute was ranked as the best organization of its kind in Canada. Overall, the Institute's international ranking improved to 22nd among 6,826 similar organizations in the world—and those ranked above us average some six times the Institute's annual revenues. We also ranked as 5th in the world for health policy, and 8th for best new ideas.

This simply would not be possible without devoted friends and supporters like you.

For forty years the Institute has understood that no matter how good the research may be, it is highly unlikely to have any public impact unless the general public knows about it. Over the past several months, Institute staff have put considerable time into the development of a completely new website. I think you will all be proud when the new site is launched later this year.

As part of the overhaul of our website, we will be launching a Fraser Institute blog, which we're calling *Fraser Forum*. The blog will replace the Institute's *Fraser Forum* magazine that you have been receiving and will be a great place for Institute supporters, friends, interested Canadians, and the media to immediately receive the opinions of Institute analysts on the most pressing policy issues of the day.

While we will no longer be publishing our magazine *Fraser Forum*, our new publication *The Quarterly* will keep you up to date on the Institute's most important research, newspaper columns, and education programs. Each issue will also feature one of our dedicated staff members so you can learn a little more about our truly passionate team.

We hope you enjoy this inaugural issue of *The Quarterly*. As always, if you have any feedback please don't hesitate to call or email.

Best,

A handwritten signature in blue ink that reads "Niels Veldhuis". The signature is written in a cursive, flowing style.

Niels Veldhuis

New Research



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Government Stimulus Fuels Deficits and Debt

Sean Speer and Joel Emes

Canadian governments enacted fiscal stimulus plans in 2009 as a temporary response to the global economic recession. For instance, the federal government's two-year stimulus package was \$45.4 billion and was composed of a mixture of tax relief, expanded benefits and training for unemployed workers, and infrastructure. The provinces followed suit with matching funds for capital projects and temporary spending in their own priority areas (e.g., Ontario spent on forestry and autos, and Alberta spent on carbon capture and storage). This surge in program spending (as much as a 17 percent increase for the federal government) was to be in effect for two to three years—and then governments were to return to pre-recessionary spending trends.

This type of short-term stimulus spending is inspired by the theory of twentieth century British economist John Maynard Keynes. Writing in the 1930s in the

middle of the Great Depression, Keynes postulated that during a downturn governments should not try to balance their budgets in the face of falling revenues and should borrow to fund temporary tax cuts or increases in government spending in order to boost economic activity. But he also believed that stimulus must be temporary and governments should retrench once the recession is over in

order pay down debt accumulated due to lower revenues and higher spending.

A new Fraser Institute Research Bulletin entitled *Post-Recession Spending Trends in Canada* seeks to measure the extent to which Canadian governments followed the Keynesian model and withdrew temporary stimulus spending as promised and brought spending patterns back under control.

Previous research published by the Fraser Institute has estimated that the federal government's stimulus spending had a negligible effect on the Canadian economic





recovery. Yet even if one relied on the Keynesian framework for fiscal policy we would have seen large reductions in spending in order bring it back in line with pre-recessionary trends once the economy emerged from recession.

Many of these governments have attributed their ongoing deficit spending to revenue shortfalls. But the real cause of their current deficits and debt accumulation is high spending.

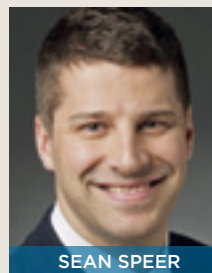
We studied four Canadian governments—the federal government, and those of Alberta, British Columbia, and Ontario—and found that they have delayed withdrawing stimulus spending. As a result, all of them have run larger and longer budgetary deficits and accumulated more public debt than they otherwise would have.

Failing to withdraw fiscal stimulus and returning program spending to pre-recession trends has had significant consequences. We estimate that the result is \$63.5 billion in higher cumulative deficits and \$2.9 billion in additional annual debt service costs.

All four governments have pushed back their initial projections for eliminating their “temporary” budget deficits by at least two years and in some cases—particularly Ontario—even the delayed timeline to a balanced budget remains precarious.

Failing to withdraw fiscal stimulus and returning program spending to pre-recession trends has had significant consequences. We estimate that the result is \$63.5 billion in higher cumulative deficits and \$2.9 billion in additional annual debt service costs that could have been avoided.

The key finding of our study, then, is that government spending levels have remained elevated and a portion of the stimulus has become part of the base from which future spending grows. The result is higher deficits and debt. [FI](#)



SEAN SPEER



JOEL EMES

Sean Speer is the associate director for the Centre for Fiscal Studies at the Fraser Institute. Joel Emes is a senior fellow at the Fraser Institute

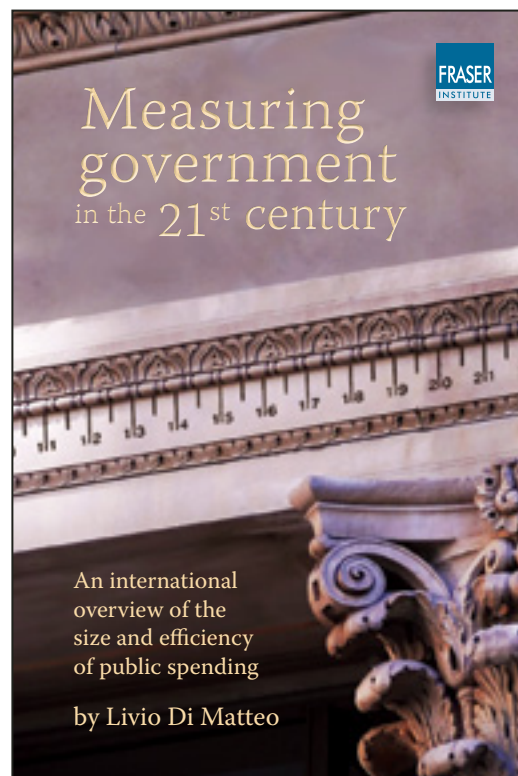
Smaller Government Spurs Economic Growth

Livio Di Matteo

Government is one of the single most pervasive institutions of modern life and its programs are important to our quality of life. While government spending around the world has grown, more and larger government is not always associated with better outcomes.

New evidence to this effect is contained in Professor Livio Di Matteo's new book *Measuring the Size of Government in the 21st Century*, which was recently released by the Fraser Institute. It finds that increases in government can hurt economic growth and don't necessarily lead to better social outcomes. The key, as described by Di Matteo, is to achieve the sweet spot where governments do what we need them to do while not impeding economic growth.

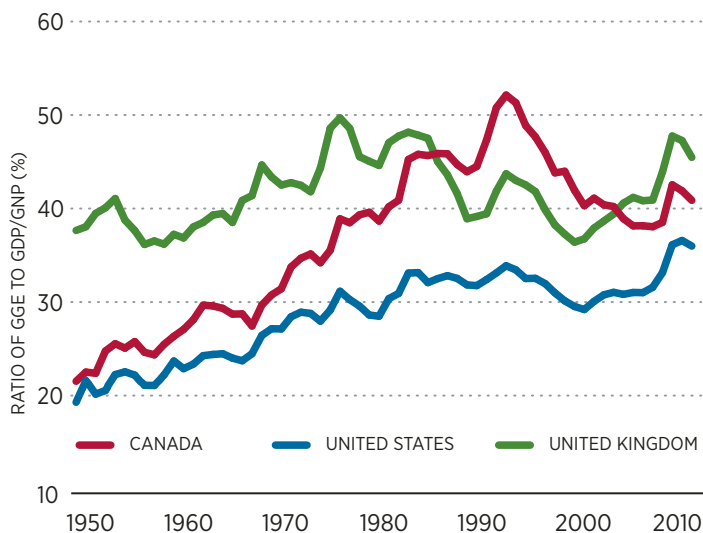
Public sectors were small during the 19th century, but they expanded dramatically in most developed and industrial-



ized countries after World War II. From 1980 to the late 1990s the size of governments first shrank and then leveled off, but then continued their upward climb. In 1980, the average size of government around the world measured as a share of the economy (GDP), was 36 percent. By 1999 it had declined to 31 percent. However, in the first decade of the 21st century, government sectors began to grow once again. By 2011, the average government expenditure-to-GDP ratio for the world had climbed back to 33 percent.

Why does this matter? There is considerable empirical and theoretical research on the size of government and its relationship with public sector performance and economic outcomes. Studies have shown that as government grows beyond a certain size, it can actually begin to slow economic growth, thereby lowering living standards for citizens.

RATIO OF GENERAL GOVERNMENT EXPENDITURE (GGE) TO NATIONAL OUTPUT (GDP/GNP) FOR CANADA, THE UNITED STATES, AND THE UNITED KINGDOM, 1948-2011



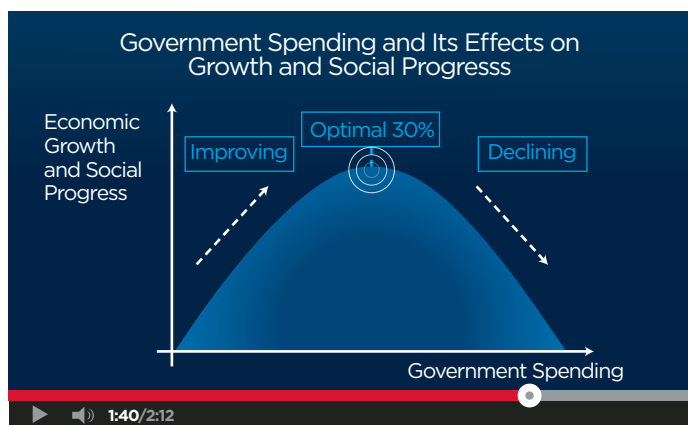
As well, there seems to be an association between smaller governments and greater efficiency in public service provision—and often better performance outcomes. A comparison of public sector size with such indicators as economic growth, life expectancy, infant mortality, crime rates, and educational attainment finds the relationships are complex. While there is a positive association between government spending and favourable social outcomes, much of the relationship is for lower amounts of spending with a leveling off of improvements as spending rises above a certain threshold; a larger public sector is not necessarily always associated with more positive health, social, and education outcomes.

Studies have shown that as government grows beyond a certain size, it can actually begin to slow economic growth, thereby lowering living standards for citizens.

Taken together, the evidence suggests there are important implications for economic growth and social out-

comes associated with the size of government. There is an optimal size for the government sector when it comes to the effect on economic growth. But even when you expand the considerations to account for social outcomes and government sector performance, the evidence suggests relatively smaller benefits once government spending grows beyond roughly 30 percent of GDP.

**WATCH THE VIDEO AT
WWW.YOUTUBE.COM/USER/FRASERINSTITUTE**



Government is important and some of its programs are vital to our quality of life. At the same time, these results demonstrate that more and larger government is not always associated with better outcomes. Moreover, some government sectors in some countries are more efficient in achieving a given outcome than others.

The vast array of international evidence offers many lessons about providing efficient government services. Governments would do well to seek out examples of jurisdictions that have discovered how to provide more and better services while reducing the cost to the tax-paying public. **FI**



LIVIO DI MATTEO

Livio Di Matteo is a professor of economics at Lakehead University and a senior fellow of the Fraser Institute.

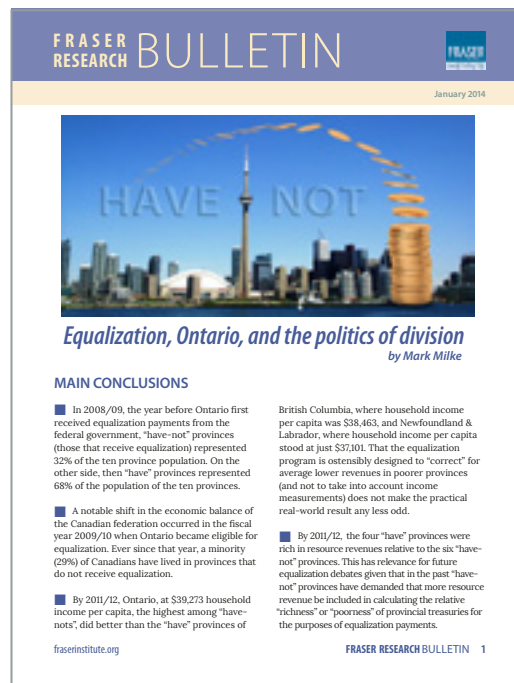
'Have Not' Ontario Transforms Equalization

Mark Milke

Equalization is a federal government program designed to help provinces provide roughly equal government services with comparable tax burdens. In 2012/13, the federal government transferred \$15.4 billion in equalization payments to six provinces, known as “have-nots.”

2009/10 was a watershed year for equalization because this is when Ontario, the country's most populous province and a major contributor to the national economy became a “have-not” province, eligible for equalization payments. The transition of Ontario from “have” province has laid bare some fundamental problems with equalization.

In 2008/09, the year before Ontario first received equalization, 32 percent of Canada's population—about 10.8 million people—lived in “have-not” provinces. This meant that a minority of Canadians lived in a province that received equalization program payments (see accompanying figure).



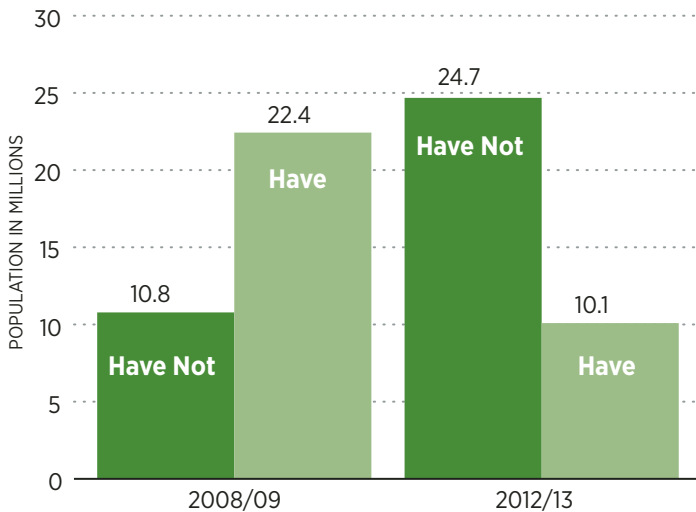
Ontario's change from “have” to “have-not” has flipped the population balance on its head. Now, 24.7 million Canadians, or 71 percent of the population, live in a province that receives equalization from the federal government (Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba, and Ontario).

This is a serious problem. Equalization has long been defended by some as akin to a

federal government “Robin Hood” scheme to help out “poor” provinces. But any redistribution scheme that counts six of 10 provinces with 71 percent of the population as relatively “poor” is an arrangement that should provoke a re-think.

Another aspect of equalization that has been markedly altered by Ontario's entrance to the “have-not” group of provinces is the balance of income in each province. Traditionally recipient provinces of equalization have had lower levels of per capita income compared to the contributing provinces. This no longer holds with On-

**"HAVE" AND "HAVE-NOT" PROVINCES:
POPULATION COMPARISONS,
2008/09 AND 2012/13**



tario being a recipient. Ontario's household income per capita is \$39,273. This is slightly higher than British Columbia's household income per capita of \$38,463. Put differently, this means that British Columbians, with a lower per capita income, are contributing to a program in which one of the recipient provinces (Ontario) enjoys a slightly higher level of income. This disparity alone illustrates why equalization as currently designed needs a thorough re-think.

24.7 million Canadians, or 71 percent of the population, live in a province that receives equalization from the federal government.

The flip in Ontario's equalization status also matters with respect to the balance of resource-focused economies versus non-resource focused economies. Currently, all four of the 'have' provinces—British Columbia, Alberta, Saskatchewan, and Newfoundland and Labrador—have developed their resources sectors and therefore enjoy

large resource revenues. On the other side of the equalization divide, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba, receive little in the way of meaningful revenues from the resource sector. This is due to both a lack of resources in some cases (e.g. PEI) and a failure to harness the potential of the resource sector in others. This raises the possibility of serious divisions within Canada based on resource development. Resource-rich provinces should worry about potential attempts made by the equalization-receiving provinces to get at their resource revenues via the federal government, either through dramatically higher equalization payouts, or through some other federal program. It has happened before.

That possibility, along with the change in Ontario's equalization status should motivate a serious re-thinking of the program. [FI](#)



MARK MILKE

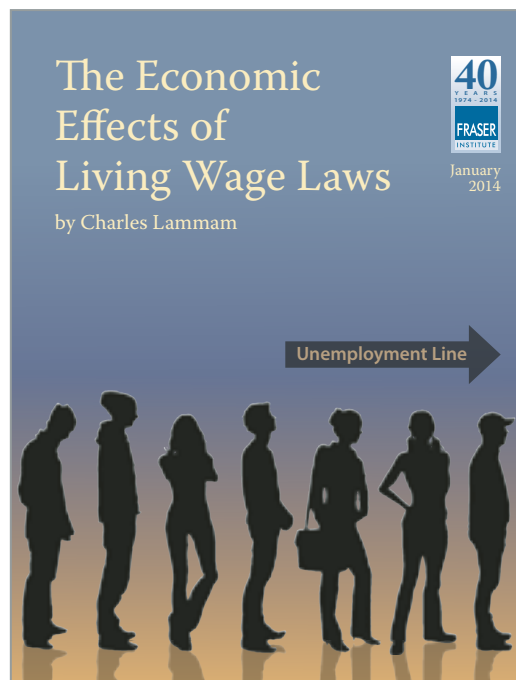
Mark Milke is a Senior Fellow at the Fraser Institute.

Living Wage Laws Hurt the Most Vulnerable

Charles Lamnam

Living wage laws are a relatively new policy that gained prominence in American cities starting in the mid-1990s. Currently more than 140 American municipalities have a living wage law. In 2011, the City of New Westminster, British Columbia became the first and only Canadian city to adopt a living wage ordinance.

Living wage laws are similar to minimum wage legislation. Both legally mandate that workers be paid a certain wage. However, living wage laws differ from minimum wages by their coverage (covering a much smaller group of workers) and by their amount (requiring a much higher wage). At \$19.62 per hour, New Westminster's living wage is nearly double the provincial minimum wage of \$10.25 and much higher than the rate in American cities. The explicit principle underlying living wages is to ensure full-time workers and their families meet a predetermined living standard.



While the specific definition and coverage of living wage laws vary by US municipality, the ordinance is typically a minimum hourly wage that has to be paid to employees of private businesses that contract with the city. Some versions have broader coverage and also apply to employees of businesses that receive financial assistance (subsidies) from the city government.

Economic theory and evidence suggest that living wage ordinances, like minimum wage legislation, create distortions in the labour market that have a negative impact on employment.

Although activists claim living wage laws can increase wages with minimal costs, the reality is quite different. Both economic theory and evidence suggest that living wage ordinances, like minimum wage legislation, create distortions in the labour market that have a negative impact on employment. When governments mandate a wage above the prevailing market rate, a typical result is that fewer jobs and hours become available and it is usually the people who are less skilled who are most adversely affected. There is a trade-off between the workers who benefit from a higher wage and those who endure the costs due to fewer employment opportunities.

A 100% increase in the living wage (say going from a minimum wage of \$10 per hour to a living wage of \$20 per hour) reduces employment among low-wage workers by between 12 and 17 percent.

The conclusion from the best and most rigorously analyzed evidence is that living wage laws have similar unintended consequences as minimum wage laws, although the research is less developed. Specifically, evidence shows that employers respond to living wages by cutting back on jobs, hours, and on-the-job training. Those who advocate living wage laws tend to overlook these consequences and instead focus only on the benefits.

According to research by leading scholars, a 100% increase in the living wage (say going from a minimum wage of \$10 per hour to a living wage of \$20 per hour) reduces employment among low-wage workers by between 12 and 17 percent. Research also finds that employers respond to living wages by hiring more qualified workers at the expense of those with fewer skills to offset some of the higher wage costs. Living wages therefore reduce the opportunity for less-skilled workers to participate in the labour market.

This is disconcerting since less-skilled workers are presumably among the very people the policy is intended to help. And, if employers end up hiring more produc-

tive workers who would have been paid a higher wage anyways, it defeats the purpose of adopting living wage laws.

Importantly, there is a unique feature of living wage laws that mitigates their negative effects on employment. The government is typically a customer of affected firms and this allows employers more easily to pass on the higher labour costs from the policy (to taxpayers) rather than scale back on employment (jobs and hours) as they traditionally do in the face of increased minimum wages. Simply put, living wage laws have the potential to inflate city budgets through higher public service costs.

The available evidence also shows that living wage laws do not help the poorest families, in part because the overwhelming proportion of beneficiaries tend not to be poor. One study reviewed, for example, found that 72 percent of workers whose wage increased after a living wage law was implemented were not poor. Of the 28 percent who were considered poor, only one-third moved above the poverty line.

While research on living wages is still relatively new, the results to-date indicate similar negative effects, particularly on vulnerable workers as observed and documented in research on increases to minimum wages. [FI](#)



Charles Lammam is resident scholar in economic policy at the Fraser Institute.

School Report Cards for Alberta and Ontario Elementary Schools

Peter Cowley



www.compare-schoolrankings.org
Compare the academic performance of your child's school
To search for a school, select from the links below.

<i>Alberta</i>	<i>Elementary Schools</i>	<i>High Schools</i>
<i>British Columbia</i>	<i>Elementary Schools</i>	<i>High Schools</i>
<i>Ontario</i>	<i>Elementary Schools</i>	<i>High Schools</i>
<i>Québec</i>	<i>Écoles secondaires</i>	

The Fraser Institute's school report cards provide a variety of relevant, objective indicators of school performance. These indicators are used to calculate an annual overall rating for each school and they are ranked on the basis of this rating. The Report Card brings all of this information together in one easily understood report so that anyone can analyze and compare the performance of individual schools. By doing so, the Report Card assists parents when they choose a school for their children and encourages and assists all those seeking to improve their schools.

GRADING ALBERTA ELEMENTARY SCHOOLS

The Report Card on Alberta's Elementary Schools 2014 ranked 782 public, separate, private, and char-

ter schools based on nine academic indicators from results of the annual Provincial Achievement Tests (PATs) administered by Alberta Education.

The Report Card also includes information about each school's make-up including the

average parental income, the percentage of ESL students and the percentage of special needs students. These factors are often perceived as barriers to learning. Yet despite these perceived barriers, there are examples of great schools ensuring their students' success.

For example, at Meyokumin, a public school in Edmonton, student test scores are consistently high despite English being the second language for 77 per cent of students, one of the highest ESL percentages of all 782 ranked schools. The school posted an overall rating of 9.2 out of a possible 10.0 this year, placing Meyokumin in the top ten per cent of schools.

Another example is Raymond Elementary, a public school near Lethbridge with an average parental income of \$28,700 (third lowest income of all 782 schools), which posted an overall rating of 7.6, well above the average rating of 6.0. Moreover, 20.6 per cent of Raymond students are special needs.

To further examine these and other great examples, please visit the Fraser Institute's School Report Card website www.compareschoolrankings.org.

Visit the Fraser Institute's School Report Card website www.compareschoolrankings.org for complete results on elementary and secondary schools in Alberta, British Columbia, Ontario and Québec.

GRADING ONTARIO'S ELEMENTARY SCHOOLS

The Report Card on Ontario's Elementary Schools 2014 ranks 3,030 public and Catholic schools (and a small number of private schools) based on nine academic indicators from results of the annual province wide reading, writing and math tests managed by the province's Education Quality and Accountability Office (EQAO).


Like Alberta, the results from Ontario's Report Card show that despite similar student characteristics, some schools thrive while others struggle.

In Ontario, students with special needs account for more than 50 per cent of the school's Grade 6 enrollment at 70 of the 3,030 ranked schools. At Laggan Public School, for example, a K-6 school in Dalkeith, a rural community in eastern Ontario, 51.7 per cent of the Grade 6 students are special needs, yet despite this challenge, the school posted an overall rating of 8.2 out of 10.

Another great example is Randall Public School in Markham where English is the second language for 87.3 per cent of the Grade 6 students. Nevertheless, the school posted an overall rating of 8.7 this year and a

five-year average rating of 8.0, which puts Randall in the top seven per cent of schools overall.

The evidence from the Fraser Institute's Report Cards is clear. Whatever a school's student make-up, whether there are lots of ESL or special needs kids, or the students come from families of modest means, high performance and improvement are possible.

The evidence from the Fraser Institute's Report Cards is clear. Whatever a school's student make-up, whether there are lots of ESL or special needs kids, or the students come from families of modest means, high performance and improvement are possible. As with all things that matter, the first step is to measure how schools are actually performing. Doing so enables educators to find other schools that are consistently getting better results, even though these higher performing schools serve students facing challenges similar to those of their own. 



Peter Cowley is director of school performance studies at the Fraser Institute.



A student at the Calgary seminar asks a question of Laura Dawson, President of Dawson Strategic and former senior advisor on US-Canada economic affairs at the US Embassy in Ottawa, about her analysis of current trade negotiations and how new agreements might affect international trade.

In persuading the Institute's mission is to educate Canadians about the impact of private enterprise and government policy, perhaps the most important group we reach is young people. Because Canada's future depends on our young people, we recognize the importance of fostering their development.

Every year the Fraser Institute offers a variety of education programs including one-day seminars for junior high school, high school, and post-secondary students, and teaching workshops for high-school teachers. In 2013, we offered over 35 programs, reaching over 30,000 young Canadians.

We're pleased to report that 2014 has started with a bang as the expansion of our student seminar program continued with programs in Calgary, Vancouver, and



Our expanded travel bursary program allowed these 50 students from rural areas across BC to attend our Vancouver seminar.

Montreal that set a record for attendance with over 500 students participating. A recently added bursary program enabled students from as far away as Terrace and

What the Students Said

"I am incredibly fortunate to be able to attend this seminar in an age where everything is explained with blanket statements, enabling me to better think for myself and to dig deeper into public policy and not just take the media's view on things."

"It was really refreshing to be able to discuss these sorts of topics in an environment that was created to bring together 'young minds'."

"The Travel Bursary Program engages young people in such a way that they want to examine the policy for themselves, in order to draw their own conclusions."

Dawson Creek to participate in the Vancouver seminar. In addition, almost 40 students from Edmonton made the trek to Calgary for the seminar.



A tweet from a student at the Calgary seminar keeps the discussion going long after the day is over.

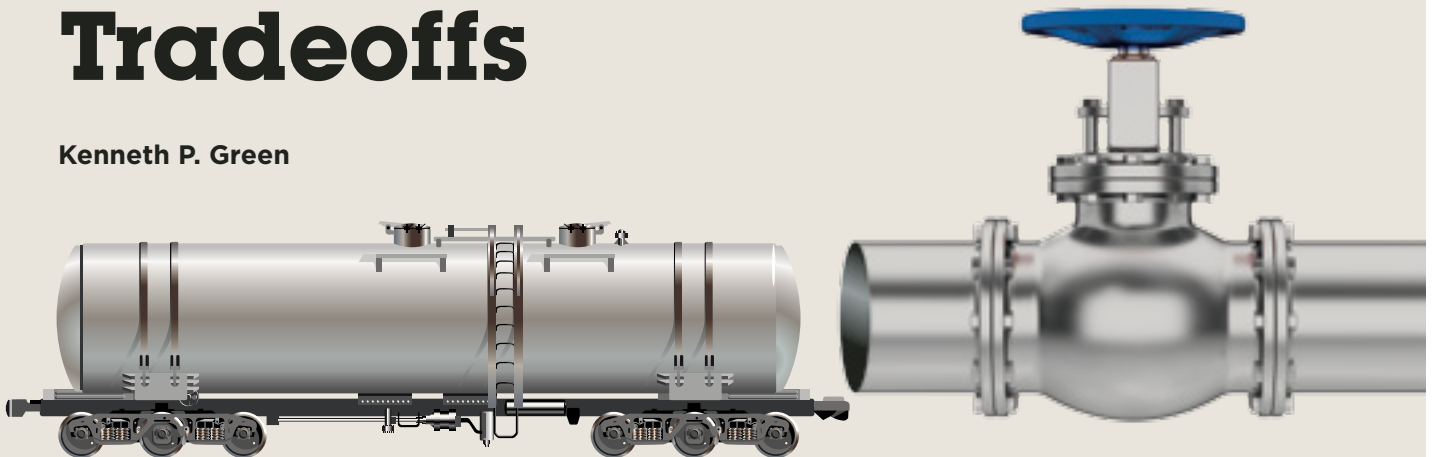
The student seminars offer participants a unique opportunity to hear from and interact with leading researchers on topics of the day as well as interacting with their peers. Students in Calgary, Vancouver, and Montreal were exposed to timely presentations including international solutions for Canada's health care crisis, Canada's underground world of human trafficking, fracking and

pipeline development in Canada, and key fiscal issues including the substantial increase in provincial and federal debt. In addition, we continue to attract an unparalleled roster of presenters, which included:

- Laura Dawson, former senior advisor on US-Canada economic affairs at the US Embassy in Ottawa
- Sean Speer, former director of policy for Finance Minister Jim Flaherty and now the Institute's associate director of fiscal policy
- Dr. Robert Ouellet, former President of the Canadian Medical Association
- Mario Dumont, currently a television personality in Quebec and former Opposition Leader in the Quebec Assembly
- Benjamin Perrin, University of British Columbia law professor
- David Henderson, Economics Professor at the Post-Graduate Naval Academy in Monterey, CA
- Nicholas Eberstadt of the Washington, DC-based American Enterprise Institute [FI](#)

New Brunswick Derailment Highlights Rail vs Pipeline Tradeoffs

Kenneth P. Green

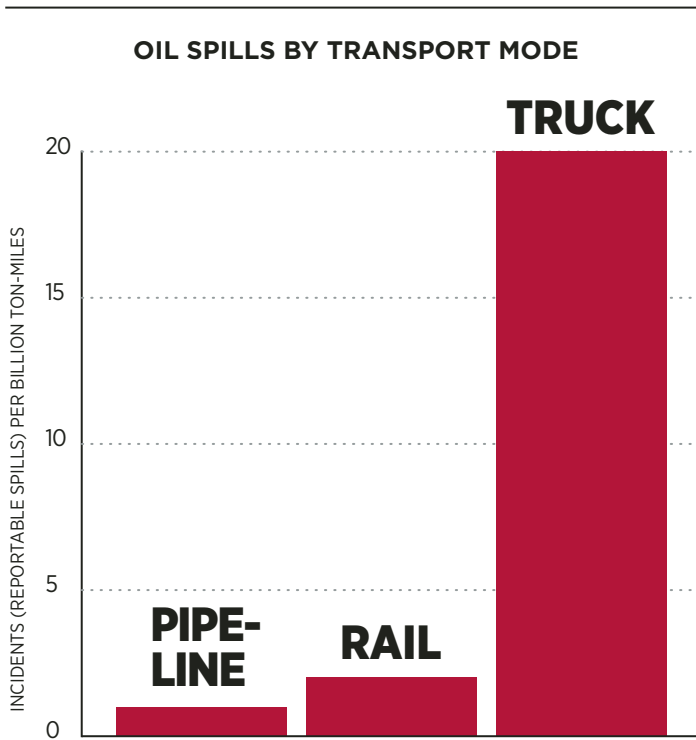


Yet another train derailment involving petroleum products has re-invigorated the debate over how we transport oil in Canada. In this case, 17 cars on a train near Plaster Rock, New Brunswick, derailed; nine of which carried dangerous goods including crude oil and liquefied petroleum gas. According to recent reports, the cause of the derailment seems to involve a brake failure of some kind. As we have seen in other derailments, the derailed cars erupted in flames, causing, in this case, the evacuation of 150 people from nearby houses. Fortunately, no one seems to have been injured or killed in this latest incident, and environmental damage—while there certainly will be some—is expected to be limited and manageable.

The derailment in New Brunswick—the third in recent weeks—reveals the unintended consequences of public policy decisions regarding the ap-

proval of pipelines. Because of a shortage of pipeline capacity, largely a result of regulatory delays in the U.S. and Canada, more and more petroleum products are hitting the rails. We recently examined the issue in a study for the Fraser Institute on *Intermodal Safety in the Transport of Oil*. We examined data pertaining to the safety of three modes of oil transport using publically available data in North America and concluded that pipeline transport is considerably safer than rail; and rail is considerably safer than road transport.

Specifically, we found that on an apples-to-apples basis, transporting a billion tons of oil over a mile of distance by pipeline has a very low likelihood of leakage—less than one incident per billion-ton-miles. The risk of a leak by rail is twice as high, at two likely incidents per billion-ton-mile. And trucks are 10 times higher still, with 20 incidents likely in moving a billion tons of oil over a mile.



In terms of volume spilled, it is true that pipeline ruptures release larger quantities of oil than individual truck or train spills, but again, when compared on an aggregate basis in terms of ton miles, pipelines are about equal to trucks, but worse than trains. The average releases for 2005-2009 were 11,286 gallons per billion-ton-miles by pipeline, 13,707 gallons per billion-ton-miles by roadway, but only 3,504 gallons per billion-ton-miles shipped by rail.

When it comes to worker safety, pipelines also look safer. Safety data from the U.S. suggests that one would have only 0.007 injuries per billion-ton-miles, while rail injury rates are 30 times as high. Road is still worse, with an injury rate 37 times that of the oil pipeline.

That pipelines are safer than trucks or trains should come as no surprise. A pipeline is fixed infrastructure with little exposure to the elements, fewer opportunities for operator or mechanical failure, and with greater capacity for real-time monitoring and pre-planning for remediation based on the specific and well-understood characteristics of the pipeline route. Pipeline routes also tend to avoid densely populated areas. Trains and trucks, running above ground, on

fluid routes subject to constant change offer far more opportunities for breakdown, operator error, and injuries to workers as well as the general public. And, rail and roadways, by intent, pass through major population centers putting more people at risk when an accident happens.

The public discourse over pipelines has been distorted by environmental groups that have exaggerated their dangers in order to persuade people to oppose their development. But as pipeline projects face increasing scrutiny, regulatory and social barriers, markets are responding in predictable ways, finding other ways to transport oil from where it is produced to where it will be consumed. Those changes, as we're seeing played out in the daily news, have consequences not only for the petroleum industry, but for the environment, for worker safety, and for the safety of those who live along transport routes, whether pipeline, railroad track, or highway.

Pipeline transport is considerably safer than rail; and rail is considerably safer than road transport.

Reflexive opposition to pipelines flies in the face of the data, which shows that pipelines are safer modes of transport than railways or roadways. Environmentalists engaging in anti-pipeline crusades risk causing more harm than good as their pipeline-stalling actions divert oil transport to rail and road that would otherwise be transported more safely by pipeline. **FI**



Kenneth P. Green is Senior Director, Natural Resource Studies at the Fraser Institute and co-author of *Intermodal Safety in the Transport of Oil*.

Ontario Indebtedness Worse Than California

Sean Speer and Charles Lammam



Another year has come and gone and Ontario's weak public finances remain largely unchanged. The provincial government did little to improve its fiscal position in 2013 and recently signalled it intends to continue with debt-financed spending into the New Year. But the status quo isn't serving Ontarians well. For 2014, the government should chart a new course that places provincial finances on a more sound footing. That would be a much-needed New Year's resolution for Canada's largest province.

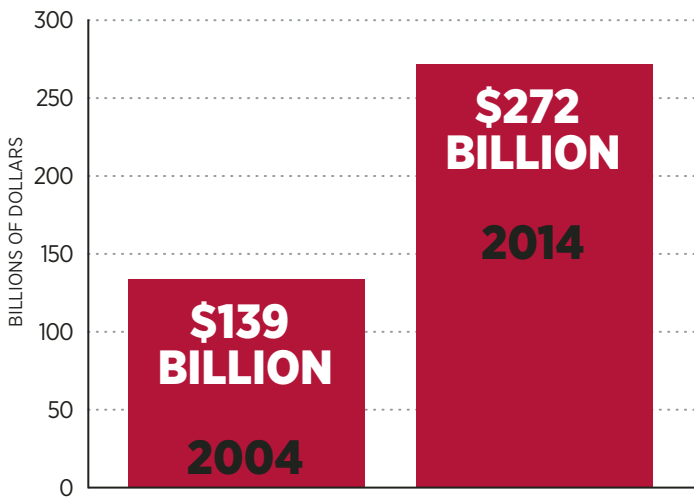
After many years of increasing spending beyond reasonable benchmarks, the Ontario government started to run budgetary deficits in 2008-09. Since then it has borrowed nearly \$74 billion to finance its expenditures. And there's plenty more to come with the target year for deficit elimination being 2017-18 (although the current government seems poised to push this timeline even further into the future).

Persistent deficits have nearly doubled the provincial government's debt over the past decade to \$272 billion. The debt now consumes 39.3 per cent of the provincial economy, up from 27.5 per cent 10 years ago. Ontario's level of indebtedness currently exceeds California's, whose own fiscal woes earned it a reputation as the poster child of bankrupt states. Without any change in sight, Ontarians will see public debt expand as the government continues to accumulate deficits.

This expansion of public debt has an immediate and tangible impact on the resources available for important programs that Ontarians care about. Interest payments on the provincial debt will total \$10.6 billion this year or 9.1 per cent of government revenues. That means over nine cents of every dollar in revenue the government collects goes to pay interest on the provincial debt—not on important programs like health care, education, and social services.

Last year's provincial budget anticipated interest payments growing, on average, by 5.5 per cent per year between 2012-13 and 2015-16, making them the government's fastest-growing expenditure (health care and education will grow annually by 2.2 and 3.4 per cent over the same period, respectively).

**PERSISTENT DEFICITS OVER THE LAST DECADE
HAVE INCREASED THE PROVINCE'S DEBT
SUBSTANTIALLY**



Like other governments, Ontario is borrowing at historically low interest rates. However, if rates were to rise above the government's projections, interest payments would grow even faster and further displace other types of spending while limiting the room to reduce the tax burden on Ontario families and businesses.

2013 was a lost year in terms of improving Ontario's fiscal policy and putting its public finances on a stronger footing.

Interest rates could rise for reasons outside the provincial government's control but they also could increase because of the government's weakening finances. Multiple rating agencies have already warned about or downgraded Ontario's credit worthiness. Future down-

grades could increase provincial borrowing costs and drive up annual interest payments.

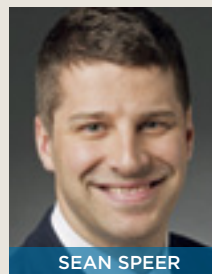
It is fair to say that 2013 was a lost year in terms of improving Ontario's fiscal policy and putting its public finances on a stronger footing. What can Ontarians expect for 2014? Unfortunately, if we go by the government's recent rhetoric, much of the same.

The government's November financial update did little to rein in growing public debt and rising interest payments. In fact, the update signalled new spending increases and potentially a delay in eliminating the deficit.

Rather than tackle the root cause of Ontario's fiscal problems—excessive government spending—the government is instead talking about further tax increases to pay for more transit spending and a “made-in-Ontario” public pension plan; this in addition to increases in personal and corporate income taxes.

Tax hikes and new spending programs are not the way to restore the health of public finances. Ontario is overdue for a bold plan that aggressively restrains the growth in government spending. In the absence of swift and decisive action, the province risks piling on more debt and kicking the problem into the future, leaving the next generation of Ontario families to deal with the debt. The longer the province delays tough choices, the more painful the reforms will ultimately be.

Last year was a missed opportunity for the Ontario government to address core fiscal problems. The province requires bold and swift action that restrains government spending. Fortunately, 2014 is a new year and a chance to pursue a fresh course. That's a worthwhile New Year's resolution that we hope Ontario adopts. [FI](#)



SEAN SPEER



CHARLES LAMMAM

Sean Speer is the associate director of fiscal studies and Charles Lammam is resident scholar in economic policy at the Fraser Institute.

Energy Projects Offer First Nations Road Out of Poverty

Ravina Bains



The November 2013 protests in New Brunswick against proposed hydraulic fracturing (fracking) has put a spotlight on the Elsipogtog (Elsi-booktook) First Nation, which has been extremely vocal in its opposition to proposed shale gas exploration. But however sincere these protests, they are ultimately misguided.

The protesters fail to recognize the opportunities that could be available to the Elsipogtog First Nation from shale gas exploration and extraction. The unemployment rate among the Elsipogtog First Nation is 32 per cent, that in a community of approximately 1,900 members with a median age of 25. With an unemployment rate comparable to countries such

as Afghanistan and Mali, there is clearly an opportunity to bring prosperity to this young, growing and unemployed community through positive partnerships with resource development.

Yet the statistics of Elsipogtog First Nation are not unique. In fact, the data paints a similar picture for Aboriginal communities across the country located near proposed oil and gas projects. In British Columbia, for example, 28 per cent of B.C.'s First Nations communities stand to benefit from the seven major oil and gas projects currently proposed and the average unemployment rate for these communities is a staggering 33 per cent. In Alberta, where 44 per cent of First Nations can benefit from the five proposed oil and gas projects, the

average unemployment rate for these communities is 27 per cent. While these First Nations represent a highly unemployed population, they also represent one of the youngest demographics in the country. The median age for First Nations communities is 26 years of age compared to 41 for non-aboriginal Canadians.

28 per cent of B.C.'s First Nations communities stand to benefit from seven major oil and gas projects currently proposed. The average unemployment rate for these communities is a staggering 33 per cent.

Two points are clear from these statistics; first, every proposed oil and gas project in Canada affects at least one First Nation's community and secondly, these young and highly unemployed communities are sorely in need of jobs. Oil and gas development can provide those jobs and a way out of poverty and into prosperity.

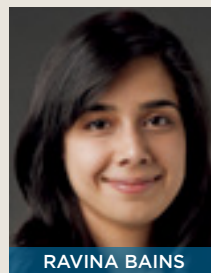
While there are obstacles to overcome, such as education levels and specialized skills training for community members, solutions can be derived from successful partnerships between oil and gas developers and First Nations. The partnership between Haisla Nation and Chevron Apache is supporting a liquefied natural gas project in British Columbia. It's estimated that project will provide more than 5,000 construction and 450 operational jobs once completed.

For many remote and rural First Nations communities, oil and gas projects may be the only proposed economic development opportunity in their area and can be a lifeline out of dependency and into prosperity. And for communities such as Elsipogtog First Nation, who have a young and highly unemployed population, partnering with resource development can be a way to lower their unemployment rate to a level which is comparable to the rest of Canada. Oil and gas development provides an opportunity for remote and impoverished First Na-

The partnership between Haisla Nation and Chevron Apache is supporting a liquefied natural gas project in British Columbia. It's estimated that project will provide more than 5,000 construction and 450 operational jobs once completed.

tions community members to obtain jobs and prosperity, and these remote, unemployed communities provide oil and gas developers with an untapped labour force with boundless potential—these are unique opportunities that cannot be overlooked.

It is a given that First Nations communities revere, and demand protection of their environment, and do not want to see their landscapes ravaged or their ecosystems degraded. But it's also a given that First Nations communities want to see gainful employment for their young people, and prosperity for themselves, their families, and their friends. Partnering with resource developers, not protesting against them, is the way to achieve these ends. **FI**



Ravina Bains is the associate director for the Centre for Aboriginal Policy Studies at the Fraser Institute and author of *Opportunities for First Nation Prosperity Through Oil and Gas Development*.



Canada's Environmental Record Defies Critics

Kenneth P. Green

Back in April of 2013, NDP leader Thomas Mulcair went down to Washington to rubbish Canada's environmental reputation before its greatest trading partner. Now, the stomp-Canada shoe is on a different wearer: Marc Jaccard, a professor at Simon Fraser University, has gone down to the States to sing Canada's, well, evils.

"On climate, Canada is a rogue state," Jaccard said. "It's accelerating the global tragedy... The U.S. government should reject Keystone XL and explain to the Canadian government that it hopes to join with Canada (on a global climate plan)."

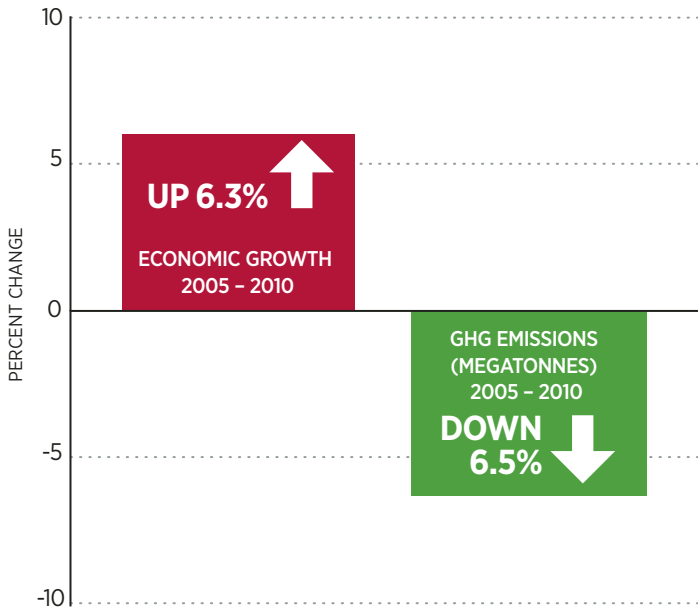
So what has this "rogue state" actually done, with regard to climate change? As Environment Canada observes, Canada's greenhouse gas levels peaked in 2007,

and have been flat or declining since then on a total-mass basis, on a per-capita basis, and on the basis of emissions per unit of economic productivity:

Canada's GHG emissions are increasingly becoming decoupled from economic growth. Even though the economy grew by 6.3 per cent between 2005 and 2010, GHG emissions decreased by 48 megatonnes (Mt) or 6.5 per cent. Between 2005 and 2010, Canada's GHG emissions for each billion dollars of gross domestic product (GDP) that Canada produced declined by about 12 per cent and GHG emissions per person have declined by about 11 per cent. These per-capita emissions are at a historic low of 20.3 tonnes (t) of carbon dioxide equivalent per person. This is the lowest level

recorded since tracking began in 1990. In 2010, per capita emissions of CO² were 2.6 t lower than in 2005.

CANADA'S GHG EMISSIONS ARE INCREASINGLY BECOMING DECOUPLED FROM ECONOMIC GROWTH



But what about the oil sands? In November of 2013, Faith Birol, chief economist for the International Energy Agency, observed that the key factors in the climate change predicted by the IEA will not be the oil sands—rather, it will be the consumption of coal and oil as Asia continued its economic development:

“The oil sands definitely makes a contribution to the increase in CO² emissions,” he said. “But the difference in getting oil from oil sands when compared to conventional oil, it is such a small contribution that it will be definitely wrong to highlight this as a major source of carbon dioxide emissions worldwide.”

Dr. Jaccard, in vilifying Canada for hewing to a “made in Canada” approach to greenhouse gas control rather than signing on with some kind of global accord, is doing his country a disservice. Canada, as the United States, Russia, and Japan have done, has decided to find its own pathway on climate policy rather than blindly follow the repeatedly failed Kyoto framework that has

become a farcical (and cynical) exercise in which developing countries try to extort wealth from developed countries in the name of climate change. Emission trajectories in both Canada and the U.S. are declining, particularly in the U.S., which never went the Kyoto way.

While Jaccard’s call to prevent development of the oil sands would not lead to meaningful climate benefits, it would certainly lead to meaningful economic losses.

According to the Canadian Association of Petroleum Producers, production of oil from Alberta’s oil sands is expected to more than double by 2030, rising from the 2012 level of 3.2 million barrels of oil per day to 6.7 million barrels per day.

In 2011, the Canadian Energy Research Institute projects that investments and revenues from new oil sands projects would be approximately \$2-trillion over the period from 2010 to 2035, with a total GDP impact of \$2.1-trillion in Canada. Employment, both direct and indirect, stemming from new oil sands investments is projected to grow to over 900,000 jobs by 2035 from 75,000 jobs in 2010. And CERI’s estimate is somewhat more conservative than CAPP’s, estimating oil production at only 5.4 million barrels per day by 2035.

And it’s not only Alberta that stands to profit. The Conference Board of Canada estimates that 25 per cent of the spending on the oil sands supply chain will happen in other Canadian provinces: about 15 per cent in Ontario, seven per cent in BC, four per cent in Quebec and the prairies, and about one per cent in Atlantic Canada.

Like Mr. Mulcair, Dr. Jaccard has gone down to Washington to try to shame Canada into walking away from a prospective source of prosperity and employment for the people of Canada. He does his country no service tossing around overheated rhetoric which only arms Canada’s competitors and critics against her best interests. **FI**



Kenneth P. Green is Senior Director, Natural Resource Studies at the Fraser Institute.



and Economic Growth

Jason Clemens, Niels Veldhuis, and Milagros Palacios

On Wednesday, the day after delivering the 2014 federal budget, Finance Minister Jim Flaherty set off a firestorm by offering his view on income-splitting, a platform commitment the Conservatives made for when the government returns to a balanced budget (likely next year). “I’m not sure that, overall, it [income-splitting] benefits our society,” Minister Flaherty stated, preferring instead to, “reduce taxes more.”

While readers of this page will know we haven’t always agreed with Minister Flaherty over the years, he is right on the money with respect to income-splitting.

Indeed, contrary to the opinion of some, Minister Flaherty should be congratulated for both recognizing the weakness of the current proposal for income splitting and the need for a much deeper and involved discussion about how best to improve our tax system.

There is general agreement that a distortion exists in Canada’s tax system between households. That is, households with similar incomes can face very different income tax bills depending on who earns the income. If a Canadian household has two earners with similar incomes they would ultimately pay lower income taxes than a one-earner household with the same amount of income.

A central tenet of tax policy is that households with similar incomes should face similar tax burdens. The distor-

tion between dual-income households and those where most of the income is earned by one of the spouses is due to Canada’s progressive personal income tax system—tax rates increase significantly as income increases (see table for federal income tax rates). Since the income tax rates apply to individual earnings, rather than family income, single earner families are taxed at higher rates than dual-income families with the same family income.

FEDERAL PERSONAL INCOME TAX RATES

15% on first \$43,953 of taxable income
22% on income between \$43,954 and \$87,907
26% on income between \$87,908 and \$136,270
29% on income over \$136,270

The idea of income splitting is one method by which to fix this largely agreed upon problem. It basically allows households to combine and then split their income for tax purposes, thus moving some income from higher rates when it is earned by one spouse to the other spouse who faces lower tax rates because of their lower earnings.

Critically, and what one hopes motivated the Minister of Finance to raise concerns about income splitting is that it does almost nothing to improve economic incentives or Canada’s competitiveness. A robust discussion about tax policy would ask whether there are other policies and reforms available that could allow us to both fix this distortion between single-earner and dual-income

households while at the same time improving the incentives for work effort, savings, investment, and entrepreneurship, and improving our competitiveness.

A recent study published by the Fraser Institute evaluated the existing research on marginal tax rates and confirmed that the weight of the available evidence indicates that high and increasing marginal personal income taxes discourage productive behaviour like investment and entrepreneurship, which form the basis for a thriving economy.

In addition, and central to the emerging debate, is that the study found that Canada's personal income tax rates were generally high and effective at comparably low levels of income relative to our main trading partners, particularly when compared with the U.S.

The destructive impact of Canada's personal income tax rates has been identified by consecutive federal governments, both Liberal and Conservative. In 2005, then-prime minister Paul Martin's economic plan, *A Plan for Growth and Prosperity*, stated that: "Lower personal taxes would... provide greater rewards and incentives for middle-and high-income Canadians to work, save and invest."

Similarly, Prime Minister Stephen Harper's original economic plan, *Advantage Canada*, stressed that "Canada needs lower personal income tax rates to encourage more Canadians to realize their full potential." Indeed, the need to reduce personal income tax rates was highlighted years before the Conservatives mentioned income-splitting.

Given the economic research and Canada's relatively high personal income tax rates, any proposed tax reduction should focus on tax competitiveness and economic incentives. As such, we suggest eliminating the two middle-income tax brackets leaving one tax bracket (15%) for the majority of Canadians and a single high-income bracket, which would only affect 2 percent of taxpayers. In other words, the overwhelming majority of Canadians would face a single federal tax rate of 15%.

This would eliminate the distortion causing the need for income splitting for almost all households. Recall that the reason for the distortion between the different households was based on different marginal tax rates, which would be eliminated for most households under this proposal.

Our estimate is that such a change, fully implemented, would cost \$20.6 billion. Thankfully, it could be implemented incrementally so as to manage the costs. For in-

stance, we estimate the cost of a one-percentage point cut in the two middle-income tax brackets at \$2.6 billion.

The current budget plan provides an estimated surplus of \$6.4 billion in 2015-16 and \$8.1 billion in each of the next two years. These expected surpluses would finance part of the proposal to eliminate the two middle-income tax brackets but not all of it.

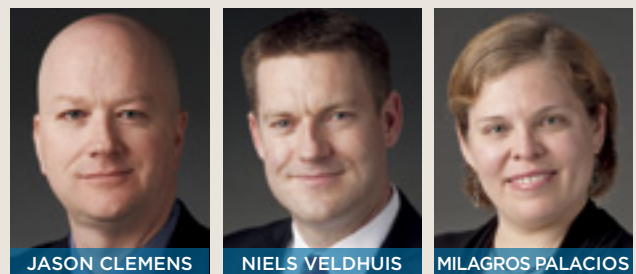
The remainder would have to be financed through the elimination or reduction of many of the special privileges imbedded in the tax code, which are known as tax expenditures.

We shouldn't ignore the enormous benefits available from simplifying the tax code. Professor Francois Vaillancourt recently estimated that Canadians spent up to \$24.8 billion simply complying with the tax code and another \$6.6 billion was spent by governments administering the tax system. Simplifying the tax code would reduce these costs.

Consider that the totality of resources consumed by tax expenditures is actually quite large. For example, in 2012, the most recent year for which data is available for tax expenditures, the federal government spent \$167.9 billion on personal income tax expenditures while collecting \$125.7 billion in personal income taxes. Yes, the federal government spent more money providing carve-outs and special treatment than it collected in personal income taxes.

The \$167.9 billion incurred in personal income tax expenditures is in addition to the \$28.6 billion spent on corporate tax expenditures. Surely the remaining costs of the tax reform outlined above can be found within these tax expenditure amounts that total almost \$197 billion.

Our proposal would provide broader-based tax relief and an enormous improvement in our tax competitiveness while strengthening the incentives for work effort, savings, investment, and entrepreneurship. Put simply, Canadians would get far bigger bang for their buck through this type of reform than income splitting. **FI**



Jason Clemens, Niels Veldhuis, and Milagros Palacios are economists with the Fraser Institute.

Canada's Lengthy Health Care Wait Times Come With a Cost

Dr. Robert Ouellet
and Nadeem Esmail



Waiting has become a defining characteristic of the Canadian health care experience but the consequences imposed on patients by delayed access to universally accessible care are too often ignored in the health care debate.

To be clear, some Canadians can wait (and wait...) with minimal consequence. Not so for others. Long delays can lead to a further deterioration in the untreated condition, meaning a more complex and difficult treatment at the end of the wait and possibly a poorer outcome. For some, long waits may condemn them to life-long disability or even death. The potentially fatal nature of waiting was not lost on the Supreme Court of Canada when it ruled against the public monopoly in health insurance in Quebec in 2005.

And there are psychological consequences to waiting. Some may develop addiction to narcotics they take while waiting. Some will contend with loneliness imposed on them by the untreated medical condition possibly from reduced mobility but also potentially because of a risk of deeply embarrassing events such as falls or incontinence. That embarrassment may also extend to increased reliance on others, even for the basics of life such as washing. And some may end up struggling with depression, despite the temporary nature of their situation.

And of course there are economic consequences related to reduced productivity in the workplace, an increased need to take time off, and possibly impacts on family income.

What can governments in Canada say to Canadians whose lives have been harmed (if not destroyed) by long wait times for medically necessary care? They cannot, with any honesty, tell them the wait time was unavoidable in a universal access health care system. Nor can they honestly say they are on the path to meaningfully and permanently shortening wait times for those stricken with illness.

The latest evidence on efforts to reduce wait times across Canada suggests failure: spend and manage approaches simply don't work in reducing delay. Efforts that fail to deal with the underlying policies that created waiting lists in the first place will only leave provinces facing a larger bill for the same delays.

Long delays can lead to a further deterioration in the untreated condition, meaning a more complex and difficult treatment at the end of the wait and possibly a poorer outcome. For some, long waits may condemn them to life-long disability or even death.

So what does work? The evidence from Europe suggests that fostering competition, where compensation follows patients is a key approach to reductions in waiting. Broadly defined wait time targets, with clear and serious consequences for those who fail to meet them, also seem to work well. And, if the experiences of Belgium, France, Germany, Japan, Luxembourg, the Netherlands, and Switzerland are to be believed, a larger role for the private sector in financing and delivery can lead to universal access health care without queues for treatment.

All this flies in the face of what we're constantly told about waiting and health care in Canada.

We're told that a public monopoly is the most efficient approach to universality, yet these other nations

spend less and get more timely care with a private parallel system.

We're told that public provision and management are the keys to solving the wait times problem, yet these other nations have improved timeliness (and, in the case of the Netherlands, got rid of wait times problems) by embracing competition and activity-based funding.

We're told public hospitals are the only way to have a good universal system, yet these other nations have more accessible and less expensive systems with the inclusion of private hospitals.

We're told the answer can only be found in the 'public' system, yet we know that competition, with money following the patient to the facility of their choice (private or public), means shorter wait times and more patient-focused care.

Long wait times in Canada are causing Canadians significant harm. The solution is to step away from the wrong-headed, ideologically-guided approach governments are taking today. Policy-makers should instead focus on how other, more successful, universal-access nations have improved the timeliness of health care for their citizens. Our health care problems aren't unique or different from anyone else's, and it's time we took a more pragmatic approach to reform with policies that actually work. [FI](#)



DR. ROBERT OUELLET



NADEEM ESMAIL

Dr. Robert Ouellet, former president of the Canadian Medical Association and Nadeem Esmail are senior fellows of the Fraser Institute.

Chrysler Bellies Back Up to the Corporate Welfare Trough

Mark Milke



Back in late 2011 after the Occupy Wall Street protests, Fiat-Chrysler CEO Sergio Marchionne gave a speech in Toronto to decry what he called “the most inane displays of greed.” The reference was to behaviour he had observed while serving on various company boards over the years.

Just two years before that speech, Chrysler sought (and received) \$2.9 billion from Canada’s taxpayers and \$12.4 billion from the U.S. government, amid a doomsday scenario for the automotive sector. It was rather cheeky of Mr. Marchionne, then, to try and take the side of the “99 per cent.” Chrysler has always been a poster boy for the sort of avarice that some companies inflict on 100 per cent of taxpayers: the ever-constant

demand that governments ante up money or a company will shift production to another jurisdiction.

Chrysler’s strategy to separate Canadian taxpayers from their dollars is on display once again. In January, Marchionne informed the federal and Ontario governments that his company might take its investment intentions elsewhere. However, the company has hinted such a fate can be avoided if the two governments serve up substantial tax dollars for retooling a minivan plant in Windsor. Chrysler wants \$700 million to “preserve” 4,600 jobs. Do the math and that’s over \$152,000 per Chrysler job.

The latest request is nothing new for Chrysler or others in the automotive sector. Since 2003, including the 2009 bailout cash, and to 2013, the federal and Ontario governments have offered up \$17.2 billion to various au-

tomotive companies courtesy of taxpayers. And in its latest budget, the federal government just deposited another \$500-million into the Automotive Innovation Fund, a sort of slush-fund for the automotive sector.

Pre-2009 subsidies from both governments include: \$175 million in 2003 for General Motors; \$200 million in 2004 for Ford; \$435 million in 2005 for GM; \$125 million in 2005 for Toyota; \$123 million in 2005 for Daimler-Chrysler; \$15 million in 2006 for Honda; \$80 million in 2008 for Ford. After the 2009 bailout, further announcements from Ottawa and Queen's Park include \$142 million for Toyota in 2011 and \$143 million in 2013 for Ford.

Contrary to the claims of rent-seeking executives, only some of the disbursed money ever finds its way back to taxpayers. For example, out of the \$2.9 billion Chrysler received in the 2009 bailout, my calculations (based on numbers provided by the federal department of Finance) show that after all the repayments, stock sales and interest repayments are included, taxpayers are still out \$810 million.

Corporate welfare: it most often flows to the established players; it rewards companies that plenty of consumers have already rejected; and the initial taxpayer subsidies or bailouts create a Pavlovian-like expectation.

Taxpayer subsidies to businesses have many troubling aspects. For one thing, no company can guarantee employment no matter how much money politicians throw at a company. That lesson is something Canadians just learned again with Bombardier Inc., which recently announced it would lay off 1,700 people, this despite having received more than \$1.1 billion over the decades from Industry Canada.

And many of the claims that provide the political “cover” for corporate welfare—extra economic growth, an increase in employment, more tax dollars to some local government—are often a mirage.

As one expert on such subsidies, Heinz University Professor Terry Buss, has noted, government and industry stud-

ies that argue for the supposed beneficial effects of corporate welfare often fail to account for the substitution effect. That is where “gains” to one region are necessarily offset by losses elsewhere, e.g., layoffs at a competitor’s plant or reduced tax revenues to a government somewhere else when a facility is shuttered due to increased competition from a taxpayer-financed competitor.

There is this other odd aspect to the business subsidy game: How it props up the biggest corporations. Since 1961, of the more than \$22 billion disbursed to business by just one federal department, Industry Canada, half, or \$11 billion, was provided to just 25 corporations--most of whom were automotive and aerospace companies with significant market capitalizations. Corporate welfare is failed industrial policy for many reasons but the evidence shows the cash overwhelmingly ends up with existing industry players who can afford to lobby for subsidies.

Corporate welfare is the ultimate evasion of responsibility. It helps companies avoid the consequences that consumers would otherwise assign to a company, the evasion demonstrated rather clearly by Chrysler’s two government bailouts in a generation. By asking for yet another almost \$700-million from taxpayers, the Fiat-Chrysler CEO again displays some of the many problems with corporate welfare: It most often flows to the established players; it rewards companies that plenty of consumers have already rejected; and the initial taxpayer subsidies or bailouts create a Pavlovian-like expectation from such companies for repeated infusions of taxpayer cash in the future. [FI](#)



MARK MILKE

Mark Milke is a Senior Fellow at the Fraser Institute.



Lisa-Diane Fortier

What's your role at the Institute?

I'm the director of Education Programs. We deliver about 40 programs per year for students, teachers, and journalists. The programs range from instructional workshops for teachers and journalists to interactive seminars for students. In 2013 we reached about 30,000 Canadians through our various programs.

Thankfully I have a wonderful team at the Institute committed to providing interested students, teachers, and journalists an independent perspective and information on economics and a host of pressing public policies. The quantity and quality of our work is wholly a function of the talented team I work with on a day-to-day basis.

How did you arrive at the Institute?

After completing degrees in education and art history I began a career in teaching in Alberta and British Columbia. I found the experience frustrating and in some cases stifling due to the lack of flexibility, creativity, and imagination in how we educate kids. An opportunity emerged to join the Institute as part of a team working on an awards program that recognized and awarded outstanding schools across the country. Four years ago I was offered the opportunity to take-

over the Education Programs department and haven't looked back since. I'm too busy!

Something exciting you're working on now for the immediate future.

Seeing the light bulb go on for students, teachers, and journalists is highly rewarding for our entire team. It's that moment when you see people "get it" and you know you're helping to improve the country by providing people with better information to make self-determining decisions. Our entire team is excited and focused on the expansion of our programs that began in 2013. Generous funding has allowed us to expand our student seminars to other parts of the country, increase the number of teacher workshops and add programs into Ontario, and double the number of training programs for journalists. In addition to the expansion underway, we're excited to start thinking about new programs for 2015 and beyond.

What you enjoy doing in your spare time that your colleagues might not be aware of.

I spend as much time as possible with my two year-old daughter but all the staff know that since she visits for the occasional lunch date. Something most of my team members wouldn't know is that I paint whenever I get the chance. [FI](#)

Leave a Legacy of Freedom and Prosperity

The Fraser Institute Foundation works with supporters to facilitate planned giving in support of the Fraser Institute. Gifts to the Fraser Institute Foundation help us educate future generations about the power of freedom, choice, private enterprise and the impact that government policies have on the well-being of Canadians.



Kenneth Hilborn

Kenneth Hilborn, long time Professor of History at University of Western Ontario and passionate defender of personal liberty passed away in November 2013 at the age of 78. Professor Hilborn's academic career at the University of Western Ontario spanned 36 years and he remained an Emeritus Professor after his retirement in 1997.

In his active support of liberty for all Canadians, Professor Hilborn provided intellectual and financial resources to a variety of like-minded organizations. He was a decades-long supporter of the Fraser Institute, an active

member of Civitas (a group of Canadians interested in conservative, classical liberal and libertarian ideas), a supporter of the Canadian Constitution Foundation and an original and active member of the Society for Academic Freedom and Scholarship.

We are deeply grateful that Professor Hilborn favoured the Fraser Institute with a substantial gift from his estate totaling over three-quarters of a million dollars.

To honour Professor Hilborn and recognize his wonderful legacy of freedom, we are pleased to announce the creation of the Professor Kenneth Hilborn Internship at the Fraser Institute.

A portion of the earnings generated by the investment of Professor Hilborn's gift will allow the Institute to annually mentor a promising young researcher interested in freedom and government policy. The remainder of his generous gift will be set aside to help support the cutting-edge work of the Institute and to allow us to capitalize on opportunities that advance our mission for years to come.



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