

Winter 2015

## Canada's traditional economic engines losing their way

LOST!!

Growth  
enhancing  
economic  
Policies

In the neighbourhoods of  
Ontario and Alberta

### ALSO INSIDE

Costs of LNG  
Regulatory Delays

Subsidized  
Child Care

Education Spending  
Increases



**Niels Veldhuis**  
President, Fraser Institute

**Dear Fraser Institute Friends and Supporters,**

Ontario and Alberta used to be the economic engines of Canada.

Unfortunately, Ontario is now a “have-not” province and receives equalization payments. The province is on a path to bankruptcy and has suffered through years of disappointing economic performance.

Alberta, Canada’s most economically free province, just elected a new government that believes it was chosen for its policy platform rather than because of dissatisfaction with the previous government.

This issue of *The Quarterly* highlights some of the great work the Institute has been doing to educate Ontarians, Albertans, and indeed all Canadians about the serious issues facing these two provinces.

On page 12, for example, you will find a summary of *Ontario: No Longer a Place to Prosper*, an important new Fraser Institute study by Philip Cross, former chief economic analyst at Statistics Canada which finds that the roots of Ontario’s decline can be found in a decade of failed government policies. As Mr. Cross notes, Ontario used to be a beacon for business investment, immigrants, and migrants from other provinces. That is no longer the case.

This issue also contains several articles on Alberta, including a summary of our new study *Calculating Revenues from Alberta’s Tax Hike* (page 2), which finds that the government is significantly overestimating the revenue from its personal income tax increase. You will also want to read an excellent commentary by Kenneth Green, senior director of energy and natural resource studies (page 22), about how the new premier does not have her facts straight on Alberta’s environmental record.

Of course I would encourage you to read this entire issue of *The Quarterly* as it highlights a whole host of issues that the Institute has been covering, including liquid natural gas (LNG) in BC, education spending, taxation, and income inequality.

As always, thank you for your ongoing support. When you’re finished reading this issue of *The Quarterly*, please remember to share it with your friends and family.

Best,

A handwritten signature in blue ink, which appears to read "Niels Veldhuis". The signature is fluid and cursive.

Niels

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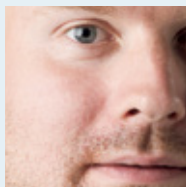
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RETURN UNDELIVERABLE CANADIAN ADDRESSES TO:  
The Fraser Institute, 4<sup>th</sup> Floor, 1770 Burrard Street, Vancouver, British Columbia Canada V6J 3G7

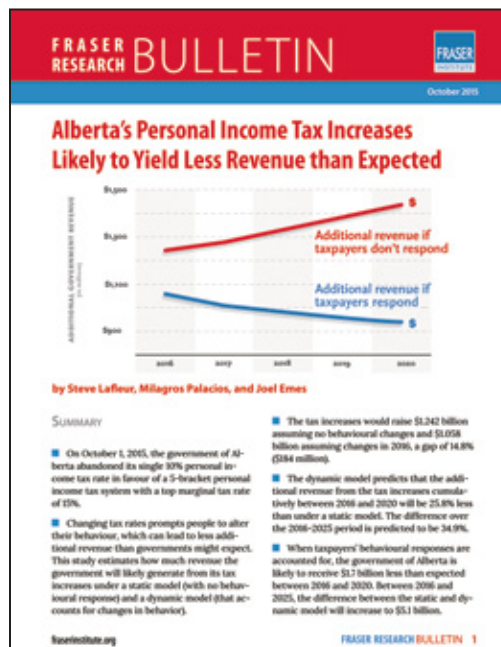
# Raising Taxes Not a Guarantee of Higher Revenues

Steve Lafleur and Charles Lammam

The Alberta government recently abandoned the province's single 10 percent tax rate on personal income in favour of a five-bracket system with a top rate of 15 percent—a move that will reduce Alberta's competitiveness and cause undue harm on an already struggling economy.

While increasing tax rates on upper income earners might seem like an easy way to bring in more revenue, the government will receive much less than expected if it fails to recognize that increasing tax rates causes people to alter their behaviour.

There is broad agreement in the economic literature that increasing tax rates—particularly on upper income earners—leads people to change their behaviour in ways that mitigate the impact of the tax increases. This can come in many forms: taking more leisure time, accepting more compensation as tax favourable fringe benefits, incorporating as a business to take advantage



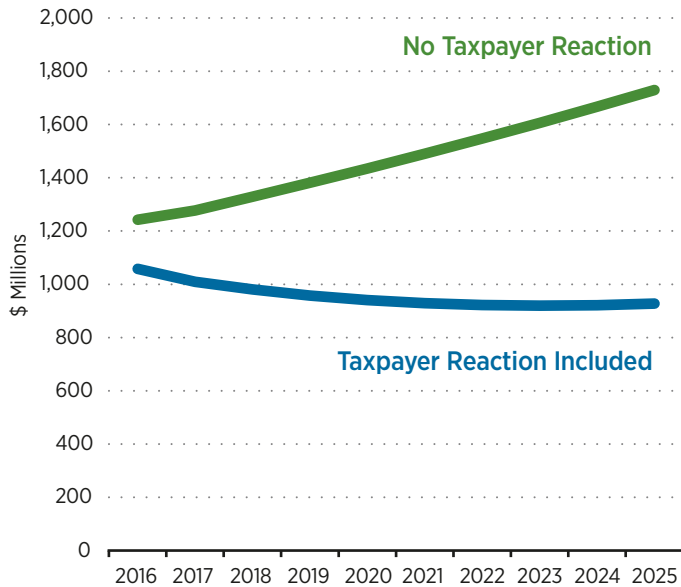
of lower tax rates, and shifting income to, or perhaps even physically leaving for, a lower tax jurisdiction.

Upper income earners, in particular, are better positioned to take advantage of a variety of tax-saving mechanisms already available in the tax code. This is why a 2010 federal Department of Finance study found that tax

filers in the top one percent reduced their reported incomes by 0.72 percent for every one percent increase in income taxes.

For a prominent real-life example of tax rate hikes failing to generate the expected amount of additional revenue, consider the United Kingdom experience. In 2010, the government increased the top marginal income tax rate to 50 percent, but later found that while the rate increase was initially projected to bring in £2.5 billion, it actually raised less than £1 billion, prompting the government to reduce the rate.

**PERSONAL INCOME TAX REVENUE WITH AND WITHOUT TAXPAYER RESPONSE**



It’s critical to understand that tax revenue depends on two components: the base, which is the income derived from the activity being taxed, and the rate. Multiplying the two together gives us the “tax take” or the revenue the government receives from a specific tax.

Unfortunately, pundits and politicians often fail to realize that the base and the rate aren’t entirely independent of each other. Tax rate increases change people’s behaviour, which can reduce the tax base. Multiplying a lower tax base by a higher tax rate won’t necessarily lead to an overall increase in revenue—or it could generate less additional revenue than expected.

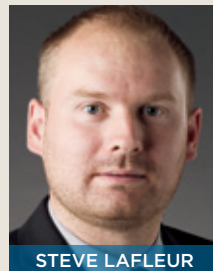
A recent Fraser Institute study estimates how much revenue the Alberta government can reasonably expect from its tax rate hikes. The study compares two forecasting models: one that accounts for behavioural changes and one that does not, which is the method most often employed by governments.

In the latter model—where it’s assumed tax revenues will increase in exact proportion to tax rate increases—the Alberta government might expect an additional \$6.7 billion from 2016 to 2020. But when behavioural

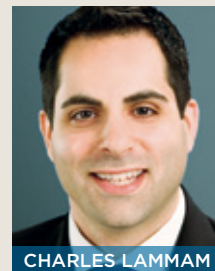
responses are appropriately accounted for, the government will likely take in \$5 billion in new revenue—a difference of \$1.7 billion over the period. By 2025, the cumulative gap between the two models is estimated to grow to \$5.1 billion.

*If the provincial government fails to account for the behavioural effects spurred by its personal income tax rate hikes in next week’s budget, Alberta could be in for larger deficits and more debt than already planned.*

Put simply, if the provincial government fails to account for the behavioural effects spurred by its personal income tax rate hikes in next week’s budget, Alberta could be in for larger deficits and more debt than already planned. [FI](#)



STEVE LAFLEUR



CHARLES LAMMAM

Steve Lafleur is a senior policy analyst and Charles Lammam is the director of fiscal studies at the Fraser Institute. The study, *Alberta’s Personal Income Tax Increases Likely to Yield Less Revenue than Expected*.

# The Reality of Education Spending in Canada

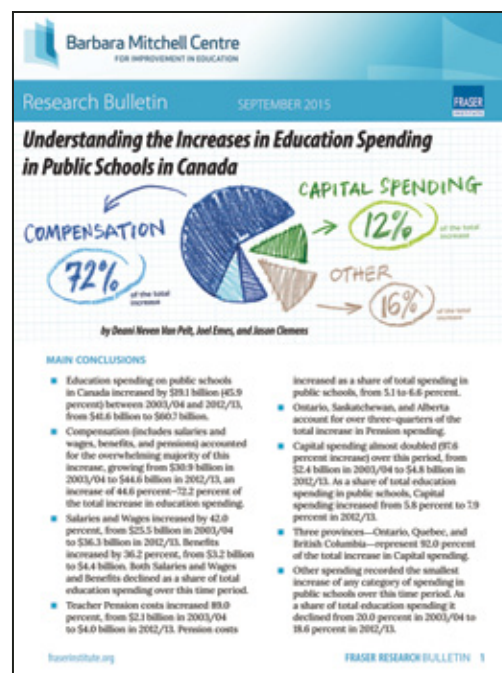


Barbara Mitchell Centre  
FOR IMPROVEMENT IN EDUCATION

Deani Neven Van Pelt and Jason Clemens

With parents now firmly back into school year routines, it's inevitable that questions regarding education spending and the performance of our schools will resurface. This is particularly true in provinces like Ontario and Alberta that are struggling with precarious public finances. Despite claims to the contrary, spending on public school education in Canada has not been cut and has in fact increased markedly over the last decade even though student enrolment has declined. The problems observed in our public schools simply cannot be explained by a lack of resources.

Consider that the provinces in total spent \$60.7 billion on education in public schools in 2012-13, the most recent year of available comprehensive data.

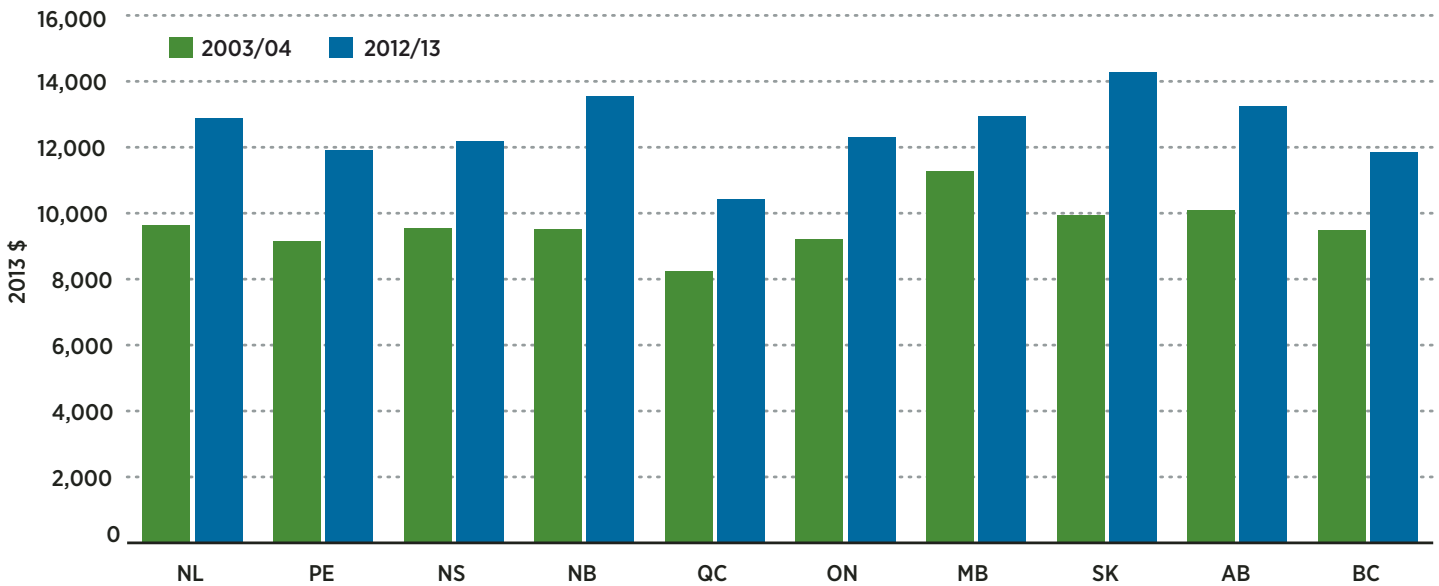


This is \$19.1 billion more than was spent 10 years earlier—an increase of 45.9 percent. When examined individually, every single province increased education spending over the last 10 years without exception.

This substantial increase occurred despite a 4.9 percent decline in student enrolment in public schools over that same period. The increase in education spending in public schools is actually 53.4 percent after accounting for the decline in student enrolment. In other words, more money was spent on fewer students.

As is the norm in service-oriented sectors of our economy, the bulk of spending in education is on compensation. Almost three-quarters (73.5 percent) of all education spending in public schools is consumed by compensation, which includes salaries, benefits, and pensions. Indeed, 72.2 percent of the entire \$19.1

## PER-STUDENT SPENDING IN PUBLIC SCHOOLS (2013 \$)



billion increase in education spending was allocated to increased compensation costs for both teaching and non-teaching staff in public schools.

Of note is the larger and larger share of compensation costs consumed by pensions. Most Canadians are generally aware of the premium pensions enjoyed by government-sector employees compared to those in the private sector. Teachers and non-teaching staff in public schools are no different in terms of enjoying a generous pension. Pension costs increased by 89.0 percent, rising from \$2.1 billion to \$4.0 billion in annual spending between 2003-04 and 2012-13. Ontario, Saskatchewan, and Alberta experienced particularly pronounced increases in pension costs—increases above 100 percent over the decade in all three provinces. Greater diligence in managing these costs through reform will be needed sooner rather than later as pension costs continue to crowd out other education spending.

Spending on renovations and the building of new facilities is another area of increasing costs, which is surprising given the decline in student enrolment. Specifically, spending on new schools and renovations of existing facilities doubled from \$2.4 billion annually in 2003-04 to \$4.8 billion in 2012-13. This marked increased

occurred at the same time that student enrolment in public schools declined by almost five percent.

This is not to say that there are not problems in our public schools. The notion, however, that the challenges facing public schools arise from a lack of resources is not supported by this evidence of increased education spending. [FI](#)



DEANI VAN PELT



JASON CLEMENS

Deani Neven Van Pelt is the director of the Barbara Mitchell Centre for Improvement in Education. Jason Clemens is the executive vice-president of the Fraser Institute. They are co-authors of the studies *Enrolments and Education Spending in Public Schools in Canada* and *Understanding the Increases in Education Spending in Public Schools in Canada*.

# Your Family's Largest Expense May Surprise You

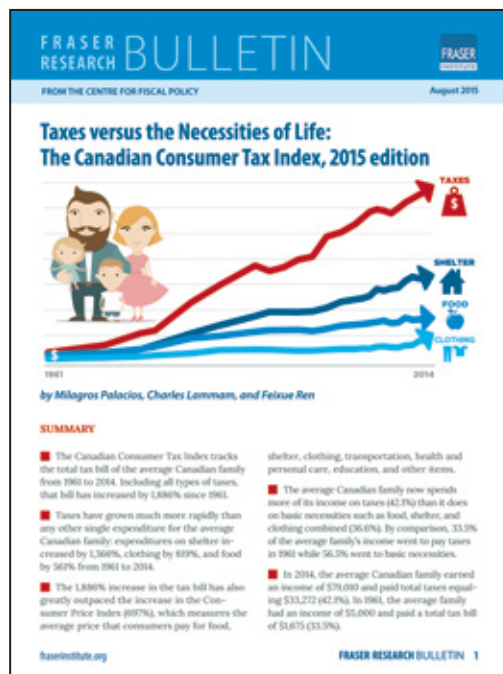
Charles Lammam and Milagros Palacios

If you asked average Canadian families what their largest expense is, many would probably say housing. And you can't blame them. Mortgage and rental payments are a painful monthly reminder of how much we pay for this basic necessity.

**B**ut what if we told you that the average family's largest expense is, in fact, taxes?

When we say taxes, we don't just mean income taxes. We're talking about all the taxes you pay to all levels of governments (federal, provincial, and local). This includes both visible and hidden taxes—everything from income taxes, which are less than a third of the total, to payroll taxes, sales taxes, property taxes, health taxes, fuel taxes, vehicle taxes, import taxes, alcohol taxes, and much more.

In a recent report published by the Fraser Institute,



*The Canadian Consumer Tax Index 2015*, we track the total tax bill of the average Canadian family from 1961 to 2014.

For 2014, we estimate that the average Canadian family (including unattached Canadians) earned \$79,010 in income and paid \$33,272 in total taxes—or 42.1 percent of income—while

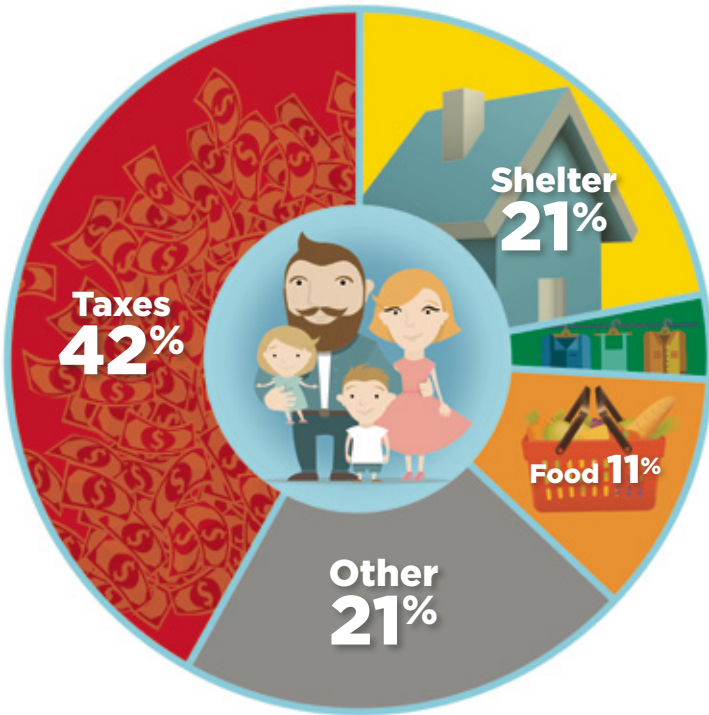
just 36.6 percent went to food, clothing, and shelter combined. Indeed, Canadian families spend more on taxes than on the basic necessities of life. But it wasn't always this way.

Back in 1961, the first year for which we have calculations, the average family paid a much smaller portion of its household income in taxes (33.5 percent) while spending proportionately more on the basic necessities (56.5 percent).

In fact, since 1961, we find that the total tax bill increased by 1,886 percent, dwarfing increases in shelter



## EXPENSES FOR THE AVERAGE CANADIAN FAMILY



costs (up 1,366 percent), clothing (up 819 percent), and food (up 561 percent). Even after accounting for inflation (the change in overall prices), the tax bill shot up 149.2 percent over the period. Now taxes eat up more income than any other single family expense.

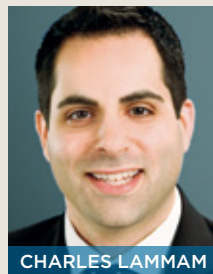
So why should Canadians care?

With more money going to the government, families have less to spend on things of their own choosing, whether it's a new car, technological gadget, or family vacation. They also have less money available to save for retirement and their children's education, or to pay down household debt.

While there's no doubt that taxes help fund important government services, the issue is the amount of tax that governments take compared to what we get in return. With 42 percent of income going to taxes, Canadians might wonder whether they are getting the best value for their tax dollars.

Are we paying too much, too little, or just the right amount? That's up to you and your family to decide. But to make an informed assessment, you must have a complete understanding of all the taxes you pay. Unfortunately, it's not straightforward because the different levels of government levy a wide range of taxes, and many of them are buried in consumer prices and hard to discern. Therein lies the value of our calculations.

Armed with this knowledge, we can hold our governments more accountable for the resources they extract, and continue a public debate about the overall tax burden, the amount and scope of government spending, and whether we're getting our money's worth. [FI](#)



CHARLES LAMMAM



MILAGROS PALACIOS

Charles Lammam is director of fiscal studies and Milagros Palacios is senior economist at the Fraser Institute. They are co-authors of the study, *The Canadian Consumer Tax Index 2015*.

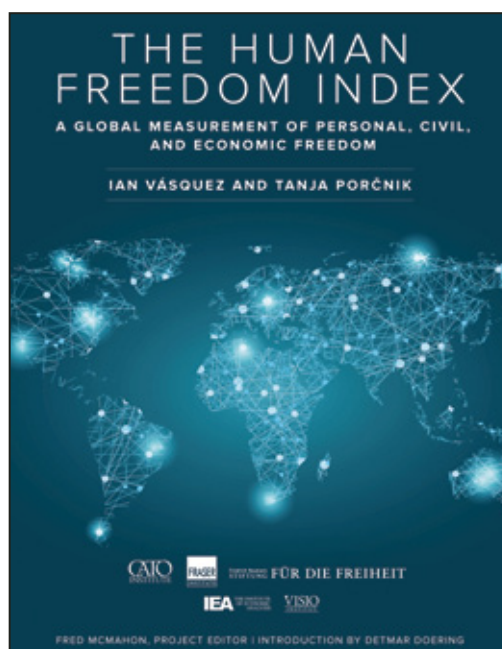
# Creating an Index of Human Freedom

Fred McMahon

**Freedom is arguably what makes us human—it gives us control over our fate. Yet no freedom index has attempted to capture the full range of human freedom until now.**

The Fraser Institute publishes the globe's pre-eminent index of economic freedom, *Economic Freedom of the World: Annual Report* and a number of different groups produce other freedom indexes, perhaps the most reputable being that published by the US-based Freedom House. But no one had ever created an overall freedom index, including economic and the other freedoms, such as speech, religion, and assembly. The Fraser Institute, the Liberales Institut of the German-based Friedrich Naumann Foundation for Freedom, and the US-based Cato Institute launched a multi-year research project to create such an index.

The first proto-index was published in 2013 in *Towards a Worldwide Index of Human Freedom*, which I had



the honor of editing and which contained a number of conceptual essays on the nature of freedom and how to measure it. Our goal was to create an index of negative freedom, that is, the lack of restraint or coercion on human action.

The first full index, *The Human Freedom Index: A Global Measurement of Personal, Civil, and Economic Freedom*, by Ian Vásquez of the Cato Institute and Tanja Porčnik of Slovenia's Visio Institute, was co-published earlier this year by the three main institutes in corporation with the Visio Institute and the Moscow-based Institute of Economic Analysis, a courageous institute headed by Andrei Illarionov, which promotes freedom in Russian, throughout the former Soviet sphere, and around the world.

The index used 76 indicators to examine the level of freedom in 152 jurisdictions with data from 2012. The index uses only third party data—in other words, data not produced by any of the partner institutes. This is

to ensure our subjective opinions do not influence the outcome of the index.

It looked at the following areas:

- Rule of Law
- Security and Safety
- Movement
- Religion
- Association, Assembly, and Civil Society
- Expression
- Relationships
- Size of Government
- Legal System and Property Rights
- Access to Sound Money
- Freedom to Trade Internationally
- Regulation of Credit, Labor, and Business

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*Women's freedoms, as measured by five relevant indicators in the index, are most protected in Europe and North America and least protected in South Asia, Sub-Saharan Africa, and the Middle East and North Africa.*

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The index did not simply provide a comprehensive overview of freedom; it contained two additional conceptual breakthroughs. It gave strong weighting to both security and safety, and the rule of law. If people are afraid to venture onto the street or the public square or if the rule of law fails to equally protect everyone, freedom is diminished.

Hong Kong rated number one in the world. This will surprise some people. But the index does not consider the system of government, democratic or otherwise, but whether individuals and families are able to make their own decisions without the interference of an over-

powerful government or crony elites. Nonetheless, as the analysis in the book points out, liberal democracy has been the most reliable protector of liberty and Hong Kong is the only non-democracy in the upper ranges of the index.

The other top 10 jurisdictions, in order, were Switzerland, Finland, Denmark, New Zealand, Canada, Australia, Ireland, the United Kingdom, and Sweden. The United States is ranked 20th. Other countries rank as follows: Germany (12), Chile (18), Japan (28), France (33), Singapore (43), South Africa (70), India (75), Brazil (82), Russia (111), China (132), Nigeria (139), Saudi Arabia (141), Venezuela (144), Zimbabwe (149), and Iran (152).

Out of 17 regions, the highest levels of freedom are in Northern Europe, North America (Canada and the United States), and Western Europe. The lowest levels are in the Middle East and North Africa, Sub-Saharan Africa, and South Asia. Women's freedoms, as measured by five relevant indicators in the index, are most protected in Europe and North America and least protected in South Asia, Sub-Saharan Africa, and the Middle East and North Africa.

*The Human Freedom Index* examines a number of correlations between freedom and other outcomes, and finds that positive outcomes and freedom tend to be highly correlated. We believe the creation of an objective human freedom index will spur research into what leads to freedom, what causes freedom to deteriorate, and the impact of freedom for good and ill. This will be a valuable tool for researchers globally. [FI](#)



Fred McMahon is the Michael A. Walker Research Chair in Economic Freedom at the Fraser Institute and was project editor for *The Human Freedom Index*. The book is available at [www.fraserinstitute.org](http://www.fraserinstitute.org).

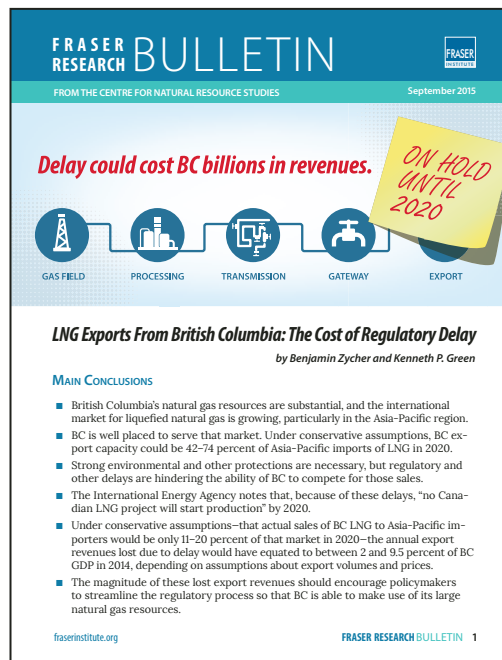
# Will BC Miss the Natural Gas Window?

Kenneth P. Green and Benjamin Zycher

**British Columbia has vast natural gas reserves, and the BC government has strongly supported the idea of developing those resources. Premier Christy Clark has pointed out that developing BC's natural gas reserves would not only generate private sector profits, but would also produce government revenues as well. BC is well positioned to become a strong player, marketing BC gas into the Asia-Pacific region.**

**B**ut unless actions are taken to speed up the development process in BC, the province stands to lose out on billions of dollars in export revenues. Just how much BC has to lose has been estimated in a new study from the Fraser Institute, *LNG Exports from British Columbia: The Cost of Regulatory Delay*.

BC's natural gas resources are substantial: in 2013, the National Energy Board (NEB) pegged the province's ultimate potential for marketable natural gas reserves



at 10.6 trillion cubic meters. Given those quantities—and based on worldwide natural gas consumption projections—BC would be well placed to produce and deliver 42 to 74 percent of LNG demand in the Asia Pacific by 2020.

In fact, if BC projects already approved by the NEB were green-lighted, British Columbia would be the largest LNG exporter in the world in the medium term, ahead of countries such as Australia, Qatar, and the United States.

But a variety of factors are slowing the process of development of BC's natural gas resource. According to the International Energy Agency (IEA), "No Canadian LNG project will start production over the forecast horizon of this report [that is, by 2020]... Before construction can start, all projects still require approval from the federal government and other provincial authorities as well as First Nations."

The IEA notes also that “Despite their proximity to Asian markets, Canada’s LNG projects are at a disadvantage to United States projects. US projects under construction today are all brown-field facilities, resulting in much lower capital costs per unit of capacity, as operators can leverage existing regasification infrastructure. By contrast, all but one of the proposed Canadian plants are greenfield units. Additionally, they also follow the traditional integrated upstream model whereby the LNG plant and the connected upstream asset are developed in an integrated fashion. This adds to the project’s up-front costs and, for Canada, specifically dedicated pipelines must be built to connect LNG plants on the coast with inland gas fields in remote areas.”

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*Lost export revenues could hit CA\$22.5 billion in 2020, rising to CA\$24.8 billion in 2025.*

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What are the costs to BC if development of the resource is delayed beyond 2020? The Fraser Institute study examines the cost of developmental delay imposed upon LNG investments in British Columbia (as annual export revenues forgone as a result of delay), and finds them to be quite substantial: lost export revenues could hit CA\$22.5 billion in 2020, rising to CA\$24.8 billion in 2025. To put that in context, export revenues lost in 2020 would be equal to 9.5 percent of British Columbia’s GDP in 2014, under a set of conservative assumptions the most important of which is that British Columbia’s export capacity would be 42 to 74 percent of the Asia-Pacific market, but actual sales would be only 11 to 20 percent of that market. If we cut even those assumed sales in half, lost revenues would approach 5 percent of GDP; and if we *also* cut assumed prices in half, lost revenues still would be over 2 percent of GDP. The magnitudes of these prospective losses are substantial, a reality that should encourage policymakers to streamline the regulatory process so that British Columbia can make use of its large natural

gas resources and exploit its comparative advantages in the LNG export market.

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*Continued delays will deny BC significant revenues and job opportunities that could benefit the province tremendously.*

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British Columbians need to understand that they are far from the only people eyeing the Asia-Pacific natural gas market, and its competitors already have a leg up on the province. Continued delays will deny BC significant revenues and job opportunities that could benefit the province tremendously. The future market for natural gas should not be understood as some sort of permanent opportunity, but rather, as a window of opportunity that is shrinking as BC gets farther behind its competitors. One can only hope that BC can get through that window before it contracts still further. [FI](#)



KENNETH P. GREEN



BENJAMIN ZYCHER

Kenneth P. Green is senior director of natural resource studies at the Fraser Institute and Benjamin Zycher is resident scholar at the American Enterprise Institute. They are co-authors of *LNG Exports from British Columbia: The Cost of Regulatory Delay*.

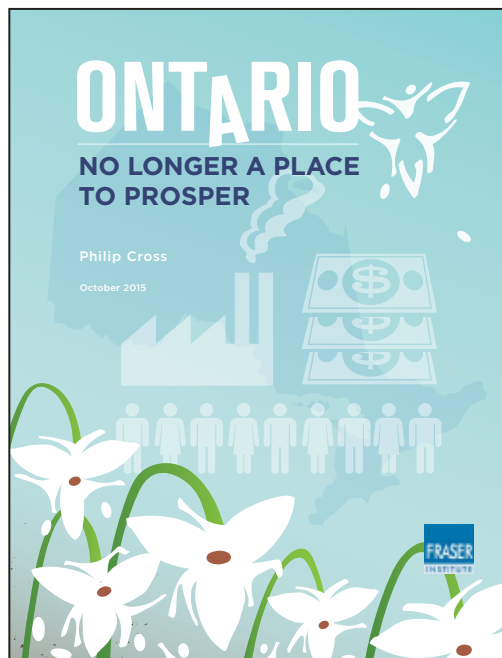
# Ontario's Growth-killing Policies Are Sinking What Was Once the Engine of Canada's Economy

Philip Cross

Ontarians are clearly having buyer's remorse after re-electing the province's Liberal government last year, with two-thirds now believing that Ontario is headed in the wrong direction. An exasperated Kathleen Wynne recently asked, "What is it that especially disqualifies me for the job I'm doing?" as premier of Ontario. Well, since she asked, let's list the problems the Liberal government has created.

Start with persistently slow economic growth. Since 2002, real GDP growth in Ontario has been consistently below the national average, with a total shortfall of over 10 percentage points. Two-thirds of this gap occurred outside of recession years. Meanwhile, Ontario's unemployment rate rose above the national average in 2007 for the first time on record and has stayed there.

Ontario has lost its traditional above-average income status in Canada. In the decades after the Second

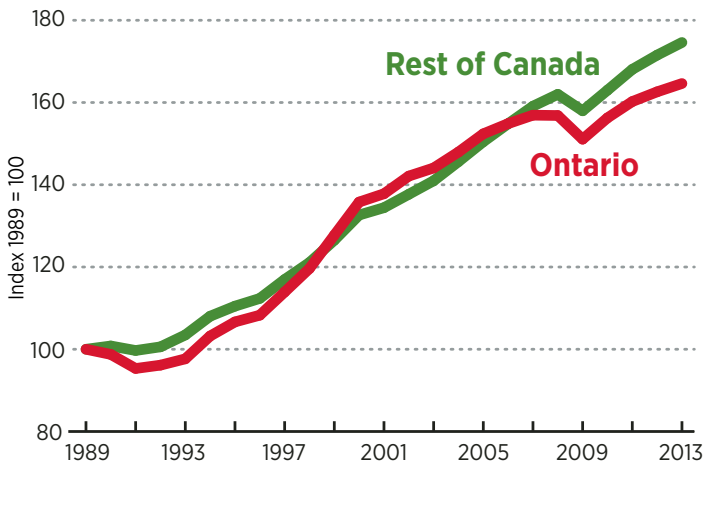


World War, real disposable income per capita in Ontario was 20 percent above the national average; in the 1990s under the Harris government, it was still 10 percent above average. In 2012 and 2013, incomes in Ontario fell below the national average for the first time ever. Ontario now qualifies for equalization payments, confirming its shift from "have" to "have-not" status within Confederation.

The government's response to the decline in income status was to provide more government spending financed by deficits that doubled its total debt over the past decade. This failed to stimulate growth, but has triggered two downgrades to Ontario's debt rating. Almost all of Ontario's total debt was accumulated in two periods—during Bob Rae's failed administration of the early 1990s and the Liberal government over the past decade.

Population trends show that people in Canada and around the world understand that Ontario's economy

**REAL GDP (INDEX 1989 = 100), ONTARIO AND REST OF CANADA, 1989-2013**



is floundering, even if its own government does not. Ontario was once the beacon for both immigrants arriving in Canada and people moving within Canada. However, for 11 straight years there has been a net exodus from Ontario to other provinces as people “vote with their feet” and leave for greener pastures. Meanwhile, Ontario’s share of immigrants arriving from outside Canada has fallen from 60 percent to a record low of 38 percent. The result is an aging population saddled with a high debt burden and slow economic growth.

In response to this long litany of underperformance, the Wynne government continues to work through its checklist of growth-killing policies designed to raise the cost of doing business in Ontario. It raised corporate taxes, depressing business investment. It boosted the minimum wage faster than median wages, contributing to massive youth unemployment averaging 16 percent last year despite their above average levels of education.

More broadly, the Wynne government does not understand that it is prosperity that lifts wages, not higher wages that lead to prosperity. In fact, high wages will hamper growth if not justified by high productivity. Ontario has above average unemployment partly because it has the highest unit labour costs in Canada. High labour costs reflect the hikes to the minimum wage, chronically weak business investment, and growing government regulations. Introducing a new paid holiday during the

worst of the recession in 2009 demonstrates a mind-boggling lack of understanding of how business operates. These costs are before the new provincial pension plan adds to both the direct cost of labour and the indirect cost to firms of complying with an entirely new set of government levies.

The Wynne government has compounded the highest electricity costs in North America with uncertainty about the precise design of its announced plan to adopt a new cap-and-trade carbon pricing system. Quebec Premier Philippe Couillard said it was “remarkably easy” to persuade Wynne to join the plan, suggesting that little thought was given to how it would affect Ontario’s competitiveness. No wonder a Chamber of Commerce survey found that one in 20 firms in Ontario expects to shut its doors in the next five years due to the high cost of electricity.

Chrysler head Sergio Marchionne said that in a meeting with Wynne he complained specifically about the cost of the Ontario pension plan and electricity prices as “things that add to the cost of running operations. They don’t come for free.” That business leaders have to explain how government policies are raising their costs may be the best answer to Wynne’s own question of what disqualifies her from being premier.

In economic policymaking, Ontario has become the Eighth Blunder of the World. Instead of focusing on policies that would encourage economic growth, the Wynne government is following the tactic of the Maritime Provinces and begging the federal government for more transfer payments. Ontario’s goal should be to return to its traditional status as a “have” province within Confederation. **FI**



**PHILIP CROSS**

Philip Cross is the author of *Ontario: No Longer a Place to Prosper*, published by the Fraser Institute.

## STUDENT SEMINARS

This fall just over 300 students attended our seminars. Students gathered to listen to policy experts tackle issues from regulating drones and LNG development, to the trends shaping British Columbia's current and future economy, to how to help the poor out of poverty. Fifty of these students live in remote locations and would not have been able to attend the Vancouver seminar but for our travel bursary program.

At the Vancouver seminar, the list of speakers and topic was impressive. Among them was technology expert Eli Dourado from Mercatus Centre, who addressed the question, "How can we balance the benefits of emerging technology with its negative outcomes?" He used the examples of drones and 3D printing to illustrate his argument. Also presenting was Fred McMahon, the Dr. Michael A. Walker Research Chair in Economic Freedom at the Fraser Institute, who discussed how economic freedom is leading to positive changes in people's lives, allowing them to work hard, become self-sufficient and independent, and to improve the quality of their lives for themselves and their children in nations around the world.



Students line up for the opportunity to ask Fred McMahon about the impacts of economic freedom on everything from life expectancy to happiness.

*Exploring Public Policy Issues by the Fraser Institute is a once in a lifetime experience for students to get a closer understanding of how different government policies can affect Canadian life.*

VICTORIA STUDENT SEMINAR



Ravina Bains talks about high unemployment levels for First Nations located near resource projects in British Columbia.

In Victoria, Senior Fellow Nadeem Esmail asked students to consider data from countries like Japan and Australia that could help provide solutions to Canada's growing wait times for medical treatment. Among the other presenters at the seminar was Ravina Bains, Associate Director of the Centre for Aboriginal Policy Studies at the Fraser Institute. She highlighted current opportunities in British Columbia for First Nations in LNG projects; she also discussed First Nations communities



that are currently working with industry to bring oil and gas projects to fruition in the province.

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*The seminar made me think about how opportunity and freedom of choice is essential to development.*

SASKATOON STUDENT SEMINAR

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In Saskatoon, students learned from Pierre Desrochers of the University of Toronto how the freedom to innovate has ensured that the processes for fossil fuel and mineral extraction are much cleaner today than they were in the past. Students also discovered how property rights are helping first nations to become entrepreneurs, and, through a powerful presentation from our Director of Fiscal Studies at the Fraser Institute, Charles Lammam, how raising the minimum wage actually hurts the very people that it is supposed to help.

We are looking forward to holding our three high school programs in November when we will introduce 550 students from the Vancouver area in grades seven to twelve to the economic way of thinking and basic economic concepts.

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*Your workshops not only have great instructors but the binder of materials helps me expand my library of great “go to” teaching resources.*

VANCOUVER TEACHER WORKSHOP PARTICIPANT

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## TEACHER WORKSHOPS

Twenty-seven teachers from Vancouver’s Lower Mainland participated in our Economic Principles workshop where award-winning economics educators Dirk Mateer

and Charity-Joy Acchiardo, both from the University of Arizona, led them through activities and games covering concepts such as price controls, minimum wage policy implications, property rights, economic systems, marginal utility, and the invisible hand principle. Teachers were asked to consider questions with their students such as, what are the secondary effects of bike helmets? What are the opportunity costs when choosing between university or a job? And when thinking about comparative advantage, should someone like LeBron James clean his own house? In addition, teachers receive a binder of resources including lesson plans, links to online resources, and a PowerPoint presentation for use in their classrooms the very next day.

## ESSAY CONTEST

Over 750 students, our highest number ever, submitted essays for our 2015 contest that asked students to address the topic, National Security and the Role of Government: Safety vs. Privacy in a Technological Age.

## WINNERS

### GRADUATE CATEGORY


*Privacy versus Security: Does a Trade-off Really Exist?* by Demelza Hays from Toulouse School of Economics

### UNDERGRADUATE CATEGORY

*Government Sponsored Blackmail? Mass Surveillance and the Threat to Personal Privacy* by Ben Woodfinden from Carleton University

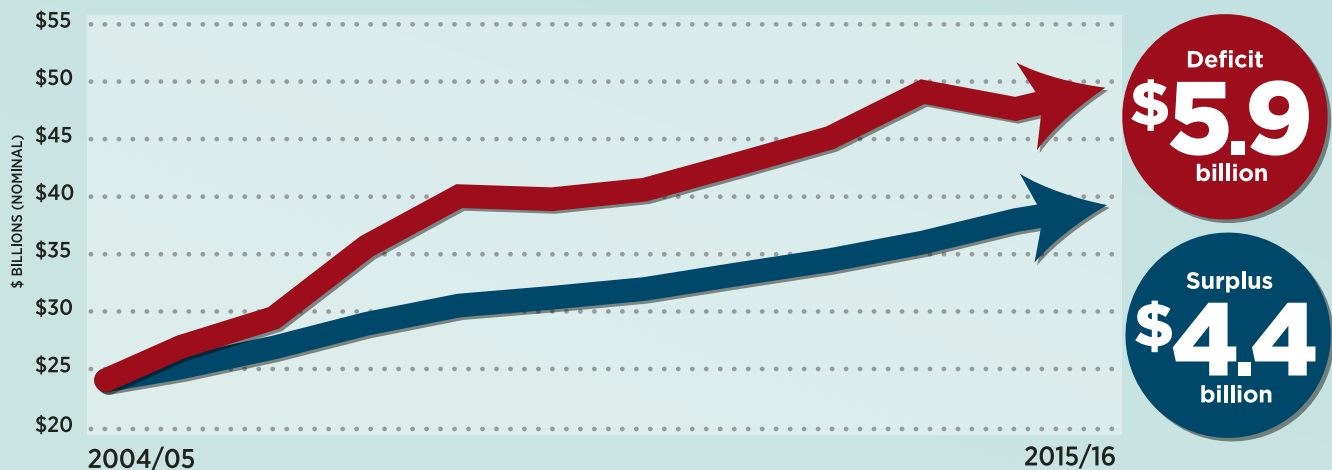
### HIGH SCHOOL CATEGORY

*National Security vs. Privacy in the Modern Age* by Javaria Mughal, Grade 11 student at The Woodlands School in Mississauga, Ontario.

The first-place winners received \$1,500 each and their essays will be published in the spring issue of *Canadian Student Review*. 

# Alberta Would Be in Surplus, Not Deficit, Had the Government Restrained Spending

Steve Lafleur and Charles Lammam



**When Finance Minister Joe Ceci unveils Alberta's budget on Oct. 27, Albertans can expect a sizeable deficit. In fact, the government's latest data suggest a \$5.9 billion deficit, but Minister Ceci has cautioned it could be "in the range of \$6.5 billion." In either case, the amount isn't trivial.**

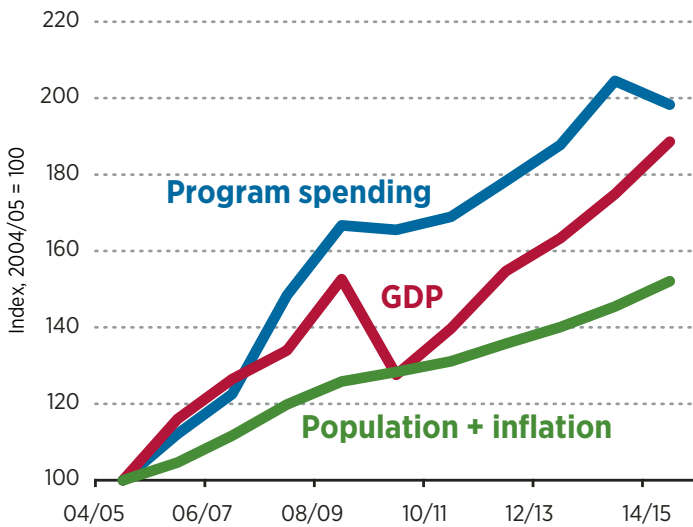
A popular narrative holds that the recent fall in oil prices is chiefly responsible for the province's current deficit and risks Alberta shortly becoming a debtor province again. The evidence does not support this view. The real reason Alberta faces a large deficit is rapid spending growth over the past decade. In other words, the provincial government has been un-

able to restrict growth in spending during good times—understanding that good times don't last forever.

Not long ago, Alberta's public finances were the envy of the federation. Important fiscal reforms during the 1990s eliminated the deficit and created the fiscal room needed to establish a competitive tax regime that would lay the foundation for robust economic growth. Indeed, the "Alberta Advantage" became the cornerstone of the province's prosperity. But that advantage has disappeared and Alberta is no longer the fiscal leader it once was.

The province has run deficits in seven of the last eight years and its financial position has eroded with net

**INDEX COMPARING GROWTH IN ALBERTA'S PROGRAM SPENDING, GDP, POPULATION AND INFLATION 2004/05 - 2014/15**



assets (a measure of assets adjusted for debt) falling from a high of \$35 billion in 2007/08 to an expected \$3.9 billion this year. Alberta is now at risk of returning to a net debt position (where the total value of government debt exceeds financial assets) for the first time in more than 15 years.

Contrary to the popular narrative, declining oil prices and resource revenues aren't to blame. Recently Alberta ran deficits when oil prices exceeded \$90 per barrel. Even with oil at around \$50 per barrel today, the price is still higher (after adjusting for inflation) than prices in the 1990s when the government eliminated a large deficit and began a string of 14 consecutive budget surpluses.

In reality, rapid spending growth over the past decade, rather than declining oil prices, is the source of Alberta's current deficit and its fiscal woes more generally. Consider that between 2004/05 and 2014/15, the provincial government increased program spending by 98.3 percent—nearly double the growth rate necessary to keep pace with increasing overall prices (inflation) and a growing population, which collectively grew by 52.1 percent over the period. Program spending also outpaced the rate of provincial economic growth (88.6 percent).

Now consider the situation had the provincial government been more fiscally prudent. Had the government limited program spending increases since 2004/05 to keep pace with inflation and population growth, the province would be enjoying an estimated surplus of \$4.4 billion this year instead of the projected \$5.9 billion deficit—a difference of \$10.3 billion.

Alternatively, had the government limited spending increases more modestly, restricting them to the growth rate of the provincial economy, Alberta would still enjoy a \$1.9 billion surplus.

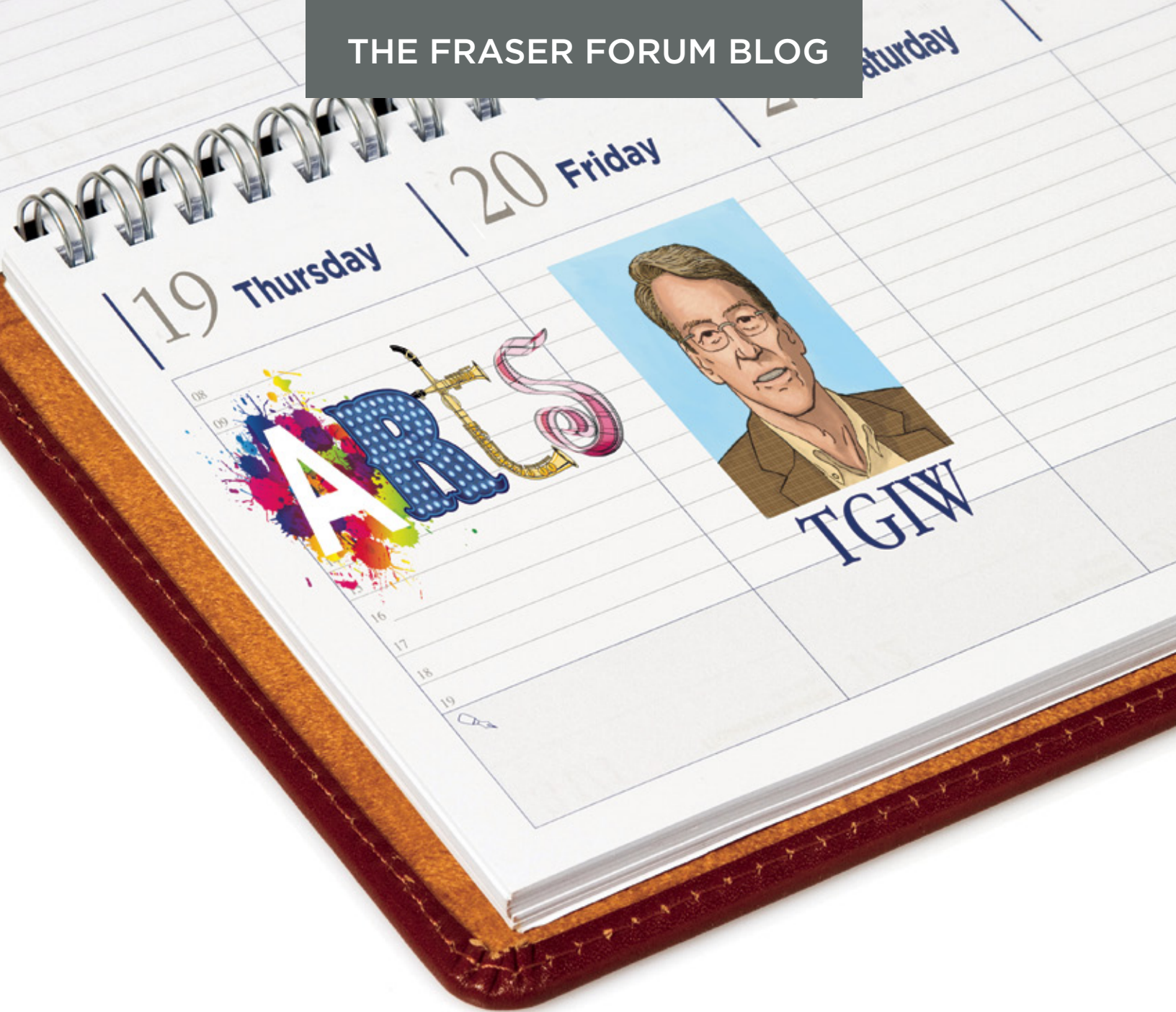
While it's tempting to lay the blame on declining revenues, it is important to underscore that provincial revenues are expected to be approximately \$6 billion (or 15.7 percent) higher this year than their pre-recession level in 2007/08. That's hardly the precipitous decline one might expect given the narrative that falling resource revenue is responsible for Alberta's deficits. These deficits are primarily the result of spending choices, not extenuating circumstances.

Put simply, Alberta's current fiscal predicament stems from successive governments being unable to control spending. Blaming external forces distracts from the choices that have led multiple provincial governments down the path of persistent deficits.

The key lesson is to spend prudently in good times in order to be prepared for the bad times. **FI**



Steve Lafleur and Charles Lammam are co-authors of the Fraser Institute study *Alberta's Budget Deficit: Why Spending Is to Blame* which is available at [www.fraserinstitute.org](http://www.fraserinstitute.org)



Thursdays are “Arts” days on the Fraser Forum blog, with experts blogging about the arts through an economic lens.

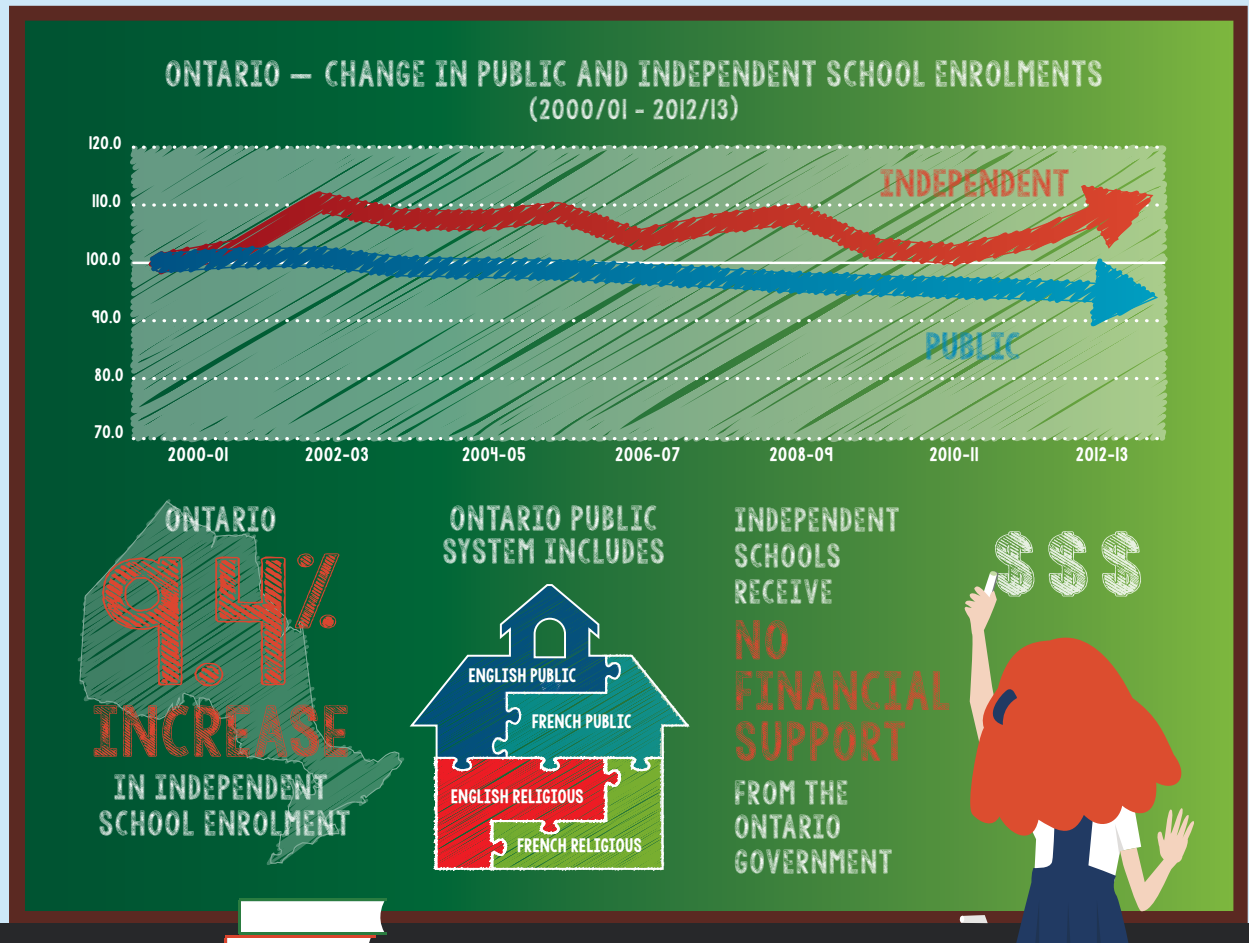
## Friday is TGIW with William Watson

William Watson is a Professor of Economics at McGill and Senior Fellow with the Fraser Institute. He holds degrees in economics from McGill and Yale Universities. He has taught at McGill University since 1977 and was Chairman of its Department of Economics from 2005-10. He is best known for his regular columns in the *National Post* and the *Ottawa Citizen*.

Visit: [www.fraserforum.org](http://www.fraserforum.org)

# ONTARIO

Enrolment levels increasing for independent schools, declining for public schools



Barbara Mitchell Centre

# Despite Lack of Funding, Parents Increasingly Choose Independent Schools in Ontario

Deani Neven Van Pelt and Ben Eisen



Barbara Mitchell Centre  
FOR IMPROVEMENT IN EDUCATION



In Ontario, more and more parents are choosing to enroll their children in independent schools. This despite the fact that Ontario, unlike several other provinces, provides no financial assistance to parents who choose alternatives to the public school system. By recognizing the growing de-

mand for independent schooling, Ontario has an opportunity to reform education funding policy in ways that help parents afford the school of their choice while saving money for taxpayers.

First, let's look at the numbers. Between the school years 2000/01 and 2012/13, enrolment in Ontario's

independent schools increased by 9.4 percent. What makes this increase remarkable is that it occurred during a 13-year period when the province's school age population (5 to 17 year olds) was shrinking. In total, Ontario's school age population shrank by 3.7 percent during these years. Public school enrolment fell by 5.2 percent.

The rising popularity of independent schools is not unique to Ontario. In fact, independent school enrolment has increased in every Canadian province, except New Brunswick and Prince Edward Island, since 2000/01, despite the fact that every province except Alberta has a shrinking school-age population.

With more and more parents seeking alternatives to the public school system, it's important to ask whether governments are doing enough to help parents afford to send their children to the school of their choice. Comparisons to other provinces suggest Ontario's government could be doing much more.

Currently, 5.6 percent of Ontario's students attend independent schools. This places Ontario near the middle of the Canadian pack in terms of independent school enrolment. Three provinces, however, have significantly higher rates of independent school enrolment than Ontario. Manitoba (at 7.6 percent) has a higher rate than Ontario, while British Columbia (11.6 percent) and Quebec (12.6 percent) have independent school enrolment rates that more than double Ontario's.

One reason for the higher rates of independent school participation in each of these provinces is that in all three jurisdictions, independent schools receive some amount of funding from their provincial governments for each student they educate. In BC, eligible independent schools receive 35 or 50 percent of the amount allocated for operations per student in the local school district. In Manitoba, funded independent schools receive 50 percent of the relevant per pupil allocation and in Quebec it's about 60 percent. This assistance reduces the out-of-pocket costs for parents, making independent schooling more accessible to many parents who may not otherwise be able to afford it.

In addition to helping defray costs for parents, this policy approach also creates significant savings for taxpayers.

Since the per-student grants to independent schools are significantly less than 100 percent of the per-student operating budget in local school districts, taxpayers wind up saving between 40 to 65 percent of a child's per-student operating cost every time a student moves from the public system to an independent school.

For Ontario, reforming the educational funding model along similar lines would be a better strategy for improving the province's education system, instead of simply continuing to throw more and more money at a model that's clearly increasingly less satisfying to more parents. The province continues to increase per pupil funding for public schools at a faster rate than the national average. Specifically, for the decade prior to 2012/13, per-pupil spending in public schools increased by 57.3 percent, reaching \$12,299 per student in the most recent year for which we have data.

And yet this increase in government expenditure is, as enrolments indicate, not sufficient to satisfy the expectations of an increasing number of Ontario parents for the education of their children.

It's time Ontario takes a look at provinces like BC and Quebec for alternative approaches to funding education, which respond to the demand for more choice while relieving the budget pressure faced by the provincial government.

In the end, perhaps it's possible to satisfy both parents and taxpayers. We just need to start paying more attention to what the numbers tell us about what Ontario families want. [FI](#)



Deani Neven Van Pelt is the Director of the Barbara Mitchell Centre for Improvement in Education and Ben Eisen is a Senior Policy Analyst at the Fraser Institute.

# Sorry, Premier Notley, You Can't Have Your Own Facts

Kenneth P. Green



**Alberta's new premier, Rachel Notley, has stirred up a bit of controversy over the way she has portrayed Calgary's environmental record. In remarks made during a televised appearance, Premier Notley compared Alberta to that "embarrassing cousin no one ever wants to talk about." In subsequent efforts to clarify her remarks, she finally settled on the claim that it's only Alberta's environmental performance under previous Progressive Conservative Party premiers that is embarrassing.**

As the saying goes, everyone is entitled to their opinions. They are not, however, entitled to their own facts. And it's on the facts that Notley stumbles, because Alberta's environmental performance, much like any other Canadian province, has been one of continu-

ing environmental improvement. Let's look at some key indicators of environmental protection, starting with air quality.

This table, from Alberta Environment and Parks, shows that Alberta's air quality that's considered "good" has fluctuated between 94 percent and 98 percent of the time. The definition of "good" is that the level of air pollution poses "no known harmful effects to soil, water, vegetation, animals, visibility, or human health." The Alberta government notes that even up in Fort McMurray, the hub of oilsands development, the air quality is considered "Low Risk" 95 percent of the time.

Alberta's rivers and lakes are also, generally, in good health. In a Fraser Institute study of water quality across Canada in 2013, former Fraser Institute researcher Joel



**PERCENT HOURS OF GOOD, FAIR, POOR AND VERY POOR AIR QUALITY IN ALBERTA EACH YEAR**

Air Quality	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Good	96%	98%	98%	94%	94%	95%	96%	98%	96%	97%	95%	95%
Fair	4%	2%	2%	6%	6%	5%	4%	2%	4%	3%	5%	5%
Poor	0.1%	<0.1%	<0.1%	<0.1%	0.1%	0.1%	<0.1%	<0.1%	0.1%	<0.1%	<0.1%	<0.1%
Very Poor	0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%

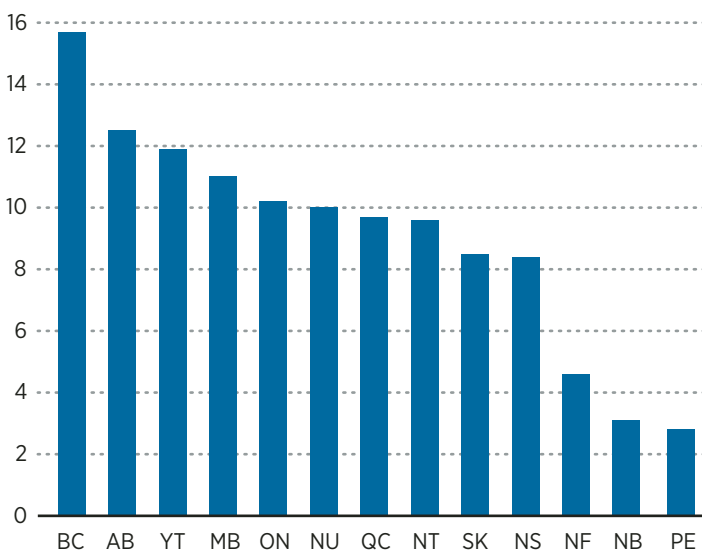
Source: Alberta Environment and Parks, 2015, Alberta's Air Quality Index.

Wood surveyed data on water quality in Alberta, and concluded that while additional monitoring will be needed as Alberta grows (assuming it returns to growth):

Water quality in Alberta's major rivers is very good, and was relatively stable between 1996 and 2009. There have been major achievements in reducing nutrient loads and bacteria downstream of major population centers; these improvements are even more impressive considering the rapid population growth of the province.

According to Environment Canada, as of 2010, protected lands accounted for 12.4 percent of the province's land area, a percentage only surpassed by British Columbia.

**PERCENTAGE OF LAND AND FRESHWATER PROTECTED**



Source: Environment Canada, 2014, Protected Areas, by Province and Territory.

If Premier Notley's "embarrassment" is really about Alberta's greenhouse gas emissions (GHG), well, her embarrassment is misplaced. Alberta was the first province in Canada to put restrictions on GHG emissions from large industrial emitters via its carbon levy. Now, one can (and will) argue over whether or not that's the optimal way to control GHGs, but those arguments have been around the world for nearly 20 years and will likely continue for many more. The fact is, Alberta adopted a GHG-control regime based on what were commonly defined targets in 2007, namely, a focus on reducing the GHG intensity of major industry in Alberta. Notley should know about this regulatory regime that pre-existed her tenure, as one of her first acts as premier was to pledge to double the stringency of the levy.

Premier Notley is free to feel ashamed of anything she wants to. But what she should be ashamed about is distorting Alberta's excellent history of environmental protection. To be sure, there is always more that can be done, and progress will always have to be balanced with economic growth and opportunity. But Alberta does not have anything to hang its head about when it comes to environmental protection. **FI**



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

# Subsidized Childcare and Child Development Outcomes: What We Know and What We Don't

Ben Eisen



**In 1962, researchers in Michigan began the Perry Preschool Project. The project provided an intensive childcare program to 58 children from low-income families. The program featured a low teacher-student ratio, and a weekly home visit. Researchers tracked the life outcomes of participants, and compared them to a control group.**

**T**he results were striking. On average, participants had a higher high school graduation rate, were less

likely to have been arrested, and earned significantly more money than control group members.

Researchers have raised concerns about whether these results can be generalized. The initiative was a “hot-house” program with just 58 students, high per-student costs, and an extremely committed and experienced teaching team. It’s not clear whether it is feasible to “scale up” this type of program. Furthermore, the program targeted economically disadvantaged students, a group that experiences (on average) much greater

developmental benefits from childcare interventions than other children. In fact, several studies suggest that cognitive benefits of childcare participation for middle-class children generally “fade out” almost entirely by entry into fourth grade.

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*Families and communities should be encouraged to experiment and pursue arrangements that suit them best.*

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With these caveats noted, the Perry Preschool Project was nonetheless an important research project. It provided compelling evidence that certain types of childcare interventions can bring substantial, long-lived advantages to children in specific circumstances.

However, new research suggests that the opposite can also be true—that certain types of childcare interventions can bring substantial, long-lived *disadvantages* to children. In 2008, a team of researchers from the University of Toronto, MIT, and UBC published *Universal Childcare, Maternal Labor Supply and Family Well-Being*, an influential study analyzing the impact of Quebec’s “universal” childcare program on maternal labour supply and child development outcomes. The researchers found that the program achieved one of its objectives—boosting maternal labour force participation. This aligns with the findings of other studies, which found that subsidized childcare increases employment rates and government revenues.

However, the study also found that the program produced, across a range of indicators, substantive negative health and behavioural development effects for children.

Recently, the same team published a follow-up working paper, *Non-Cognitive Deficits and Young Adult Outcomes: The Long-Run Impacts of a Universal Child Care Program* (not yet peer-reviewed) that concluded these outcomes were long-lasting. Years later, the program has resulted in higher crime rates (among boys) and

higher levels of hyperactivity and aggression. Girls exhibited lower tendencies towards prosocial behaviours including volunteer work and charitable giving. These findings cast doubt on the notion that large-scale, universal childcare programs such as Quebec’s are a panacea to economic and social problems.

Neither the research in Quebec nor the results of the Perry Preschool Project are the final word on childcare and development outcomes. They (and other research) should be considered together, and lead us to recognize that our understanding of these matters remains incomplete. Despite claims from activists that “the evidence shows” that subsidized childcare will bring long-lasting benefits to children, the reality is that the evidence is mixed. Just as skeptics of childcare subsidies must accept the results of the Perry Preschool Project, proponents should not reflexively dismiss the research from Quebec simply because it does not advance their agenda. To state what should be obvious, the socialization of children is a complicated subject that we don’t understand with the type of scientific precision that some childcare activists suggest.

The research from Quebec raises valid questions about whether that province’s model is one that the rest of the country should emulate, and should at least give us pause before rushing into a “one-size-fits-all” solution. Instead, families and communities should be encouraged to experiment and pursue arrangements that suit them best while researchers continue the important work of furthering our understanding of how different types of childcare programs can influence child development. [FI](#)



BEN EISEN

Ben Eisen is a senior policy analyst at the Fraser Institute.

# National Drug Program Won't Help Canadians Who Need It Most

Bacchus Barua



**Calls for a government-operated national drug insurance program have been getting louder over the past few months, culminating most recently with premiers from across the country signing a “prescription” for “National Drug Coverage.”**

**W**hile there may indeed be legitimate concerns regarding the affordability of prescription drugs for certain groups, the notion that a national government-run drug plan is the obvious solution is misguided. Such calls are typically predicated on two false premises.

The first is that low-income individuals and vulnerable groups do not have coverage for prescription drugs. While there isn't a uniform national drug plan for such groups, there are several individually tailored provincial plans. In fact, a recent Fraser Institute study, *Drug Coverage for Low-Income Families*, reveals that low-income and other vulnerable Canadians already have comprehensive prescription drug insurance coverage. While the levels of coverage vary by province, lower-income Canadians have access to at least catastrophic insurance for prescription drugs (limiting out-of-pocket

costs to a small percentage of income), while those on social assistance have coverage at very low or zero cost.

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*Without specifically identifying what a so-called national drug program will cover and its cost, proponents are essentially asking for a blank cheque for an undefined product.*

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In provinces where data indicate that certain groups of vulnerable Canadians may be slipping through the cracks, premiers should focus on identifying and supporting those individuals instead of passing the buck and calling for a national plan that subsidizes everyone, including those who don't need financial support.

The second misconception is that Canada runs the only universal health care system that does not also offer coverage for pharmaceuticals. While several countries with universal health care systems do indeed provide coverage for pharmaceuticals through government-run programs (such as the United Kingdom and Australia), many others (such as Switzerland and the Netherlands) provide universal access for all health care services (including pharmaceuticals) through private insurers. These countries require individuals to pay community-rated premiums, deductibles, and co-payments. Low-income citizens and those exposed to high drug costs receive premium discounts, cost-sharing exemptions, and access to other public safety nets.

Therefore, while it's true that other universal health care systems provide coverage for pharmaceuticals, not all of them provide such coverage through national government-run insurance plans. Further, as mentioned previously, provincial governments in Canada already offer coverage for pharmaceuticals—but target such coverage toward individuals who need it most.

Finally, there is the tacit promise that a government-operated national drug insurance program will expand access to pharmaceuticals for all Canadians—without

hitting their wallets. To begin with, research has shown that government drug plans in Canada generally reimburse fewer and older drugs in comparison to private plans. If that's any indication of what a national drug plan may look like, middle- and higher income Canadians would likely be worse off in terms of choice. And the touted cost savings to government from a national drug plan are based on optimistic assumptions about better bulk purchasing agreements and generic substitution, which may not hold true.

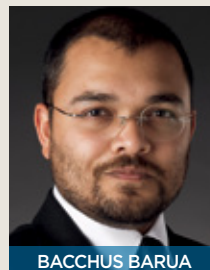
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*We may simply end up paying more money for fewer choices to primarily subsidize the drug consumption of people who don't need subsidies.*

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Without specifically identifying what a so-called national drug program will cover and its cost, proponents are essentially asking for a blank cheque for an undefined product. Importantly, if lower income Canadians are already covered by provincial plans, and middle and higher income Canadians can access private plans (or pay out of pocket), it begs the question: Who really benefits from the establishment of such a program?

It's entirely possible that we may simply end up paying more money for fewer choices to primarily subsidize the drug consumption of people who don't need subsidies. [FI](#)



Bacchus Barua is a senior economist in the Fraser Institute's Centre for Health Policy Studies.

# Why Measurement Matters in Income Inequality

Jason Clemens and Christopher Sarlo



**Canada, like most industrial countries, has its fair share of economists and politicians arguing that Canada has an inequality crisis requiring large-scale, even unprecedented government intervention to solve. More often than not the issue of inequality and how we measure it is grossly oversimplified.**

**T**he reality of income inequality is far more complicated than such analyses and hyperbole suggest.

For example, both the level of and growth in income inequality is incredibly sensitive to the definition of income used.

Many studies of income inequality use “earnings” to measure income. Earnings is a particular and rather narrow measure of income, however, since it only includes wages and salaries and any net income received from unincorporated businesses. As such, earnings as a measure of income ignores government

transfers, progressive income taxes, and tax credits that benefit lower income individuals and families. In other words, “earnings” ignores almost all of the current interventions undertaken by government to reduce income inequality.

A recent Fraser Institute study, *Income Inequality Measurement Sensitivities*, examined the sensitivity of income inequality to the definition of income. It demonstrates how the results can change when different definitions are used. In 2010, the latest data included in the study, the top 10 percent of families received 36.8 percent of all *earnings* in Canada. This is a 34.2 percent increase in the share of *earnings* received by the top 10 percent of families since 1982. Such results are the hallmark of studies calling for large-scale intervention by government.

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*Oversimplifying the complex social and economic issue of income inequality to arrive at pre-determined results risks making the situation worse. Understanding how it's measured is one crucial step in understanding the reality of inequality.*

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However, if we include the policies that governments in Canada have already implemented—income transfers for instance—and measure *after-tax income* rather than just *earnings* (and adjust for the size of the family to ensure it doesn't influence the results) both the level and growth of income inequality are significantly lower.

The share of *after-tax income* received by the top 10 percent of families in 2010 was 25.3 percent. In other words, the level of inequality as measured by the share of income received by the top 10 percent of families

was more than 30 percent lower than if just *earnings* are used to measure income.

Similarly, the growth in income inequality is significantly lower when after-tax income adjusted for family size is used. Specifically, from 1982 to 2010, the growth in income inequality fell from 34.2 percent when *earnings* are used to just 12.9 percent. This is critically important since after-tax income incorporates many of the mechanisms currently used by government to reduce income inequality.

The measurement of inequality is also complicated by issues such as whether individuals or families are analyzed, whether income is really the best measure of one's standard of living, how goods and services have improved over time (which isn't largely captured in the data), and how our circumstances naturally change over the course of our lives.

All of these factors need to be considered when we analyze inequality. This is not to say that inequality isn't an important issue, but rather that it is a complicated one. Oversimplifying this complex social and economic issue to arrive at pre-determined results risks making the situation worse. Understanding how it's measured is one crucial step in understanding the reality of inequality. **FI**

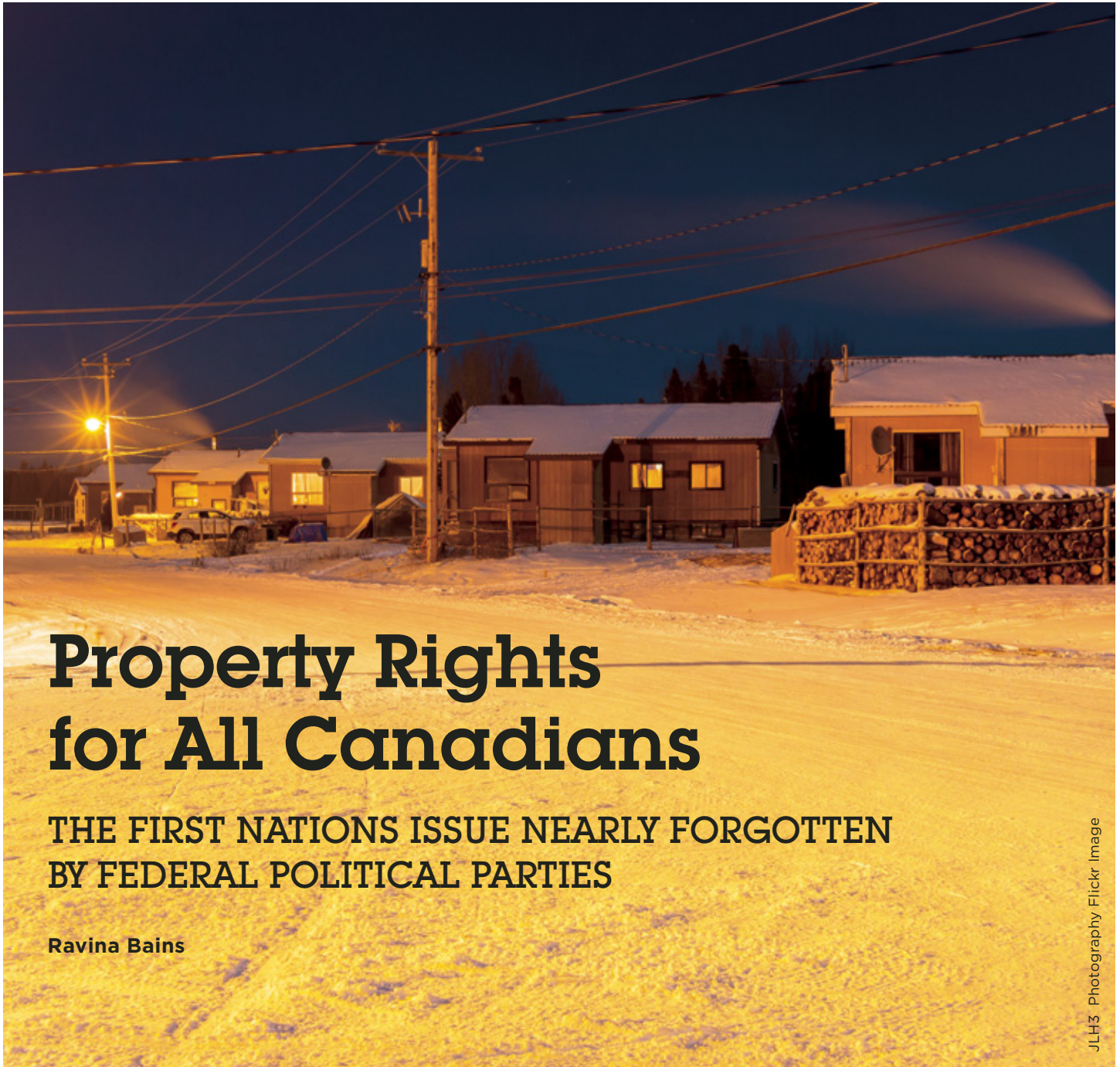


JASON CLEMENS



CHRISTOPHER SARLO

Jason Clemens, Fraser Institute executive vice-president, and Christopher Sarlo, professor of economics at Nipissing University, are co-authors of the recently released study, *Income Inequality Measurement Sensitivities*.



# Property Rights for All Canadians

THE FIRST NATIONS ISSUE NEARLY FORGOTTEN  
BY FEDERAL POLITICAL PARTIES

Ravina Bains

JLH3 Photography Flickr Image

**Consider this fact: in Canada today, there are three groups of people who cannot legally own property: children, the mentally incompetent, and First Nations people who live on a reserve.**

**T**hat's right. First Nations people in Canada who choose to live on a reserve are grouped in the same category as children.

So how is this possible?

Well, under the Indian Act, First Nations people do not own their own land. Instead, it's held for them by the government. Because of this policy, First Nations people who currently live on reserve do not enjoy the same property rights as every other Canadian. On-reserve members are unable to earn equity on their





home, use it as collateral to borrow money, sell their land to whomever they choose, or bequeath their wealth to their children.

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*If we want First Nations reserves in Canada to have better housing conditions and higher levels of economic and social well-being, we should consider the positive impact of extending full property rights to on-reserve members—an economic right that all other Canadians currently enjoy.*

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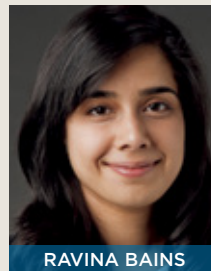
Despite its paternalistic roots, this is an issue that received very little attention during the recent election campaign. This is surprising given the research on the positive impacts of extending property rights to First Nations in Canada.

For example, our study *The Wealth of First Nations* has shown that the development of full property ownership for individuals on reserve will improve the economic and social well-being of First Nations communities. And full property rights can result in better housing quality on reserves.

There are also First Nations leaders such as Chief LeBourdais of Whispering Pines who want to extend full property rights to their members but cannot because of provisions in the Indian Act.

So if we want First Nations reserves in Canada to have better housing conditions and higher levels of economic and social well-being, we should consider the positive impact of extending full property rights to on-reserve members—an economic right that all other Canadians currently enjoy.

John Diefenbaker extended the right to vote to all status Indians in the 1960s, less than 60 years ago. Let's hope that First Nations citizens living on reserve do not have to wait that long to have full property rights on reserve, especially when it's shown to promote prosperity and social and economic well-being for those who need it most. [FI](#)



Ravina Bains is the Associate Director of the Centre for Aboriginal Policy Studies at the Fraser Institute.



## Ben Eisen

### What's your role at the Institute?

I am a Senior Policy Analyst, working on the institute's Ontario Prosperity Initiative. I am conducting research on a range of economic issues, providing

analysis of what types of policy choices are needed to promote robust economic growth and prosperity in Canada's most populous province.

### How did you arrive at the Institute?

My relationship with the Fraser Institute is now more than a decade old. I did volunteer work when I was an undergraduate student in the Institute's Toronto office. I also co-authored a study that the Institute published late in 2014. When an opportunity arose to join the institute on a full-time basis this spring, I was excited to take the position.

### Tell us something exciting you're working on now for the immediate future.

I'm excited to help design and execute a research program that will help inform Ontarians about

the consequences of higher taxes and increased debt. Canada can't thrive without an economically vibrant and prosperous Ontario, and I'm excited to participate in the work of helping Ontarians understand how public policy decisions directly influence their lives.

### What do you enjoy doing in your spare time that your colleagues many not be aware of?

I am an avid fan of all four Toronto sports teams, so following all of them takes up a fair amount of my spare time.



## Steve Lafleur

### What is your role at the Institute?

I am a senior policy analyst working on the Alberta

Prosperity Initiative. I spend my time researching and writing about economic issues in Alberta, such as the province's budgetary situation and tax policy.

### How did you arrive at the Institute?

I was first involved with the Fraser Institute as an undergraduate student through the Institute's student seminars and student colloquium programs. After graduate school I worked in the think tank world for several years, and when the opportunity arose I was thrilled to join the Fraser Institute.

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

One of the most important issues

I'll be focusing on is Alberta's declining competitiveness. Not so long ago the province had an extremely competitive fiscal policy framework. Unfortunately, the "Alberta Advantage" is being eroded by ongoing deficits and tax increases.

### What you do in your spare time that your colleagues might not be aware of?

I am fascinated with the renaissance of mid-sized North American cities, so I spend a surprising amount of time travelling through the Great Plains and Prairies in particular. Despite my Ontarian roots, I've come to love the middle of the map.

# Fraser Institute Foundation

## *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 Foundation support research and programming at the Fraser Institute that educates adults and students about how choice, entrepreneurship, and sound government policies have the power to deliver prosperity and opportunity for Canadians.



Longtime supporter and Fraser Institute board member Arthur Grunder passed away in 2014. Art, as he was generally known, joined the board of the Institute in 1997 and the executive advisory board shortly thereafter in 1998. He was a quiet but constant contributor to the board until 2010 when he retired.

Art generously provided a \$100,000 gift to the Fraser Institute Foundation in his Will,

which will be added to existing funds that finance innovative, cutting-edge research on the most pressing policy issues facing Canada and the provinces. Such projects could not be undertaken by the Institute without the funding provided by the Foundation through donations such as Art's.

Art passionately understood the need to protect the next generation's opportunities. His legacy gift will expand the

pool of resources available to the Institute to ensure the continuation of research aimed at improving the quality of life for Canadians now and in the future.



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