

PRICEY AND CULTURALLY POINTLESS: CANADIAN PROTECTIONISM IN THE ENTERTAINMENT INDUSTRY





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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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WELCOME

Dear Readers:

Happy New Year!

I hope you had a wonderful holiday season and that you are excited about starting another semester.

This issue features many of our frequent student contributors. William Dunstan presents a fascinating piece on the costs of Canadian protectionism, and Brennan Sorge discusses the importance of measures of the performance of our economy beyond just GDP. In addition to these two articles, two former interns contribute to this issue and we highlight a book review of *Socialism Sucks!* by our high school contributor, Nick Lui.

We're also including a thought-provoking quote from Frederic Bastiat, a recent infographic that highlights the 2019 health care wait times in Canada, and much, much, more!

If you or someone you know would like to contribute to the *Canadian Student Review*, please have them contact me directly at Ryan.Hill@fraserinstitute.org.

Regards,

Ryan



PRICEY AND CULTURALLY POINTLESS: CANADIAN PROTECTIONISM IN THE ENTERTAINMENT INDUSTRY

WILLIAM DUNSTAN

Canadians pay a premium for domestically produced music, film, and television. Individual consumers do not willingly spend extra to enjoy local talent; rather, taxpayers fund costly government efforts to ensure that entertainment programming, especially made-for-TV shows, feature films, and popular music, is made by Canadians and promoted to Canadian consumers. Canadian protectionism may not get as much attention in the entertainment industry as it does elsewhere in the economy, but its harms are nonetheless significant.

This protectionism has economic and cultural motivations. Encouraging foreign artists to produce more of their work in Canada and shielding domestic artists from foreign competition arguably boosts the Canadian economy. Also, a robust domestic entertainment industry can foster national identity by exposing Canadians to media that reflects their experiences. Canadian entertainment protectionism, however, achieves neither of its objectives. The economic costs of government intervention far exceed its benefits, and existing policies do not appear effective at increasing Canadians' appreciation for domestic entertainment.

It is important to realize the scope of government intervention in the entertainment industry. Governments use two main sets of policies to promote Canadian productions: content requirements and subsidies. Content requirements are imposed through regulations and indirectly promote Canadian programming by increasing demand for Canadian content. Radio and television broadcasters are required to devote a certain amount of airtime to

Canadian content. Content requirements vary by industry and genre. Commercial radio stations must ensure that 35% of the popular music they broadcast each week is Canadian content, while the requirements are 25% for concert music and 10% for special interest music (CRTC, 2018). Depending on their licence type, television stations are typically required to broadcast at least 50% or 60% Canadian content during the prime-time hours of 6pm to midnight (Canada, 2019). What qualifies as Canadian content is determined through checklists that look at the roles of Canadians in a work's production and performance.

Government financial subsidies directly promote Canadian entertainment by reducing production costs. Among the subsidies, the federal and provincial governments provide around \$500 million yearly in tax credits to firms undertaking foreign location shooting in Canada (Lester, 2013). Both orders of government also fund Canadian productions through programs like the Canada Feature Film Fund and the Canada Media Fund, with these two bodies on their own providing around \$400 million in yearly subsidies (Globerman, 2014).

There is ample evidence refuting the economic argument for entertainment protectionism. Economist Rhys Kesselman estimates that it costs the government of British Columbia \$125,000 in tax credits to create one additional job in the province's movie and television industry, a poor bargain as many of these jobs are part-time and generate less than \$125,000 in economic activity (Kesselman, 2013, Jan 31). Lost tax revenues are not the only costs created by entertainment subsidies; it costs governments money

to administer these credits and costs firms money to apply for them. Tax credit induced investments in the entertainment industry draw resources away from their market-determined uses, while handouts to foreign producers directly reduce Canadian incomes (Lester, 2013).

John Lester (2013) estimates that when all of these factors are considered, federal and provincial entertainment subsidies generate a net economic loss of around 95% of their value. Moreover, the common argument that even if subsidies are generally undesirable, governments should mirror the tax policies of other jurisdictions in order to remain competitive in the entertainment industry is false. Lester found that any province would gain financially from unilaterally removing subsidies. Canadian evidence is consistent with research elsewhere. One of the best regarded studies on film subsidies investigated tax credits in Massachusetts. It found that every dollar of state revenue given up in tax credits generated just \$0.16 in tax revenue and less than \$0.69 in income for Massachusetts residents (Bal, 2009). There is little evidence of economic benefits from other forms of direct subsidy or from Canadian content requirements. Globerman (2014) suggests that Canada's entertainment industry protections

likely alter the variety, rather than the aggregate quantity, of domestic productions and that removing these protections would result in more specialized entertainment options.

As national identity is harder to measure than economic costs and benefits, the cultural case for promoting Canadian art is harder to empirically assess. Nevertheless, the flaws in this thinking are visible in other ways. First, it is questionable whether it is appropriate for governments to influence individuals' media consumption in the first place. Few people would welcome being told that they need to change the music they listen to or the shows that they watch because their preferences are "insufficiently

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Canadian,” so it is unwarranted to endorse policies that do exactly that.

Even if one believes that governments should push Canadians to consume domestic media, it does not appear that Canada’s existing entertainment protectionism achieves its intended end. Subsidies to encourage production in Canada fail to have an impact on national identity. A movie that takes place in an American city in which all actors portray American characters contributes as little to Canadian culture if it is shot in Vancouver as it does if it is shot in Chicago.

Content requirements might better target cultural identity, but plain logic illustrates how these policies have either outlived their usefulness or never were effective to begin with. If content requirements are indeed effective in increasing demand for the work of domestic artists by increasing Canadians’ exposure to artists who would otherwise be crowded out by American competitors, then these protections should become unnecessary after Canadians have been sufficiently exposed. A drop in consumption of Canadian entertainment following the removal of foreign-content restrictions would suggest that Canadians never developed a greater affinity for

domestic content despite constant exposure to it, and thus that these policies are ineffective. Content requirements have been in place almost 50 years. Either Canadian consumers now want Canadian entertainment, in which case these policies are redundant, or they do not, in which case these policies are ineffective. Either way, content requirements should be removed.

If anything, shielding Canadian media from foreign competition might reduce the quality of Canadian productions – and presumably Canadians’ appreciation for domestic artists. Because Canadians find it easier to gain a share of a protected market, they likely invest fewer resources in each work. One piece of data seems to confirm this hypothesis: Canadian studios spend half as much as their American counterparts on each hour of television dramas they produce (McQueen, 2003).

Entertainment protectionism achieves neither its economic objectives, nor its dubious cultural aims. Canadians would be better off if governments kept out of the entertainment industry—and out of consumers’ headphones and televisions. ♦

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TACKLING DIABETES CARE WITH TECHNOLOGY

TYLER ROMAULDI

Diabetes is one of the most severe individual health challenges of the 21st century (Bilandzic and Rosella, 2017: 49). Medical experts predict that globally, more than 400 million people will have developed the disease by 2030. Canadian projections show that another 1.2 million people are likely to develop diabetes by 2020 (Somerville, 2009: 4). In Canada, this condition places further constraints on a health system troubled by physician shortages and lengthy wait times. For example, economists determined that Canada spends almost \$16 billion per year treating diabetes cases (Rosella et al., 2016: 395). As a result, health policymakers must focus on reducing care costs while continuing to improve outcomes. Without a well-defined strategy to address this problem, the diabetes epidemic could challenge the Canadian health system's ability to care for its patients.

In Canada, the cost of primary patient care is high for both the individual and health provider. A person living with diabetes can expect to pay between \$1,000 and \$15,000 per year for medication and supplies (Somerville, 2009: 12). The cost of diabetes care continues to rise as the patient ages. The standard cost of health care for elderly patients (≥ 85 years old) over eight years was \$43,575 for women and \$56,714 for men (Rosella et al., 2016: 397). These direct expenses have overwhelmed many families, which makes managing diabetes even harder. The Canadian Diabetes Association (CDA) found that 57 percent of patients could not follow their treatment plans because of the cost of medication, devices, and supplies (Hoskins, 2019: 7). Canadian health care providers have experienced similar constraints. The annual cost of diabetes-related medication, hospitalization, and physician care approached \$13 billion (Bilandzic and Rosella, 2017: 51).

The country's universal health care system is expensive and experiences middling results. In 2017, Canada scored third last in an international comparison of health care system performance in OECD countries (Simpson et al., 2017). Those findings have raised concerns about the sustainability of Canada's universal model for both the patient and the health care system. The need for collaboration between business people and health providers has never been greater. As a result, Canadians must be entrepreneurial to tackle a problem of this size.

The purpose of this article is to show how private investment in mobile technology could help the Canadian government save \$2.03 billion within ten years (Bilandzic & Rosella, 2017: 51). Researchers explain that at a 5% weight loss rate, the number of diabetes cases would drop by 1.3% or 283,000 each year worldwide (Bilandzic and Rosella, 2017: 50).

Put differently, the government could save \$200 million annually as health care costs are supported mostly by provinces. Market forces have created a new space for entrepreneurs and health providers to develop a different solution to government-funded diabetes care. Developing mobile health applications is a free-market opportunity that will encourage a collaborative, efficient, and sustainable model in the future.

In many industries, entrepreneurs undergo a process called frugal innovation (Gottlieb and Makower, 2013: 43). This practice looks for creative solutions

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to lower costs and optimize performance. Frugal innovation will continue to drive down health care costs without compromising individual care. Canada must allow market forces and disruptive technologies to improve the country's health care. New inventions are costly, but their long-term value can exceed any spending increase (Gottlieb and Makower, 2013: 45). Private solutions could provide an opportunity for partnerships with the public sector without excessive oversight. As a result, entrepreneurs and health professionals can help ease Ottawa's financial pressures by innovating.

The application market is growing in size and popularity. Globally, the app-generated revenue

reached \$41.1 billion and could total more than \$100 billion by 2020 (Paget and Frosch, 2016: 1408). Market forces have changed people's attitudes about universal health care services. Consumer trends show that 60% of people prefer using apps for doctor appointments, and 88% were willing to share personal data with physicians to find new treatments (Paget and Frosch, 2016: 1408). These developments represent a fundamental shift in health care as entrepreneurs try to enhance the quality of services in Canada and abroad. The application market has attracted private investment in the hopes that mobile technology will improve chronic disease management and reduce health care costs (Sarkar et al., 2016: 1424). Physicians also support increasing innovation to improve the



efficiency of public health care; 86% believe that health apps will increase patients' knowledge and encourage responsibility (Paget and Frosch, 2016: 1408). This trend shows how market forces have changed the dynamic in health and is a model for Canada.

In Canada, mobile health applications could help address the diabetes epidemic. Experts believe that mobile technology encourages positive behaviour and self-regulation (Sarkar et al., 2016: 1417-8). This approach will motivate more people to follow their care plan, will improve a doctor's ability to provide direct or remote access, and could reduce government spending on health care (Garabedian et al., 2015: 108). Recent data shows that 34% of doctor visits are because of an acute condition, yet more than one-quarter of all patients go to emergency departments instead of ambulatory care (Steinhubl et al., 2013: 2395). In other words, a mobile connection with a doctor could cut annual hospital visits by at least 25%. Mobile apps will also reduce differences in diabetes self-management, care, and outcomes across Canada. Entrepreneurs have an opportunity to transform the Canadian health system. Expanding private investment for diabetes technology is a useful starting point.

Critics of private-sector solutions suggest that Canada must reform its regulatory environment. Some people believe that entrepreneurs cannot develop innovative products because no system allows them to do it for cost-cutting purposes (Gottlieb and Makower, 2013: 46). A recent national panel on health care innovation found that entrepreneurs across Canada are finding it difficult to introduce, sustain, and scale up their innovations in the health care system (MacNeil et al., 2019: 203). Sebastianski et al (2015) identified a major reason why it has become difficult to break into this market. One of the impediments to innovation is in government policy and legislation, as labour agreements and procurement tactics have discouraged innovation (p. 70). However, several private companies have accepted a non-traditional leadership role in advocating for the commercialization of mobile technology (Sebastianski et al., 2015:75). They are fighting for liberal innovation policies that will allow health providers, patients, and government officials to reap the benefits of market competition. Ultimately,

even though regulatory barriers do exist, government officials must not confound entrepreneurs' willingness to solve health problems by wrapping their innovations inside a complex web of rules; the entrepreneurs are attempting to improve the quality of care for Canadians.

Some health care professionals have opposed private companies' innovation strategies. One of their claims is that the people who work in health care every day should be the ones tasked with solving public health problems. Some of these professionals take pride in a public health system that provides equitable care, a robust safety net, and a level of comfort for everybody that illness will not lead to bankruptcy (Cram et al., 2017: 564-5). They believe that more integrated care will help Canada manage its diabetes problem by improving patient access to health services and physicians. Sulik (2016) explains that integrated health care is a solution for problems involving the costs of care of individuals with chronic health conditions. This idea emphasizes the belief that a solution must come from public health professionals, not private-sector innovators. The problem with that strategy is the ability to implement it. Canada's public system does not give its employees the same opportunities to help reform health care or innovate as private companies do. In many cases, public servants are naturally risk-averse, as innovation is not rewarding for them. They bear the full costs if they fail, and they do not receive their fair share of the benefits if their innovation were to succeed. As a result, developing a solution for the diabetes epidemic is best suited for privately owned firms, as the incentives are well aligned.

Canada must look to entrepreneurs, business people, and innovators to take up the challenges posed by the country's aging population and the rising prevalence of diabetes. High spending continues to place constraints on our health care system. The most effective way to address many of the challenges the system faces is for private companies to invest in mobile applications that encourage self-management, informal education, and remote care. In the time it took you to read this editorial, close to 20 new apps have appeared on Apple's App Store (Paget and Frosch, 2016: 1409). Market forces are continually driving technological

change. If we cannot maximize the potential of mobile technology to improve diabetes self-management, and, ultimately, health, it will be a missed opportunity for entrepreneurs, health providers, the Canadian government (Sarkur et al., 2016: 1424), and most of all, for patients. ◆

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THE ESSENTIAL ADAM SMITH: LABOUR MARKETS



BEYOND JUST GDP

BRENNAN SORGE

In recent years, many of our political leaders have been telling us that the economy is strong and that their policies are working to further Canadian's financial wellbeing. At first glance, it might seem that they are correct. Unemployment is low and our GDP is growing. But even with positive economic data, the claim that our economy is strong rings hollow to many Canadians. According to Angus Reid's polling, only 24% of Canadians think the economy will improve over the next year, as compared to 40% who think that it will worsen (Angus Reid Institute, 2019, March 18). When individuals are asked whether or not next year will be a good time to make a major purchase, the numbers reveal an even deeper pessimism. Nearly 60% of Canadians view the upcoming year as a bad time for major purchases.

Clearly, there is a disconnect. Political leaders are pointing to growth and progress, yet the Canadian public feels pessimistic and concerned. If the economy is as strong as our political leaders claim, why doesn't the public feel encouraged by that economic strength?

We can start with GDP. A look at the simple GDP growth rate shows that Canada seems to be in a reasonably good position. Canada's economy has grown every year since 2010. In 2010 and 2011, GDP growth reached 3%, a solid recovery after the crash of 2009 (World Bank, 2019a). However, GDP growth is composed of many factors, and population growth is among the major ones. So, a look at GDP per capita, taking population into account, gives a more accurate picture. Using this measure over the same timeframe, the number of years of negative growth increase from zero to three, and only in a single year does it reach 2% growth (World Bank, 2019b). That one change in measurement criteria starts to show result closer to what would be expected based on Canadians'

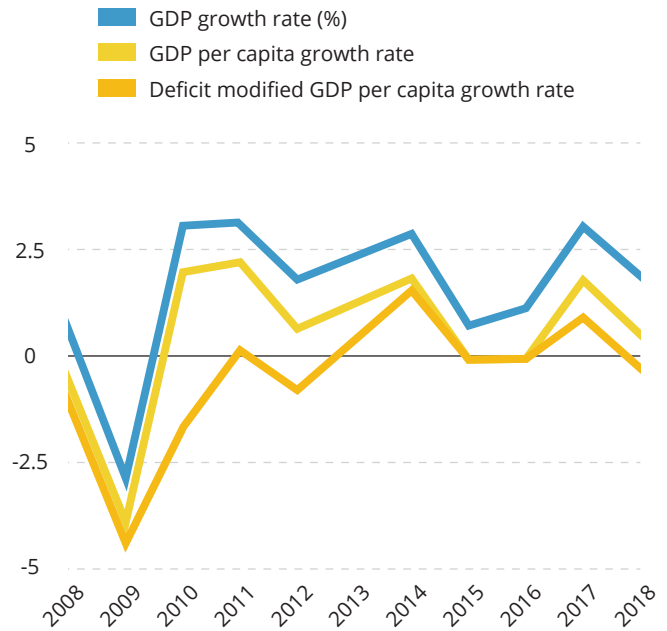
economic pessimism. An economy made larger due to population growth does not necessarily translate into better economic outcomes for Canadians.

However, even using the GDP *per capita* measure, there is still growth, even if it is much weaker than when measured without factoring in population growth. So the GDP per capita rate doesn't fully explain why Canadians are so pessimistic about the economy. But if we look a step further, we can see that not all of the country's growth has resulted from a growing private sector, or even from the spending of increased government revenue. Instead, a substantial portion of Canada's GDP growth has come as the result of our government spending borrowed money. Deficit spending can certainly give a short term boost to the economy, and will show up as GDP growth in the year it's spent. However, deficit spending is not a sustainable source of growth, and comes with its own long-term negative effects for the economy. Every dollar borrowed must be paid back with interest. It is justifiable for Canadians to see large deficits at both the federal and provincial levels of government as potential headwinds to long-term growth. In the 2015/2016 budget, interest payments were equal to 8.1% of government revenue, a figure that increases as our debt continues to rise (Lammam et al., 2017).

With that in mind, what happens to our GDP growth rate if we take into account the artificial boost from government borrowing (Trading Economics, 2019)? By adding the yearly government deficit as a percentage of GDP to the per capita growth rate, a new picture of Canada's economic circumstances emerges, one that seems much more in line with the Canadian public's pessimism. When population growth and government deficits are taken into account, Canada has only had

four years of economic growth since 2008, with only one of those years having a growth rate above 1%.

Maybe Canadians are feeling pessimistic about the economy because it isn't really as strong as our politicians make it out to be, or as simple as a quick look at our GDP might suggest. The sources of growth matter. Increased GDP as a result of population growth doesn't necessarily mean better economic outcomes for Canadians as a whole, and growth caused by the spending of borrowed money comes with a host of long-term consequences. Canadians need growth that comes from thriving businesses, growing investments, and by supporting increasingly competitive markets that bring higher wages and lower prices. Population growth and deficit spending isn't enough to dispel the pessimism of Canadians. They need real growth that can be felt in their lives, not just as a statistic or a government talking point. ♦



Brennan Sorge is currently an economics and business student at Thompson Rivers University. His interests centre on the effects of law and policy on the economy, and he hopes to act on these interests in further study of both economics and law.



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LIMITED MANDATE: A BRIEF EXAMINATION OF VACCINE HESITANCY, PARENTAL CHOICE, AND PUBLIC SAFETY

MACKENZIE MOIR

Historically, vaccination and the expansion of the global coverage of vaccines have been important and highly cost effective means for controlling communicable disease worldwide (CDC, 2011). In 2015, Canada did not meet its coverage goals of 95% for a single routine vaccination among school-aged children (Public Health Agency of Canada [PHAC], 2018: 22). While public health experts debate how to improve vaccination rates, governments hesitate to pursue any mandatory scheme for fear of polarizing the populace (Payne, 2019). Thus, it is helpful to examine the policies and incentives that can maintain the delicate balance between the preservation of herd immunity and parental choice.

Vaccine hesitancy and conscientious objection are deliberate choices made by parents that result in the delay or rejection for non-medical reasons of an immunizing agent, despite the availability of supply (MacDonald, 2015). Rather than being related to access alone, parental decision-making within this context is associated with perceptions of risk and harm, institutional trust, and levels of vaccine knowledge (Canadian Immunization Research Network, 2018; Mills, Jadad, Ross, and Wilson, 2005). While the PHAC (2018: 22) found that the overwhelming majority (96.6%) of Canadian parents agree that vaccines are safe, 65.9% were concerned about side effects, and a full 37.6% believed a vaccine could cause a serious case of the illness it was meant to prevent. Other surveys commissioned by Health Canada have found that 10% of their sample of Canadian parents

were willing to delay vaccinating their children (EKOS Research Associates, 2018).

Vaccination refusal or delay may compromise so-called herd immunity, the indirect protection of individuals susceptible to disease within a population that is produced by those who are immune (Fine, Eames, and Heymann, 2011). Evidence suggests that this protection against communicable disease in Canadian communities and schools is being eroded. For example, Wilson et al. (2015) demonstrated that while measles vaccination coverage among school-aged children remained stable in Ontario between 2002 and 2013, refusal on medical grounds decreased while religious and conscientious objection increased. Common to the outbreaks of communicable diseases, as one British Columbian case study demonstrates, is the foreign importation of these diseases and the rapid facilitation of their transmission in unprotected school-aged populations, often situated in communities that typically refuse vaccinations based on religious or philosophical grounds (Naus et al., 2015).

The growing centrality of parental decision-making suggests that the character of this classic public health problem is changing, specifically, from one focused on improving vaccination access towards one that must now also manage the potentially serious consequences produced by low uptake. Studying vaccination behaviours and decision-making of private individuals acting in their own self-interest (by attempting to avoid infection) lends itself to a

research lens informed by both an economic and epidemiological approach (Gersovitz, 2011).

Within the context of this lens, parents of school-aged children can be viewed as rational actors with different degrees of risk tolerance, each of whom will weigh the perceived costs and benefits posed by vaccination versus those posed by a potential infection. It should therefore come as little surprise that, as rational actors, parents have employed different vaccination strategies in response to the decisions of other parents in order to maximize the outcomes of their children (Bauch and Earn, 2004). The problem is that engaging in this “vaccination game” creates incentives for “free riders,” who will attempt to benefit from the positive effects of herd immunity produced by the choices of other parents at minimal or no cost to themselves (Bauch and Earn, 2004; Fine et al., 2011).

Mitigating the impact of vaccination free riders is often accomplished in different ways, depending on the jurisdiction under examination. In Canada, vaccination mandates among school-aged children have been limited; until recently, only Ontario and New Brunswick required proof of immunization for school attendance (Bettinger et al., 2019). British Columbia has only recently mandated the reporting of vaccination status (Zussman, 2019). All Canadian jurisdictions continue to maintain religious and philosophical exemptions. Other jurisdictions, like California, have instead opted to do away with personal belief exemptions altogether (Reiss, 2018).

A mandated vaccination policy is one of the more commonly discussed solutions to low vaccination rates. A meta-analysis of impact studies examining this policy suggests that it is likely to be effective at increasing uptake, thereby reducing the number of potential free riders (Lee and Robinson, 2016). However, recent experience reminds us that these mandates have been controversial in the past, prompting different responses from governments (Paterlini, 2018; Ward, Colgrove, and Verger, 2018).

Less coercive (and controversial) options have also been successful, like Australia’s continually evolving use of tying immunization status to various tax benefits and rebates (Ward, Hull, and Leask,

2013). In 2015, Australia passed a “No Jab, No Pay” amendment that removed the once available option of conscientious objection. This resulted in the immunization of 5,738 children under the age of 6 whose parents were objectors and recipients of these benefits. However, these people made up only 19% of all registered objectors with children under 6. The remaining 81% (24,354 children) either did not qualify to receive payments or had not yet met the vaccination requirements (Leask and Danchin, 2017). While this result suggests that there is a dollar price at which some hesitant parents will accept a vaccine, it’s not clear what this price is or if it would remain consistent across different jurisdictions or cultural contexts.

While potentially effective for some hesitant parents, the design of any effective mandatory scheme must also account for unintended consequences. These can include increased polarization, entrenchment of negative vaccine sentiment, or significant increases in the use of medical exemptions to avoid vaccination, as was the case in California and Australia after their removal of the non-medical exemptions option (see MacDonald et al., 2018 for discussion).

Any successful campaign to improve vaccine uptake will likely involve a mix of several policies. At a minimum, Canadian provinces without any legislation could begin by requiring mandatory reporting of vaccination status for school entry while retaining the option of allowing non-medical exemptions. Currently, Canadian provinces are moving towards mandatory reporting. While improved disease surveillance has its own benefits, improved data collection at the provincial level would open up the potential use of other levers. For example, provinces with mandatory reporting could explore tying eligibility for financial incentives (i.e., tax credits and benefits) to vaccination status. The dearth of literature on the subject indicates that it would be useful to more thoroughly examine the behaviours and the price sensitivity of both hesitant and non-hesitant parents. Given the complexity of the issue, high quality research on the topic will be essential when developing the evidence required to craft a policy that is effective in getting people to have their children vaccinated.

Whichever instrument policymakers select, if their policy is succeed in improving vaccination rates, it must take into account the need for parental choice and the importance of maintaining institutional trust.



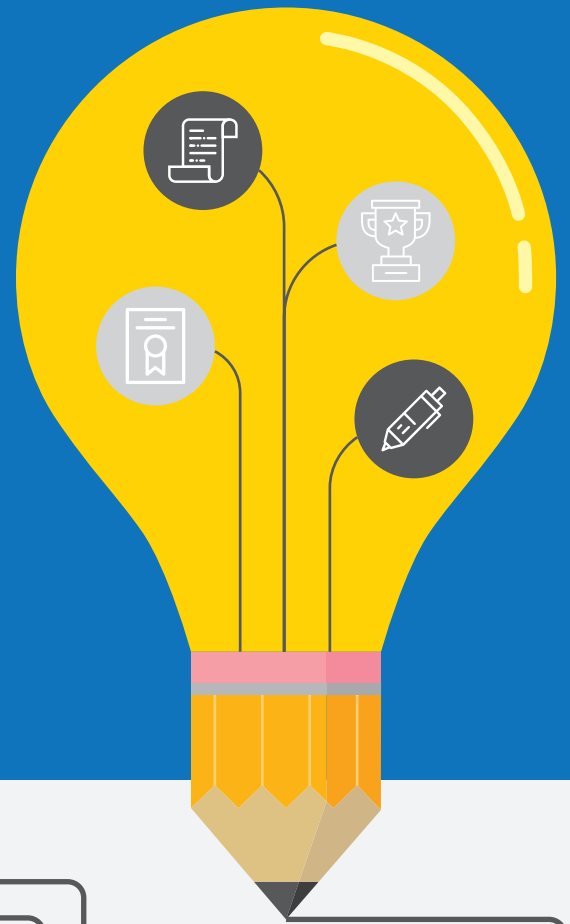
Mackenzie Moir is a Junior Policy Analyst at the Fraser Institute. He holds a Bachelor of Science in Nursing from York University and a Master of Science in Health Policy and Research from the University of Alberta. Mackenzie has extensive clinical experience and has provided direct care in general medicine, palliative care, cardiology, oncology, and neurology settings. In addition to several academic publications, Mackenzie's commentaries have appeared in University Affairs and the Calgary Sun. Generally, his research focuses on health care system performance, patient choice, and health related quality of life.



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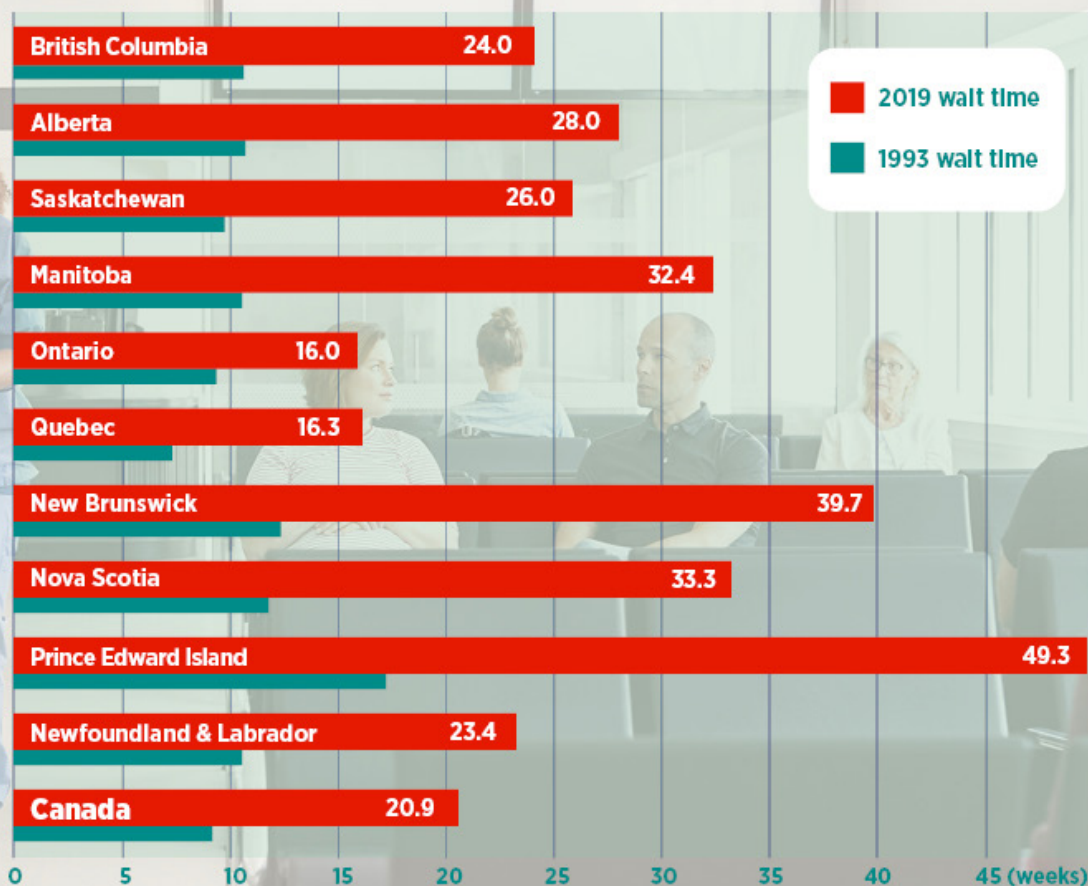
WAITING YOUR TURN

Waiting Your Turn: Wait Times for Health Care in Canada, 2019 finds that the median wait time for medically necessary treatment in Canada this year was 20.9 weeks. This is the second-longest wait ever recorded by the Fraser Institute, which has been measuring wait times across Canada since 1993 when patients

waited just 9.3 weeks. Among the provinces, Ontario had the shortest median wait time this year at 16.0 weeks, and Prince Edward Island recorded the longest wait time (49.3 weeks).

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Waiting Your Turn Canadian health-care wait times in 2019



“
HERE ARE A MILLION HUMAN BEINGS WHO WOULD ALL DIE IN A FEW DAYS IF SUPPLIES OF ALL SORTS DID NOT FLOW INTO THIS GREAT METROPOLIS. IT STAGGERS THE IMAGINATION TO TRY TO COMPREHEND THE VAST MULTIPLICITY OF OBJECTS THAT MUST PASS THROUGH ITS GATES TOMORROW, IF ITS INHABITANTS ARE TO BE PRESERVED FROM THE HORRORS OF FAMINE, INSURRECTION, AND PILLAGE. AND YET ALL ARE SLEEPING PEACEFULLY AT THIS MOMENT, WITHOUT BEING DISTURBED FOR A SINGLE INSTANT BY THE IDEA OF SO FRIGHTFUL A PROSPECT. ON THE OTHER HAND, EIGHTY DEPARTMENTS HAVE WORKED TODAY, WITHOUT CO-OPERATIVE PLANNING OR MUTUAL ARRANGEMENTS, TO KEEP PARIS SUPPLIED. HOW DOES EACH SUCCEEDING DAY MANAGE TO BRING TO THIS GIGANTIC MARKET JUST WHAT IS NECESSARY - NEITHER TOO MUCH NOR TOO LITTLE? ... THAT POWER IS AN ABSOLUTE PRINCIPLE, THE PRINCIPLE OF FREE EXCHANGE.”

— BASTIAT, 1845/1996



SOCIALISM SUCKS!

It was an absolute pleasure reading *Socialism Sucks!* Two esteemed economics professors, Benjamin Powell and Robert Lawson, led me into a world of beer capitalism exploring the often misunderstood concept of socialism while traveling to corners of the world most of us will never visit. Instead of addressing socialism in broad terms, this book dives into the unique and intricate levels and ramifications of the economic system around the world. From North Korea’s “dark socialism” to the grueling conditions of Cuba’s “subsistence socialism,” Ben and Bob masterfully explain economic concepts — always with a local beer in hand.

Every time I turn on the TV or scroll through social media, I see a plethora of political discussions, most of them misled. As a high school student, I can personally attest to the widespread illusion that socialism is solely a belief system held by radical leftists. Even in my time spent in the debate and Model UN circuit, I found only two people who could identify socialism’s defining characteristic—the abolishment of private property to create state ownership of the means of production. Rather, many incorrectly confused socialism with popular social justice movements like Black Lives Matter and climate change; often misdiagnosing current problems with capitalism. It is crucial for newer generations to stay informed when they slowly lift the taboo around socialism, a task this book handles exquisitely.

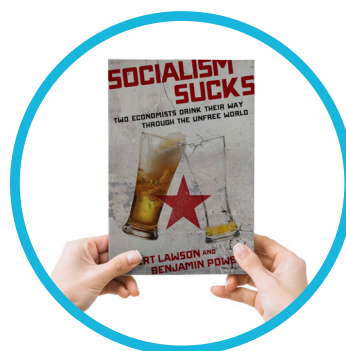
Nick Liu is currently a junior at Fraser Heights Secondary. He is an avid debater and member of the Model United Nations community and his interests include international economics and relations.



What’s captivating about *Socialism Sucks!* is its unique approach to economics. I believe the younger generation views the field of economics as dry and not worth learning about; this book turns that notion on its head—and douses it in beer. Rather than a somewhat tedious read akin to an academic thesis, Lawson and Powell present an entertaining and digestible bundle of ideas. They explain economic concepts in plain English, simple enough for even youth not studying economics to understand. Anybody can learn a lot about economic theory and history from this book. *Socialism Sucks!* takes current-day utopian myths about socialist nations and individually tears them apart, while not neglecting serious economic arguments by presenting manifold evidence such as case studies, facts, and statistics. This book stands a fighting chance of getting through to those who have been misled.

I highly recommend this book to anybody, regardless of their age or political affiliation. I assure you it will be a fascinating read for high school students and economists alike. Prepare a couple of cold beers and relax for the eventful trip ahead. Although I’m still too young to drink beer, I imagine the same concepts would apply to ice-cold apple juice. With that being said, cheers, and bottoms up. ♦

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