

YOUR TRADE WAR IS MY EXPORT OPPORTUNITY



Book Recommendation:

Demographics and
Entrepreneurship:
Mitigating the Effects
of an Aging Population

Movie Recommendation:

Little Pink House, starring
Academy Award nominee
Catherine Keener

Blog Post: The Avengers—
Infinity Stones, finite
resources and populations



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Our mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being.

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Ryan Hill

WELCOME

Dear Readers,

Congratulations on completing another school year!

With the warmer weather upon us, we hope you that find some time to relax in advance of the upcoming fall semester. Whether you are looking for something to read on the beach, or maybe even on a plane to a fun vacation destination, this edition of the *Canadian Student Review* will surely keep your brain active and get you thinking about some of today's biggest public policy conundrums.

Among the articles in this edition is an economic assessment of the Avengers film series from avid film-goer and senior fellow Aeon Skoble. The "Mad Titan" Thanos, it turns out, is no policy wonk—his miscalculations and terrible economic assumptions would ruin the planet if taken seriously. Closer to home in the real world, senior fellow Steven Globerman ponders how Canada might find some practical way to benefit should the US and China descend into a full-blown trade war. And senior fellow William Watson asks who actually owns sports scores. Instead of being treated as a public good, should sports scores now be treated as intellectual property so the various leagues can reap some portion of the gambling revenues that rely on those scores?

We are also highlighting the recent motion picture, *Little Pink House*, and a thought-provoking quote by the famous economist, Thomas Sowell.

Have a wonderful summer and don't forget to like our Education Programs Facebook page (www.facebook.com/EducationPrograms) to stay connected with us!

Best,

Ryan

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YOUR TRADE WAR IS MY EXPORT OPPORTUNITY

STEVEN GLOBERMAN

Amazon CEO Jeff Bezos is renowned for saying “your margin is my opportunity.” Canada and other countries may soon be in position to paraphrase Bezos’ iconic boast as an emerging trade war involving the United States and China creates export opportunities for other countries.

President Trump directed the US trade representative to levy tariffs on about \$50 billion worth of Chinese imports following a seven-month US investigation into Chinese intellectual property theft. This latest US action was preceded by a 25 percent tariff on steel from which a number of countries, including Canada but not China, received temporary exemptions. Beijing quickly responded to last week’s announcement by outlining new import taxes of its own on US products worth \$3 billion.

It is, of course, impossible to know how prolonged and extensive the US-China economic tit-for-tat will go on. It’s also impossible to predict what trade actions the Trump administration will take against other countries. What is predictable, however, is that unless the Trump administration changes its mercantilist and bullying trade policies (which seems unlikely), the potential for trade flows to be redirected away from the US will become increasingly relevant.

While there are costs to this consequence for Canada since the US is by far its largest trading partner, there are also opportunities. Identifying and exploiting those opportunities will be a major strategic imperative for Canadian businesses. In specific cases, the federal and provincial governments may also have a direct role to play.

An example of an emerging trade opportunity, which Canadian governments can help materialize,

involves selling educational services to foreign students including—or perhaps especially, given the emerging trade environment—to Chinese students. The economic potential of this market is substantial for Canada. While it’s difficult to obtain precise and reliable numbers, one estimate is that some 676,000 Chinese students were enrolled in universities and graduate schools in the 10 foreign countries with the largest enrolments. Canada accounted for a relatively small share (6 percent) of this enrolment. In contrast, the US was the single largest destination country accounting for almost 39 percent of all Chinese students enrolled in universities and graduate schools outside China.

To gain some perspective on the economic implications of this segment of the education services export market, simply multiply the number of Chinese students in Canada (using the 2015 enrolment figure) by the average tuition of C\$25,180 charged to international students studying in Canada in 2017/18.

This amounts to almost \$1.1 billion.

While this might not seem like a large source of export sales, if the number of Chinese students studying in Canada doubled (from around 42,000 to 84,000) and average tuition for international students remained constant, the resulting export revenues would equal almost 43 percent of the value of steel that Canada exported worldwide in 2016.

In other words, educating Chinese students is a substantial export opportunity for Canada. (Obviously, the export opportunity is significantly enhanced if one includes students from other foreign countries besides China who might purchase educational services provided by Canadian organizations.)

Clearly, export revenues earned are only one consideration when determining whether to increase (and by how much) international student enrolment in Canadian universities. This discussion is merely meant to illustrate the opportunities for Canada that the Trump administration's "America First" policies are creating.

But it's a particularly apt illustration, since there's evidence that the enrolment of Chinese students in US universities is declining. Since Trump assumed the presidency, F1 visas issued by the US government to students from China's mainland have dropped by roughly 46 percent. Escalating strife between China

and the US will almost certainly discourage all types of trade in services between the two countries including tourism and educational services.

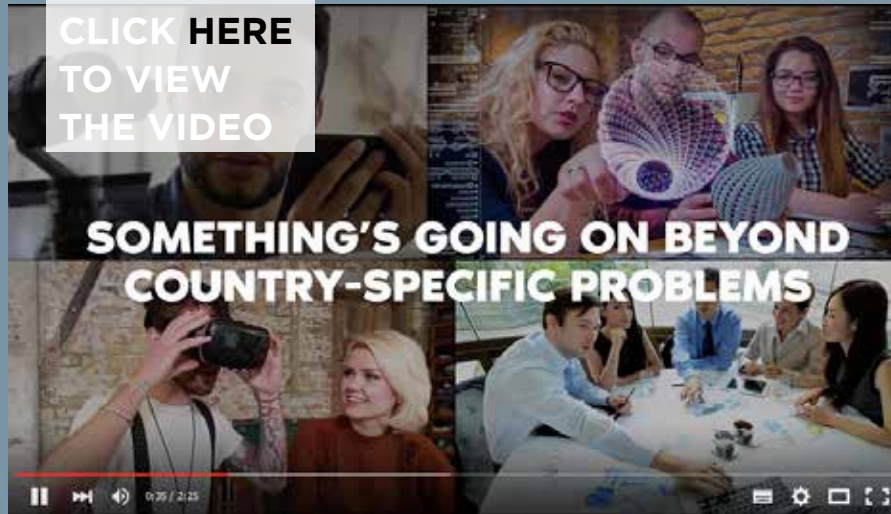
While a trade war between the two countries would certainly be bad news for the world economy, it will create significant opportunities for Canadian organizations that are willing and able to market services to a fast-growing market of middle-class consumers ♦

F1 VISAS ISSUED BY THE US GOVERNMENT TO STUDENTS FROM CHINA'S MAINLAND HAVE DROPPED BY ROUGHLY 46 PERCENT.



Steven Globerman is the Kaiser Professor of International Business and Director of the Center for International Business at Western Washington University, and Senior Fellow at the Fraser Institute.

DEMOGRAPHICS AND ENTREPRENEURSHIP: MITIGATING THE EFFECTS OF AN AGING POPULATION



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ENVIRONMENTAL RANKING FOR CANADA AND THE OECD

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Canada is in the top 10 among high-income countries for overall environmental performance



THE AVENGERS—INFINITY STONES, FINITE RESOURCES, AND POPULATIONS

AEON J. SKOBLE

WARNING: Contains spoilers for the film *Avengers: Infinity Wars*.

Our story thus far: In many of the Marvel Studios films over the past decade, stories have brought characters into contact with, or in some case been driven by, objects known as “Infinity Stones,” powerful artifacts from the creation of the universe.

Starting with the first Avengers film in 2012, audiences have also been aware of the “Mad Titan” Thanos, who’s on a quest to gather all six Infinity Stones, which, when affixed together onto the Infinity Gauntlet, will give him incredible power—enough power that with a mere snap of the fingers, he could destroy half of all life in the universe.

And that’s literally his goal. Despite being known as the Mad Titan, he actually offers a rationale for this mass slaughter—overpopulation.

THE POWER OF POPULATION IS INDEFINITELY GREATER THAN THE POWER IN THE EARTH TO PRODUCE SUBSISTENCE FOR MAN

He argues that the population keeps increasing and depleting resources, causing starvation and suffering, so if half of everyone were dead, there would be plenty of resources to go around, and life would be much

better for the other half. Thanos’ inspiration, in his telling, comes from his own homeworld’s problems, but he’s an unreliable narrator. Nevertheless, he has real counterparts on Earth, albeit less murderous.

In the late 18th and early 19th centuries, Robert Malthus argued that “The power of population is indefinitely greater than the power in the earth to produce subsistence for man.” According to this theory, we can never succeed at being a great society because people will reproduce more rapidly than we can extract adequate resources. In the 20th century, Paul Ehrlich made a similar argument—that population increases would definitely and soon outstrip our ability to produce sufficient resources. He predicted the world would be facing mass starvation.

Lacking an Infinity Gauntlet, Ehrlich suggested “We must have population control at home, hopefully through a system of incentives and penalties, but by compulsion if voluntary methods fail. We must use our political power to push other countries into programs which combine agricultural development and population control.”

There are a couple of different angles for arguing against Thanos, although as you might guess, he’s not interested in arguments, so it’s The Avengers, not The Professors, who must rise to the occasion and fight Thanos and his minions. But we all play our part, so let’s examine some of the ways in which Thanos is wrong.

For one thing, even if the Malthus/Ehrlich argument was correct for Earth (or Titan), it wouldn’t follow that the entire universe would run out of resources. Even if every other planet with sentient life were following the logic of overpopulation-leads-to-catastrophic-resource-depletion, there are plenty of other planets. The people of the overpopulated worlds could take advantage of entirely unpopulated worlds. The limitless power of the Infinity Gauntlet could actually help both with transferring resources or transferring

people. (For that matter, couldn't one just use the Infinity Gauntlet to make more resources? Let's ignore that.)

But the main problem is that the Malthus/Ehrlich argument isn't even true for this world.

As critics of this line of thinking have argued for ages, including most famously Julian Simon, the argument overlooks the role of human creativity in problem solving. One way to sum up the anti-Malthusian position is to say that humans are themselves resources, not in the Soylent Green sense, but in the sense that we are clever and adaptable, and tend to discover new resources, new and more efficient ways to use existing resources, and institutions that give incentives for greater husbandry and conservation. Where incentives are bad, of course, for example in common-pool resource situations, we do see overuse of resources. But it's a hallmark of human ingenuity that many societies did evolve institutions such as property rights that help avoid those problems.

As our population has grown, we have developed more efficient agriculture and related technology. Where there's hunger, it's typically due to politics, not because the global food supply is depleted. We have abundance, not shortage. If human ingenuity can generally be counted on to solve these problems, you'd think that the more advanced civilizations such as Xandar and Asgard could also.

So just as we now have no reason to be persuaded by Malthus and Ehrlich's predictions of doom, and a good understanding of why they were mistaken, Thanos, knowing about the many worlds even more advanced than Earth, should have even less reason to see things this way. Unfortunately, Thanos is insane, so reason- and evidence-based arguments about Malthusianism have little effect.

There's another approach one might take, which several characters mention, namely, that even if we did need to take the Malthusian fear seriously, it would nevertheless be immoral to kill half of the world's human population. Only on the crudest version of utilitarianism could this be justified, and even then, wouldn't the population just increase again, and the problem repeat itself?

But most ethical systems are more sophisticated than the sophomoric version of utilitarianism. A more sophisticated consequentialism would be moved by the anti-Malthusian argument about human creativity in innovation and institutional design. And non-consequentialist theories tend to hold each individual as having intrinsic worth, not to be sacrificed for the greater good—"we don't trade lives," as Captain America puts it.

That each person has a right to live and strive trumps a utilitarian desire to cull the population. Again, though, a madman like Thanos is not likely to be any more receptive to moral philosophy than to economics



or history. So it's a good thing the Avengers and the Guardians of the Galaxy and the Sorcerers of Kamar-Taj are around to fight Thanos.

In the real world, of course, we don't have Mad Titans with Infinity Gauntlets literally trying to murder half the population—although we do have ordinary humans who are sufficiently alarmed by Malthusian fears as to propose serious harm to large segments of the population. They are people who fail to take seriously either the fundamental dignity and right to liberty of all persons, or the lessons of economic history.

And while we also don't have those superheroes, we do have some heavy intellectual firepower from heroes such as Julian Simon, Deirdre McCloskey, David Ricardo, Friedrich Hayek, John Locke, and Adam Smith. If the name weren't already taken, I'd be tempted to suggest "Justice League." ♦



*Aeon J. Skoble, Fraser Institute Senior Fellow, is a Professor of Philosophy and Chairman of the Philosophy Department at Bridgewater State University in Massachusetts. He is the author of *The Simpsons and Philosophy* and *Deleting the State: An Argument about Government*.*

“THE FIRST LESSON OF ECONOMICS IS SCARCITY: THERE IS NEVER ENOUGH OF ANYTHING TO FULLY SATISFY ALL THOSE WHO WANT IT. THE FIRST LESSON OF POLITICS IS TO DISREGARD THE FIRST LESSON OF ECONOMICS”

— THOMAS SOWELL



DO SPORTS LEAGUES REALLY OWN THEIR SCORES? SAY IT AIN'T SO, COMMISSIONERS!

WILLIAM WATSON

When I was a kid playing Little League baseball, I was a devoted follower of the televised Big League game of the week, which in Montreal came to our TV antenna from WCBS Burlington, Vermont. At the time, CBS owned the New York Yankees so we got Yankee games, which turned me into a Yankee fan. That has had all sorts of psycho-cultural implications, the Yankees being classic over-dogs—though at that time they were actually pretty bad. In hockey, I naturally supported my hometown team, the Montreal Canadiens, historically another over-dog (though not so much lately).

Part of broadcast ritual in baseball occurs around the seventh inning, when the announcer reads out the copyright warning: “Any rebroadcast, retransmission, or account of this game, without the express written consent of Major League Baseball, is prohibited.” As a kid I wondered how “express written consent” was different from “written consent.” I guess I was on my way to being an editor, a job I’ve done a few times in my life.

All this came to mind this week after the United States Supreme Court’s 6-3 decision overturning federal disallowance of state laws authorizing gambling on sports events. Perhaps not surprisingly, what’s expected to be a flood of new laws allowing sports gambling in the states is expected to spark a veritable scrum, a bench-clearing brawl as it were, an all-out blitz, a full-court press—choose your favourite sports metaphor indicating elbows-flying intensity—as governments and gambling companies try to secure their piece of all the new betting action.

As reported in the Wall Street Journal, NBA commissioner Adam Silver used an interesting phrase to justify his league getting a share of any new gambling

revenues: “We are the producers of this intellectual property. The NBA will spend \$7.5 billion this year creating this product. We should be compensated in some way for the use of our property.”

It had never occurred to me that sports scores, which are the most common fodder for sports betting, were actually intellectual property. Jock property, maybe. But intellectual property? Everyone knows—or almost everyone—that two years ago the New England Patriots came back from down 28 to 3 in the third quarter of the Super Bowl (“Super Bowl LI,” i.e., 51) to beat the Atlanta Falcons 34-28 in the only overtime game in Super Bowl history.

But is that result public domain, part of sports history, or the property of the National Football League? In talking about that score—in just having mentioned it—are we violating an NFL property right? Do we have to put little copyright signs (©) beside every mention of it and beside all other sports scores, too?

Information is a classic example of a “public good.” Your knowing the Super Bowl score doesn’t prevent me from knowing it, too. We can both “consume” it at the same time. By contrast, with “private goods” what you consume I can’t consume: we can’t both eat all of the same hamburger. Economists often argue that because of this “non-rivalness” of consumption, and the difficulty of keeping people out, the market will under-supply public goods. If everyone can consume a good without paying for it, how can anyone make

SPORT SCORES WERE ACTUALLY INTELLECTUAL PROPERTY



money supplying it? Who would be foolish enough to pay?

It was a problem in the 19th century for Charles Dickens, whose works were widely reprinted without his authorization. He had to monetize his fame by going on lecture tours for which he or his agents could sell tickets. It's a problem in the music business today. Rock stars used to make most of their money selling records. Now, with content so easy to steal, they have to sell concert tickets and t-shirts to cash in.

But is the fact that everyone in the world can know the result of a sports match without paying for it really causing sports leagues to be undersupplied?

The NBA isn't spending \$7.5 billion a year out of the goodness of its heart. Some of its franchises may not be doing so well but, overall, the league is likely making much more than \$7.5 billion in return. It sells tickets to games. It sells broadcast rights, which are not always easy to police but evidently are enforceable enough that TV networks are willing to pay really big bucks for them. It makes money selling team shirts and shorts



and sweats and almost every other kind of branded item imaginable. If it were able to sell its scores and in some way make them inaccessible to people who didn't pay, could it make even more money? Sure. Would it be a bigger league? Possibly. But it seems to be doing at least OK as is.

The leagues say that with betting legalized they'll have to spend more money assuring the integrity of their various games. Really? By all estimates, an awful lot of betting has been going on for a long time, whether legally in Nevada, which had an exemption under the federal law the Supreme Court just overturned, or illegally. In principle, at least, fixing games has probably paid for a long time. Most leagues already have a big stake in convincing fans competition is on the level—and have had since the Chicago Black Sox scandal of 1919 ("Say it ain't so, Joe!"), which F. Scott Fitzgerald immortalized with a reference in *The Great Gatsby*. Bringing gambling above ground may change the stakes slightly at the margin but I doubt the effect will be that big.

The obvious danger in various stakeholder attempts to get a piece of the revenue action—whether in the legalized marijuana market in Canada or the legalized betting market in the US—is that they'll kill any chance of profitability in the legal markets and simply drive everything back underground as a result.

Anyone want odds on that? ♦



William Watson is a Professor of Economics at McGill University and Senior Fellow with the Fraser Institute. He holds degrees in economics from McGill and Yale Universities. His latest book, currently in press with University of Toronto Press is The Inequality Trap: Fighting Capitalism instead of Poverty.

STUDENT LEADERS COLLOQUIUM



Over the 2017-2018 academic year, 153 outstanding students were identified at our Explore Public Policy Issues student seminars and invited to apply for our Student Leaders Colloquium. Twenty participants were then selected based on their potential to be future leaders. In addition to those who were actively involved in campus, local, provincial, and

federal politics, we chose students pursuing careers in journalism, law, entrepreneurship, commerce, and medicine, just to name a few. Through this program, these future decisionmakers and opinion leaders learned about the benefits of markets and liberty, while working alongside our Institute policy staff. For more information on the program, visit our website. ◆

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LITTLE PINK HOUSE

Little Pink House is a biographical drama focused on one woman's fight to save her home against "eminent domain" abuse. Academy award nominee Catherine Keener plays Susette Kelo who fights to save the only home she ever owned. Her legal case—litigated in the court of law and in the court of public opinion

by the Institute for Justice—sparked a nationwide backlash against the power of the government to take one person's land and give it to another private party for their private use. That power fundamentally undermines private property rights, which is a core pillar of economic freedom.

**FOR MORE INFORMATION ON
LITTLE PINK HOUSE, CLICK [HERE](#)**



THE PRIVATE COST OF PUBLIC QUEUES FOR MEDICALLY NECESSARY CARE, 2018

BACCHUS BARUA AND SAZID HASAN

The Private Cost of Public Queues for Medically Necessary Care, 2018 finds that Canada's long wait times for medically necessary treatments cost Canadians \$1.9 billion—or \$1,822 per patient—in lost wages and time

last year. If the value of lost time outside the traditional work week—evenings and weekends—is included, the estimated cost of waiting jumps to \$5.8 billion ♦

[READ THE FULL STUDY HERE](#)



INCREASING THE MINIMUM WAGE IN BRITISH COLUMBIA: A FLAWED ANTI-POVERTY POLICY

CHARLES LAMMAM AND HUGH MACINTYRE

Increasing the Minimum Wage in British Columbia: A Flawed Anti-Poverty Policy finds that despite misperceptions, more than 80 percent of BC's minimum-wage earners don't actually live in low-income families. In fact, last year, the majority of minimum-wage earners in the

province (55.7 percent) were teenagers or young adults aged 15 to 24, almost all of whom (77.9 percent) lived with their parents or other relatives ♦

[READ THE FULL STUDY HERE](#)

MINIMUM WAGE EARNERS IN BRITISH COLUMBIA Not who you think

84% do not live in low-income households

56% are teenagers or young adults aged 15-24

The vast majority live with their parents



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