

THE Quarterly

FALL 2023

Canada's Economic Growth and Business Investment Crisis

BUSINESS INVESTMENT

COMPETITIVENESS

STANDARD OF LIVING



Niels Veldhuis
President, Fraser Institute

Dear Fraser Institute Friends and Supporters,

It's safe to say that I don't always agree with the editorial board of the *Globe and Mail*, but lately I've found myself agreeing with the board on the dismal state of the Canadian economy. On July 25, the *Globe's* editorial, "The Economy According to Justin Trudeau," noted that the prime minister, "would rather dwell on the largely mythical shortcomings of the Harper government than face the fact that his economic program has been in fact a formula for declining prosperity."

A few days later in "The Trudeau Cabinet Doesn't Need New Faces. It Needs New Ideas," the *Globe's* editorial board highlighted that, "the Liberals' economic philosophy has been built around higher federal spending, high taxes, more regulations, more government intervention... the result has been sluggish economic growth caused by the poor policy choices."

Sound familiar? You would be forgiven if these quotes remind you of what you might read in a Fraser Institute commentary!

While many in the media are late to the game in discovering the negative impact that the current federal government policy has had on the economy, this is not a new topic for the Fraser Institute. We've been focused on educating Canadians about this issue since the 2015 federal election.

And we're not letting up. As the cover of this issue of *The Quarterly* depicts, Canada's in a full-blown economic growth and investment crisis. Here are some of the damning economic facts:

- Canada's per-person incomes are growing at the slowest rate since the 1930s and the Great Depression.
- The average per-person income in Canada has stagnated from 2016 (\$54,154) to 2022 (\$55,863). Meanwhile, in the US, per-person income has increased from \$65,792 to \$73,565. Canadians are now \$17,700 per-person poorer than Americans.
- We're ranked just below Louisiana (\$57,954) in average per-person income and slightly ahead of Kentucky (\$54,671). Is this the company we wish to keep?
- The OECD predicts that Canada will be the worst-performing advanced economy from 2020 to 2030 and from 2030 to 2060.
- Countries such as Estonia, Korea, Slovenia, and Turkey are expected to have higher living standards than Canada by 2060.
- Business investment per worker in Canada declined by 20 percent since 2014, from \$18,363 to \$14,687.

These are facts that Canadians need to hear. So, after you are finished reading *The Quarterly*, please pass this issue on to your friends, family, and colleagues.

Best,

Niels

A handwritten signature in blue ink, appearing to read "Niels Veldhuis". The signature is fluid and cursive, written over a light blue background.

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Canada's Per-Person GDP Growing at Slowest Rate Since the Great Depression

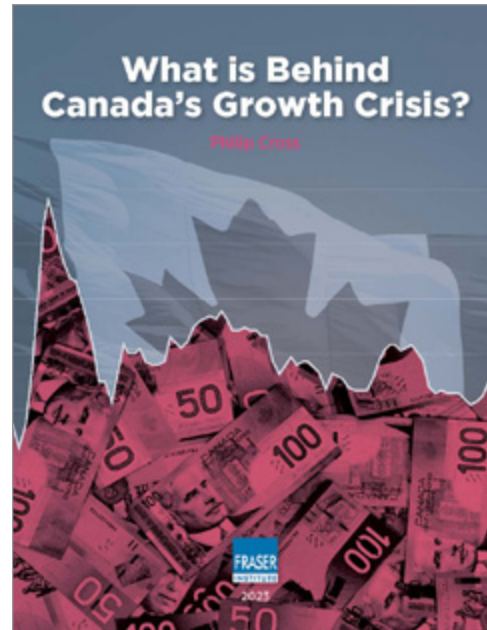
Philip Cross

Anaemic economic growth has become so routine in Canada since 2014 that we felt it was worth recapitulating the benefits of sustained high growth, which we did in the recent study, *What is Behind Canada's Growth Crisis?*

Over the centuries, economic growth has accompanied vast improvements in such measures of well-being as life expectancy, health, housing quality, leisure time, food intake, energy security, political freedom, and democracy. Even the Leader of Britain's Labour Party, Keir Starmer, acknowledges that "economic growth is the absolute foundational stone for everything." Today, faster economic growth would help Canada meet the challenges of the huge debt incurred during the pandemic, a growing population, and an aging society.

Russia's invasion of Ukraine is a reminder that countries need money to fund their defence and survival in wartime. Napoleon famously said that three things were needed to fight a war: "The first is money. The second is money. And the third is money." The history of central banking reflects the importance of finance to waging wars. The Bank of England was founded to assist Britain's government finance the war with Napoleon, while the first two attempts at creating a central bank in the United States were made to help deal with the country's war debts.

Almost two and a half centuries after Adam Smith began exploring what drives economic growth, the question continues to preoccupy the best minds in economics. The benefits of sustained economic growth are so enormous that, in the words of macroeconomist Robert Lucas, "the consequences for human welfare involved in questions like these are simply staggering. Once one starts to think about them, it is hard to think of anything else." It has become the norm for winners of the Nobel prize



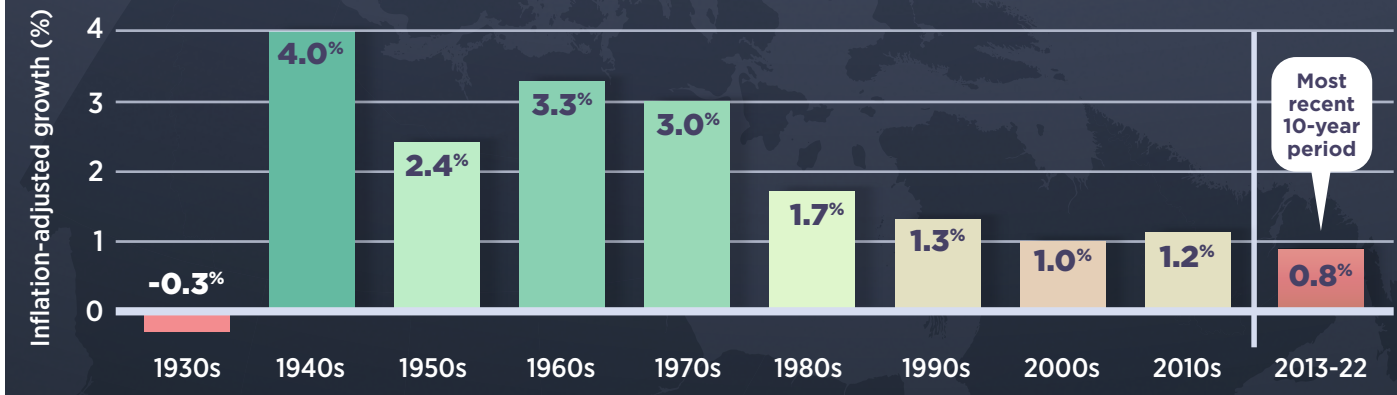
for economics (as Lucas was) to then write a book about the sources of long-term economic growth; most of the books emphasize the role of innovation in a competitive marketplace.

The importance of economic growth is underscored by what happens in its absence. In the words of the British economist Paul Collier, "growth is not a cure-all, but lack of growth is a kill-all." The Great Depression of the 1930s helped spawn the dictators who provoked the Second World War. As former Bank of England governor Mervyn King concluded, "put simply, our societies are not geared for a world of very low growth."

Even so, it's easy to forget that sustained economic growth is a new phenomenon. The libertarian economist Steven Landsburg concisely summarized the long arc of economic development: "Modern humans first emerged about 100,000 years ago. For the next 99,800 years or so, nothing happened... Then—just a couple of hundred

Canada's Annual Per Person Growth in GDP at the Slowest Rate since the 1930s

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years ago—people started getting richer. And richer and richer still.”

Because it is so new to the human experience, economists at first struggled to adapt to the emergence of sustained economic growth. As recently as the early 19th century, they focused, as Smith had, on explaining the different levels of national wealth rather than income growth, because they assumed the level would not change much. Until recently, there was no term for productivity growth; the *Concise Oxford Dictionary* did not have an entry for productivity until 1951.

Economic growth must be sustained over decades, not just a few years. Growth over long periods means that relatively small changes in growth rates compound to produce radically different results, which is why Albert Einstein correctly called compound growth, “the eighth wonder of the world.” It follows that a country’s growth is best examined over long periods, not the quarters or even years that dominate economic commentary and political debate.

Some concrete examples demonstrate the importance of even seemingly small changes in growth over long periods. If US growth had been one percentage point less per year after 1870, today US GDP would be lower than Mexico’s. Even over shorter periods, different growth rates result in much different outcomes. If US growth between 1952 and 2000 had been 2.0 percent instead of the 3.5 percent it was, per capita income in the US in 2000 would have been \$23,000 at the turn of the millennium instead of \$50,000.

Canada’s recent growth slump has accompanied a shift in policy that now focuses on relentless short-term stimulus and an emphasis on the distribution, not creation, of income. The reality is that redistribution is not an effective way to help low-income people. It subtracts from the growth that benefits poorer people most. As Robert Lucas put it: “of the tendencies that are harmful to sound economics, the most seductive, and in my opinion the most poisonous, is the focus on questions of distribution... The potential for improving the lives of poor people by finding different ways of distributing current production is nothing compared to the apparently limitless potential of increasing production.”

Policies aimed at redistributing incomes or stabilizing economies in the short term do not sustain growth, they lower it. What we desperately need is a cultural environment where entrepreneurship and innovation thrive. Unfortunately, our culture has deteriorated to the point where, as commentator Paul Wells recently noted, “in Canada, if you run a successful business, you are made to feel you have done something wrong.” Sustained economic growth will not resume in this country so long as such sentiments prevail. [FI](#)



PHILIP CROSS

Philip Cross is a Fraser Institute senior fellow. He is former chief economist at Statistics Canada, and the author of *What is Behind Canada's Growth Crisis?*

Per-Worker Business Investment Down 20% Since 2014 and Falling Further Behind US

Tegan Hill and Joel Emes

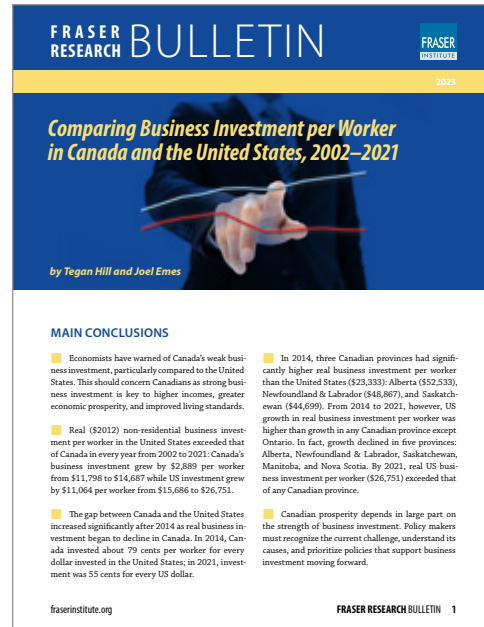
In recent years, economists have warned that business investment in Canada is weak, particularly compared to the United States. Business investment provides workers with the tools and new technologies they need to produce more and better goods and services. And as firms become more efficient, improve productivity, and increase profits, they're able to pay higher wages, which means business investment is a key factor for higher incomes and living standards. Weak business investment is bad news for Canadians and should raise alarm bells for policymakers.

In our recent bulletin, *Comparing Business Investment Per Worker in Canada and the United States, 2002-2021*, we assessed per-worker business investment, which includes spending on equipment, machinery, factories, and new technologies (but excludes residential homebuilding) and found that from 2014 to 2021 (the latest year of available data), business investment per worker in Canada (adjusted for inflation) declined by 20.0 percent, from \$18,363 to \$14,687.

Compared to the United States, our performance was even worse. During that same time (2014 to 2021), business investment per worker in the US (adjusted for inflation, in Canadian dollars) increased by 14.6 percent, from \$23,333 to \$26,751.

Put differently, for every dollar invested by businesses in the US, businesses in Canada went from investing approximately 79 cents per worker in 2014 to only 55 cents in 2021.

Why the steep decline?



The energy sector comprises a larger share of the Canadian economy than it does in the US, and after the oil price collapsed in 2014, oil and gas investment did not fully recover in Canada as it did for our southern neighbour. In large part, this is due to an increase in regulatory constraints, policy uncertainty, and an unfavourable business environment for energy development in Canada.

“As firms become more efficient, improve productivity, and increase profits, they’re able to pay higher wages, which means business investment is a key factor for higher incomes and living standards.”

Business Investment per Worker by Province and in the United States, 2021

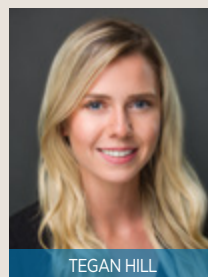


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However, declines in the energy sector do not solely explain Canada's faltering business investment. As many analysts have indicated, the federal government's recent tax and regulatory policies have helped spur an overall flight of investment capital from Canada. For instance, according to one analysis, roughly two-thirds of Canada's 15 main industries experienced declines in business investment from 2014 to 2017 including wholesale trade, accommodation and food services, utilities, professional services, and manufacturing, while nearly half (seven of 15) saw a decline in investment from 2014 to 2019. It's also worth noting that these declines predated the pandemic, which only exacerbated an existing problem.

“ Because Canadian prosperity depends in large part on the strength of business investment, policymakers should enact policy reforms to make Canada a more attractive place to invest and do business.”

Finally, weak business investment should be of urgent concern because Canada's recent overall economic performance has been relatively poor in historical terms, particularly when measured per worker. According to OECD forecasts, Canada will record the worst economic growth among advanced countries from 2030 to 2060. In light of this gloomy economic outlook, and because Canadian prosperity depends in large part on the strength of business investment, policymakers should enact policy reforms to make Canada a more attractive place to invest and do business. [FI](#)



Tegan Hill is associate director of Alberta Policy and Joel Emes is a senior economist at the Fraser Institute. They are the co-authors of *Comparing Business Investment per Worker in Canada and the United States, 2002-2021*.

Ottawa-Gatineau, Home of the Federal Government, Had Highest Employment Incomes Nationwide in 2019

Ben Eisen and Joel Emes

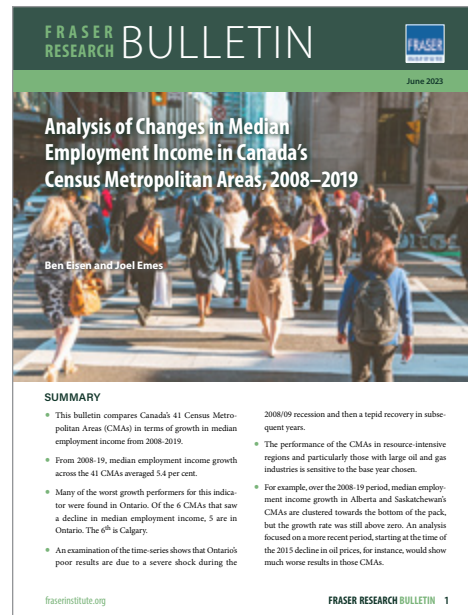
Our recent study, *Comparing Median Employment Incomes in Canada's Census Metropolitan Areas*, the first in an extended series, compares the median employment income in 2019 across Canada's 41 major metropolitan areas as defined by Statistics Canada's census—referred to as Census Metropolitan Areas or CMAs. The analysis uses 2019 rather than more recent 2020 data to avoid the effects of COVID.

Some details on how the comparisons were made are worth noting. CMAs are one or more adjacent municipalities with a population of at least 100,000 people, of which there must be at least 50,000 residents in the core city. Median employment income includes “all income received as wages, salaries, and commissions from paid employment and net self-employment income.” It differs from other measures of income as it excludes government transfers and both investment and pension income. It focuses less on a wide interpretation of income, and more narrowly on what people earn in the labour market.

An examination and comparison of the level of median employment income across the country's major cities provides important insights into the state of Canada's economy.

First, the CMA with the highest median employment income was not Toronto, or Montreal, or Calgary, or Vancouver, but rather Ottawa-Gatineau, the nation's capital region. Ottawa's median employment income of \$45,550 in 2019 was substantially (23 percent) above the national average of \$36,960.

Second, CMAs that are capital cities are heavily concentrated at the top of the list of higher income CMAs. Of the ten highest income CMAs, five include either a federal

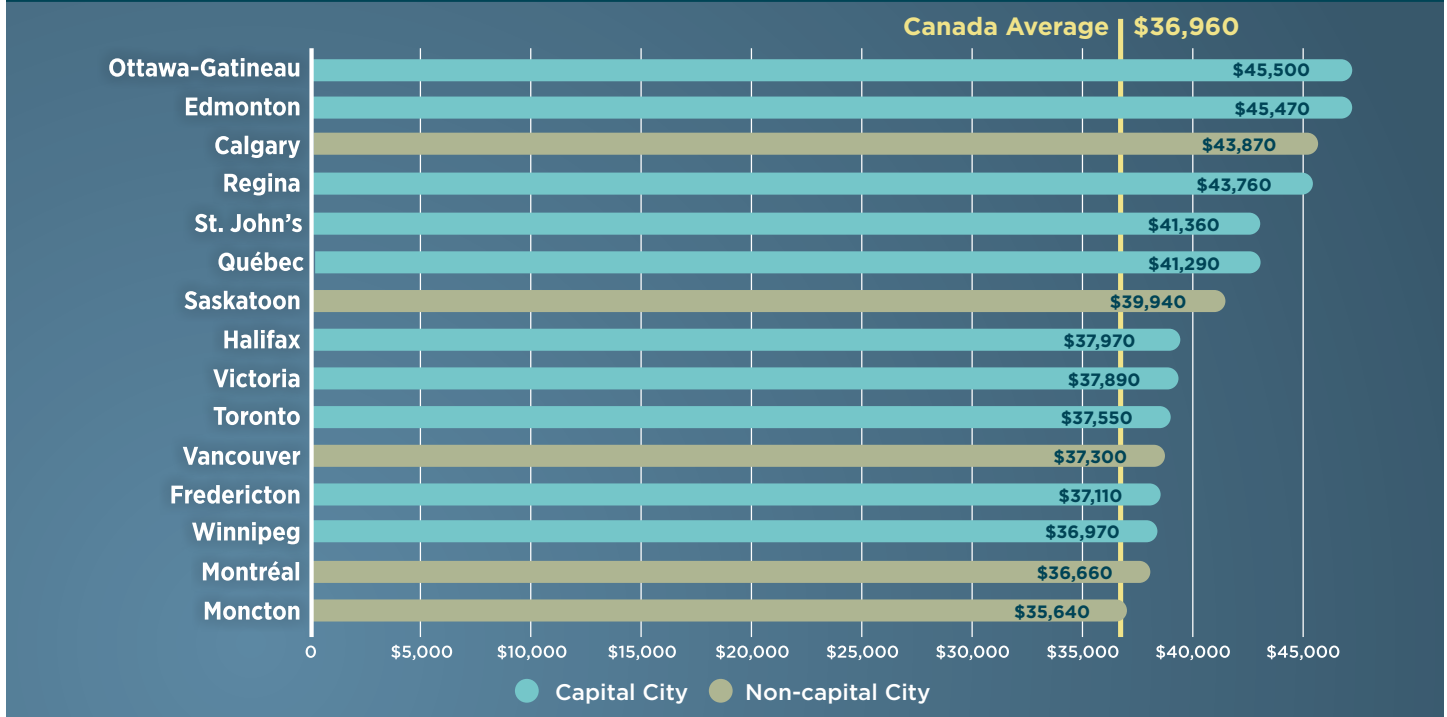


or provincial capital. None of the CMAs in which there is a provincial capital have median employment incomes below the national average.

“CMAs that are capital cities are heavily concentrated at the top of the list of higher income CMAs. Of the ten highest income CMAs, five include either a federal or provincial capital.”

Third, there is an interesting comparison in the provinces where the main commercial or business centre is separate from the capital city. This includes British Columbia (Vancouver vs. Victoria), Alberta (Calgary vs. Edmonton), Saskatchewan (Saskatoon vs. Regina), Quebec (Montreal

Median Employment Income in Select Canadian Cities, 2019



vs. Quebec City), and New Brunswick (Moncton and Saint John vs. Fredericton).

In all five provinces where the seat of provincial power is in a different city from the main commercial centre, the median employment income in 2019 was higher in the capital city than in the commercial city. Specifically, Victoria's median employment income (\$37,890) was slightly higher than Vancouver (\$37,300), Edmonton (\$45,470) was higher than Calgary (\$43,870), and Regina (\$43,760) was well above Saskatoon (\$39,940). Quebec City (\$41,290) was also well above Montreal (\$36,660). And in New Brunswick, Fredericton (\$37,110) was above both Saint John (\$36,060) and Moncton (\$35,640).

“ In all five provinces where the seat of provincial power is in a different city from the main commercial centre, the median employment income in 2019 was higher in the capital city than in the commercial city.”

Finally, the CMAs in Alberta and Saskatchewan generally ranked high compared to other CMAs. Specifically, all the CMAs in these two provinces were in the top one-third of Canadian CMAs for median employment income. At the same time, the CMAs in Quebec and Atlantic Canada are clustered towards the bottom of the national rankings for median employment earnings. [FI](#)



Ben Eisen is a senior fellow at the Fraser Institute. Joel Emes is a senior economist at the Fraser Institute. They are co-authors of *Analysis of Changes in Median Employment Income in Canada's Census Metropolitan Areas, 2008-2019*.

GHG Cap Imposed on Canada's Oil & Gas Sector Is All Pain with No Gain

Kenneth P. Green

In 2021, the Government of Canada enacted the Canadian Net-Zero Emissions Accountability Act, more commonly discussed as “Net-Zero Emissions 2050.” The goal of this Act is to ensure that in the year 2050, Canada’s emissions of greenhouse gases to the atmosphere are balanced by actions within Canada that pull greenhouse gases back out of the atmosphere, or at least, prevent some from entering that would otherwise have done so.

Pursuant to that, Canada enacted an interim plan, the 2030 Emissions Reduction Plan, which has a specific sub-component dealing with the greenhouse gas emissions that come from Canada’s oil and gas sector, a sector mostly found in Western Canada. This subcomponent would require “emission reductions from the oil and gas sector to 31% below 2005 levels in 2030 (or to 42% below 2019 levels)”, which would build a pathway to net-zero emissions by 2050.

Eliminating all GHG emissions from the oil and gas sector in 2030 would reduce Canada’s projected GHG emissions by 29 percent. This is not a trivial number, as an absolute value, even for a single sector of Canada’s emitting industries.

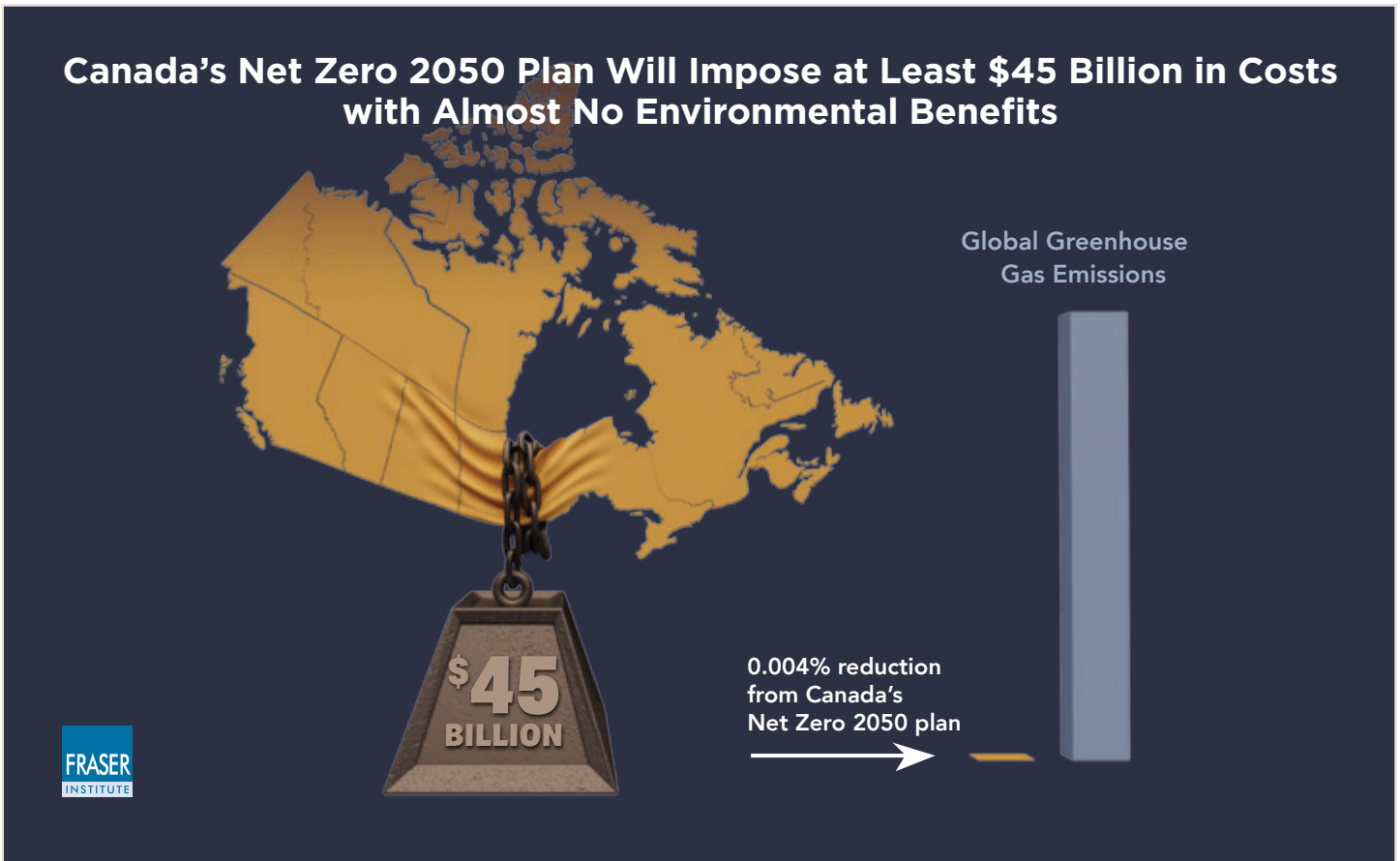
However, when seen in a global context, even if Canada eliminated all of its GHG emissions expected in the year 2030 as a result of the new greenhouse gas caps implemented by the current government (187 Mt), the emission reduction would equal four-tenths of one percent of global emissions, a reduction unlikely to have any impact on the trajectory of the climate in any detectable manner, and hence, to offer only equally undetectable environmental, health, or safety benefits.



In addition, the GHG cap imposed on the sector will inevitably curtail the production of oil and gas in the coming years and thereby result in negative economic impacts due to reduced production and exports. Recent estimates suggest the GHG cap will result in at least \$45 billion in revenue losses for the industry in 2030 alone, which would imply a significant drop in government resource royalty and tax revenue.

“The GHG cap imposed on the sector will inevitably curtail the production of oil and gas in the coming years and thereby result in negative economic impacts due to reduced production and exports.”

Canada's Net Zero 2050 Plan Will Impose at Least \$45 Billion in Costs with Almost No Environmental Benefits



But Canada does more with oil and gas than simply using it for heat, fuel, mobility, and so on. Canada's oil and gas sector provides feedstocks into a very promising part of Canada's economy, which is its growing petrochemical sector. This sector makes products such as plastics, solvents, and hundreds of other intermediate and end-user goods, many of which are not easily substitutable. Canada's petrochemical industry in 2020 was responsible for creating some 4,800 jobs; exports were worth nearly \$6 billion dollars. The resins, rubbers, and fibres sub-sector of Canada's economy, again in 2020, employed nearly 5 million workers, and produced exports worth \$7.8 billion.

Overall, the GHG cap imposed on the oil and gas industry will result in significant economic losses without generating material environmental benefits. This cap, which will inevitably curtail oil and gas production in Canada, will likely harm the petrochemical and plastics sectors, which use petroleum as a feedstock for producing their products. **FI**

“The GHG cap imposed on the oil and gas industry will result in significant economic losses without generating material environmental benefits.”



Kenneth P. Green is an environmental scientist and senior fellow at the Fraser Institute.

Provinces Risk Their Finances by Relying on Federal Transfers for Programs in Areas of Provincial Jurisdiction

Tegan Hill and Milagros Palacios

The Trudeau government plans to significantly ramp up spending for day care, dental care, and pharmacare to cover the cost of prescription drugs. But all three of these policy areas fall under provincial, not federal jurisdiction. As our recent study, *Repeating the Past: Provinces Accept Federal Money at their Peril*, points out, history has shown that future federal governments can easily and unilaterally reduce or even eliminate funding for programs it once supported, leaving provinces with a heavy financial burden.

Consider the 1990s when the federal government reduced health and social transfers to the provinces amid a fiscal crisis fuelled by decades of unrestrained spending and persistent deficits (and worsened by high interest rates). Gross federal debt increased from \$38 billion in 1970/71 to \$607 billion in 1993/94, at which point debt interest costs consumed roughly \$1 in every \$3 of federal government revenue.

“History has shown that future federal governments can easily and unilaterally reduce or even eliminate funding for programs it once supported, leaving provinces with a heavy financial burden.”

In response to this debt crisis, the Chrétien Liberal government reduced spending across nearly all federal departments and programs in the 1995 federal budget.

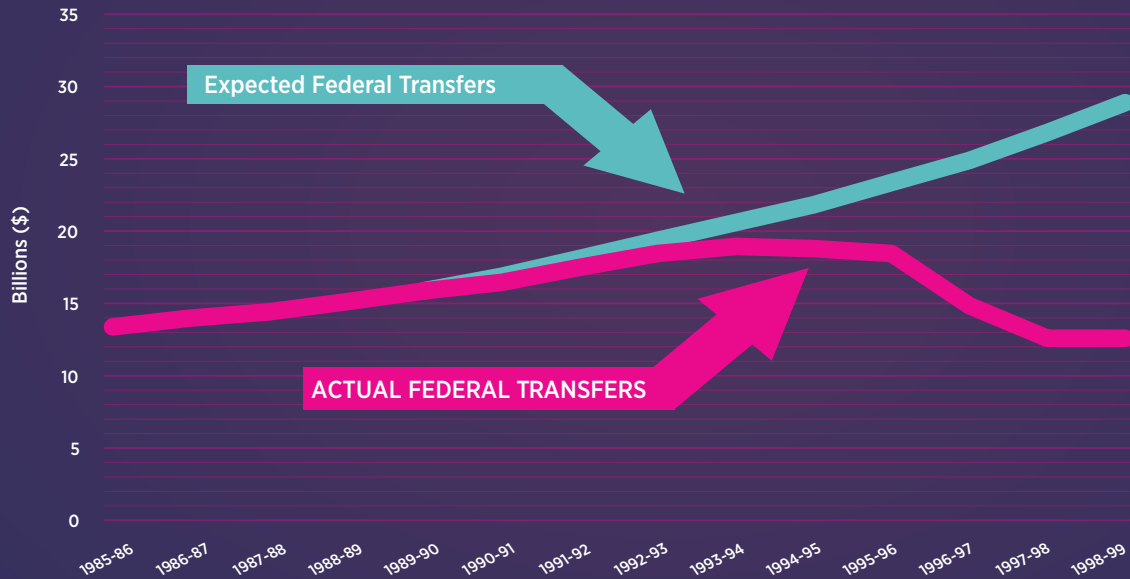


Furthermore, in 1996/97, health and social transfers to the provinces were \$41.0 billion (or 51 percent) lower over the next three-year period than what the provinces had expected based on previous transfers. In other words, the provinces suddenly got a lot less money from Ottawa than they anticipated.

This should serve as a warning for the provinces who may find themselves on the hook for Ottawa's big spending plans. For example, the Trudeau government has earmarked \$43.1 billion for the provinces in an attempt to deliver \$10-a-day day care, an area of exclusive provincial jurisdiction, from 2021/22 to 2027/28. Any change in federal priorities or federal finances could swing the financial burden onto the provinces to maintain the program.

Indeed, in Ontario, there's already a federal funding shortfall of \$1.2 billion (approximately 30 percent) in 2026/27. If the federal government reduces its commitment for the entire day care program across Canada by

Actual vs. Expected Federal Health & Social Transfers to the Provinces, 1980s and 1990s



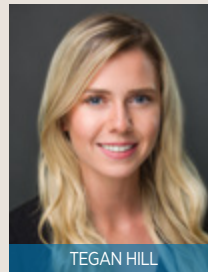
the same degree as it has in Ontario, the provinces and territories will have to increase their collective spending on it from an estimated average of \$161 million annually (from 2022/23 to 2025/26) to an estimated \$3.7 billion in 2026/27—equivalent to increasing their annual share from 2.6 percent to 31.6 percent.

Such a massive change would have huge financial implications for the provinces. In Ontario, for example, based on budget projections, the province would slip from a projected budget surplus to a deficit in 2026/27, simply to cover Ottawa’s spending reduction.

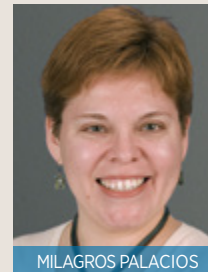
The current state of federal finances only heightens the risk to the provinces. The federal government has run uninterrupted deficits since 2007/08, with total federal gross debt climbing from \$692 billion in 2007/08 to a projected \$1.9 trillion in 2023/24. Rapidly rising interest rates will put additional pressure on federal finances. As a result, the current government—or perhaps a future reform-minded government focused on balancing the budget—could reduce transfers to the provinces at a heretofore unknown rate.

The Trudeau government has committed to significant new funding in areas of provincial jurisdiction, but

provincial policymakers should understand the risk to their finances when entering into such agreements. Ottawa can unilaterally reduce or eliminate funding at any point, leaving provinces to either assume the unexpected financial burden through higher taxes or additional borrowing, or curtail the programs. Ignoring these risks for “easy” money will likely lead to serious problems down the road. [FI](#)



TEGAN HILL



MILAGROS PALACIOS

Tegan Hill is associate director of Alberta Policy and Milagros Palacios is director of the Addington Centre for Measurement at the Fraser Institute. They are co-authors of *Repeating the Past: Provinces Accept Federal Money at their Peril*.

Fifty-Eight Percent of Canadians Believe Personal Income Tax Rates Should Not Exceed 50%

Jake Fuss and Grady Munro

During its time in office, the Trudeau government has raised taxes multiple times, purportedly to make sure high-income Canadians pay their “fair share” of taxes. But according to new polling data, federal tax policy (and rhetoric) appears to be at odds with the wishes of many Canadians.

In 2016, the government raised the top federal income tax rate from 29 percent to 33 percent, and in 2022 introduced a luxury tax on automobiles (priced at more than \$100,000) and other high-priced vehicles. Most recently, it raised the minimum income tax rate that higher-income Canadians must pay annually. In each case, the main goal is to raise additional revenue for Ottawa and ensure all Canadians pay their “fair share” of taxes.

But there are problems with this approach. Empirical research demonstrates that high tax rates reduce incentives for productive economic activity, including innovation, and undermine economic growth. Raising taxes on high-income earners also makes it more difficult for Canada to attract and retain professionals and high-skilled workers who are more likely to move to jurisdictions with lower taxes.

The Trudeau government has also failed to define the term “fair share,” allowing for subjective interpretations and fuelling misperceptions about the amount of taxes that people of different incomes pay. This likely explains in part why a new poll (conducted by Leger and published by the Fraser Institute) found a majority of Canadians (70 percent) believe some Canadians don’t pay their fair share of taxes.

At first glance, this polling result, published in *A Poll of Canadians on the Fair Share of Taxes*, suggests that most Canadians agree with the government’s rhetoric that more and/or higher taxes are needed to make the “rich”

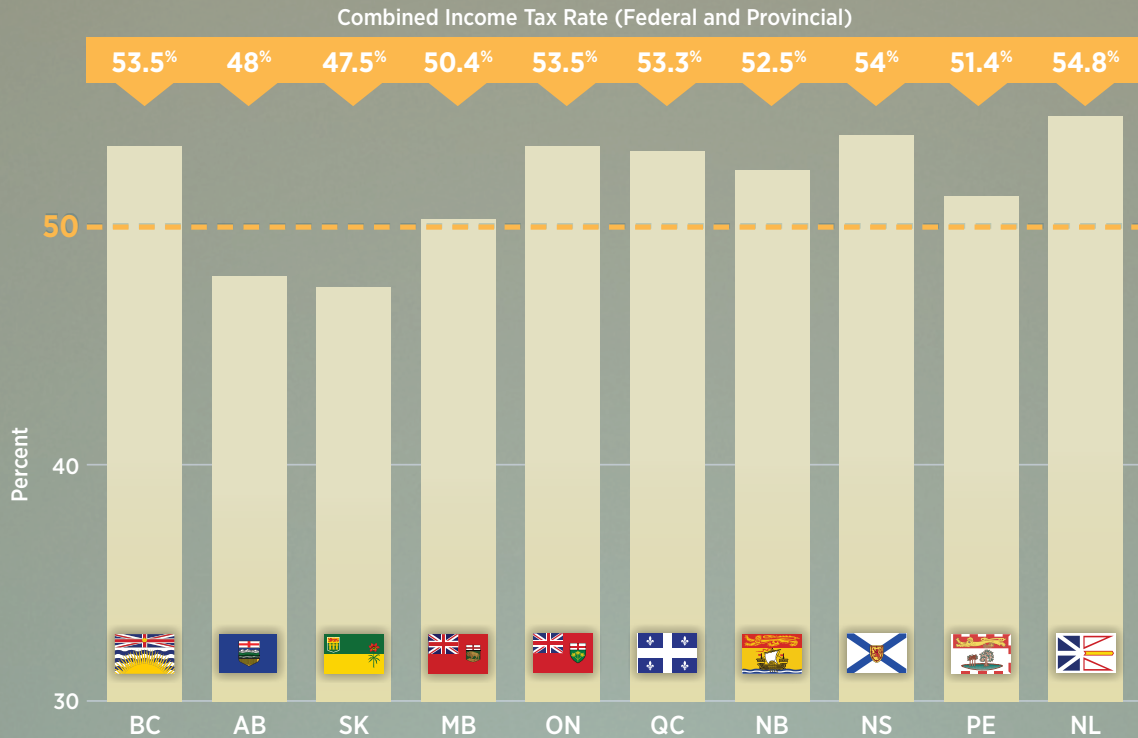


pay their fair share. But when asked if they support a tax increase on the top 20 percent of income-earning families, only a minority (35 percent) of Canadians said yes. In fact, more respondents (42 percent) believe higher-income families should either pay less in taxes or the same amount they currently pay.

Considering the facts about taxes in Canada, these attitudes should not be surprising. According to a study published last year by the Fraser Institute, *Measuring Progressivity in Canada’s Tax System, 2022*, the top 20 percent of income-earning households paid 61.4 percent of the country’s personal income taxes in 2022 while accounting for 44.6 percent of the country’s income. This is the only income group that pays a higher share of taxes relative to its share of income.

Finally, as the new poll shows, a majority of Canadians (58 percent) believe that the top combined (federal and provincial) personal income tax rate shouldn’t exceed 50

Most Canadians (58%) Don't Think High-income Earners Should Pay More Than a 50% Income Tax Rate

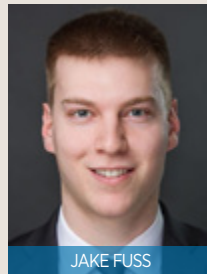


percent. This is especially interesting since top combined income tax rates currently exceed 50 percent in every province (except Alberta and Saskatchewan).

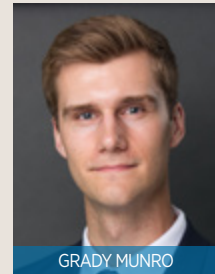
Instead of tax increases and divisive rhetoric, the Trudeau government should enact tax reforms that will encourage work and entrepreneurship, enhance economic growth, and make Canada a more attractive place for skilled workers and investment. All Canadians should be allowed to keep more of their hard-earned money. [FI](#)

“Raising taxes on high-income earners also makes it more difficult for Canada to attract and retain professionals and high-skilled workers who are more likely to move to jurisdictions with lower taxes.”

Contrary to any rhetoric, polling results show that more Canadians oppose tax increases for higher-income families than support them. Moreover, ill-defined terms such as “fair share” can mislead Canadians about how much tax higher-income families actually pay.



JAKE FUSS



GRADY MUNRO

Jake Fuss is director of Fiscal Studies and Grady Munro is an intern at the Fraser Institute. They are the co-authors of *A Poll of Canadians on the Fair Share of Taxes*.

Politicians Clueless about Implications of “Net Zero” Crusade



Jock Finlayson

“Net zero” is a popular talking point among many politicians and members of the commentariat. It refers to the idea of eliminating greenhouse gas (GHG) emissions attributable to the production and use of fossil fuels (oil, natural gas, and thermal coal) by 2050 or sooner. Many believe this is necessary to stem the warming of the Earth’s atmosphere that’s been occurring since the late-1800s.

In Canada, the Trudeau government has embraced net zero and adopted a host of laws, policies, and regulations intended to reduce GHG emissions including to fully “decarbonize” the electricity sector by 2035, only a dozen years from today.

To be sure, moving away from fossil fuels as an electricity source is necessary if policymakers are committed to net zero. However, doing so won’t be easy. Few

champions of net zero have any idea how much additional electricity—not just capacity, but reliable “watt-hours”—will be needed to meet this goal. Fewer still

“ Few champions of net zero have any idea how much additional electricity—not just capacity, but reliable “watt-hours”—will be needed to meet this goal. Fewer still understand the infrastructure requirements of developing an entire energy system centred around electricity.”

capital investments needed to finance and engineer a rapid energy transition, or what this means for Canada's existing regulatory processes.

Canada is unusual globally in that our electricity system is already relatively "green," with about four-fifths of electricity generation coming from water, nuclear, wind, and other renewables. But there's a qualification: electricity satisfies only a modest slice—roughly one-fifth—of Canada's total primary energy demand. Fossil fuels supply most of the energy used in transportation, heating, agriculture, and industrial activity.

Converting aggregate energy consumption to a single common unit—gigawatt hours, which is how we measure useable electricity—policy analyst Denise Mullen has calculated that Canada would need at least 20 new power generation projects, each matching the output of British Columbia's Site C dam, to reach a 100 per cent clean electric system.

Site C is a large and complex project that's been plagued by delays and soaring costs. It's hard to imagine Canada pursuing 20 or more projects of similar size within the next decade. Another option might be to build hordes of smaller generation facilities, possibly with a couple of bigger ones tossed into the mix, to significantly expand the production of clean electricity. The federal government seems to be leaning in this direction, with billions of dollars set aside in Budget 2023 to subsidize the roll-out of new, clean electricity generation and transmission infrastructure.

Meanwhile, Canada has acquired a reputation as a difficult place to pursue industrial development, including "linear" infrastructure projects such as pipelines and power lines. It can easily take more than a decade to get a mid-sized project approved, permitted, and constructed, even with strong government support, due to our environmental review processes, permitting systems, legal obligations to consult with and accommodate Indigenous communities, and frequent public and interest group opposition.

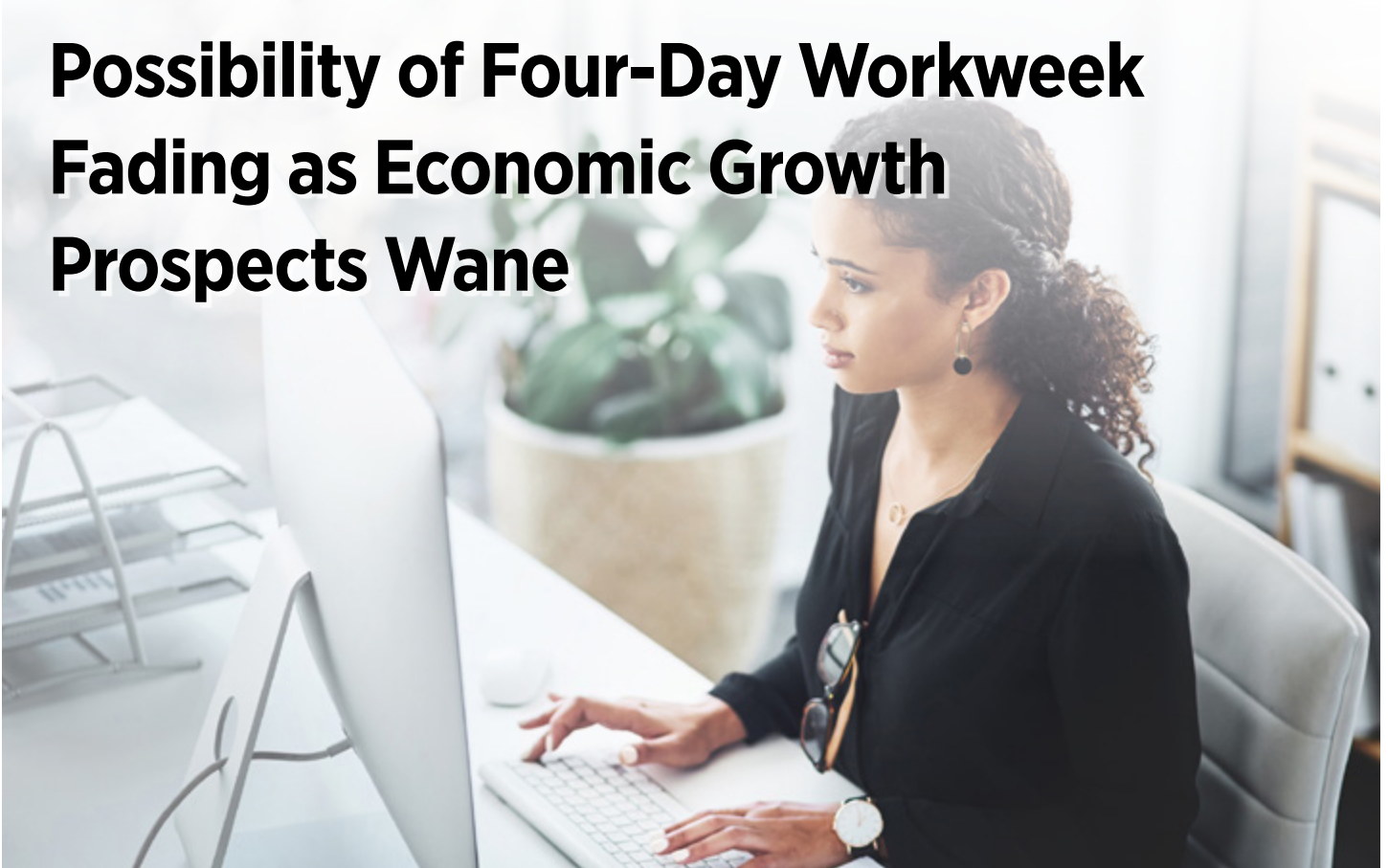
Are policymakers in Ottawa and across the country prepared to overhaul project review and approval processes to realize net zero? Does the public understand the costs and risks involved in massive new investments in power generation and transmission? Such questions tend to be waved away by politicians and pundits captivated by the vision of net zero. But bold vision without a solid grasp of the facts and context and a realistic plan of execution amounts to hallucination—and there's plenty of that in Canada today. [FI](#)

“ Bold vision without a solid grasp of the facts and context and a realistic plan of execution amounts to hallucination—and there's plenty of that in Canada today.”



Jock Finlayson is a Fraser Institute senior fellow and jointly holds the institute's Peter M. Brown Chair in Canadian Competitiveness. He served for many years as executive vice president and chief policy officer for the Business Council of British Columbia.

Possibility of Four-Day Workweek Fading as Economic Growth Prospects Wane



Jason Clemens, Steven Globerman, and Milagros Palacios

It wasn't long ago that researchers were discussing the real possibility of moving to a four-day workweek. (That research included some from the Fraser Institute, including the publication *Achieving the 4-Day Work Week: Essays on Improving Productivity Growth in Canada*.) But to achieve a reduction in the work week while maintaining or even increasing material living standards (as measured by hourly compensation), Canada must improve productivity—that is, get better at transforming inputs (raw materials, labour, ideas) into goods and services. Now not only may we fail to reduce the work week, but we may need to increase it if we are to simply maintain our living standards relative to other industrialized countries.

Consider the recent data.

A 2021 study published by the Organization for Economic Cooperation and Development (OECD) assessed the economic growth prospects for 32 industrialized countries including Canada between 2020-2030 and 2030-2060. Specifically, it forecasted per-person economic growth (adjusted for inflation) using the broad measure of GDP (the total value of goods and services produced in an economy in any specific year, adjusted for population). The results could not be worse for Canadians.

According to the study, Canada is expected to record the lowest level of growth in living standards over both periods as measured by changes in per-person GDP. Our relative rank among developed countries will fall from 16th in 2020 to 25th by 2060, which means countries such as the Czech Republic, Estonia, Israel, Italy,

Korea, New Zealand, Slovenia, and Turkey will surpass Canada in material standards of living. Indeed, by 2060 the OECD expects that Canada's average per-person standard of living will be more than 20 percent below the OECD average. In other words, the OECD expects Canadians to become markedly poorer compared to other industrialized countries.

“ To achieve a reduction in the work week while maintaining or even increasing material living standards ... Canada must improve productivity—that is, get better at transforming inputs (raw materials, labour, ideas) into goods and services.”

The Trudeau government admitted as much in last year's budget but has taken no useful actions to improve economic growth and thereby mitigate the slide in Canadians' comparative standard of living. Indeed, this year's federal budget was much the same as the previous eight years in terms of debt-financed government spending at historic levels, micro-management of the economy by Ottawa, a continued forced energy transition, and no badly-needed tax relief to improve incentives for entrepreneurs, business owners, investors, and workers. Ottawa continues to promulgate the same policies that got us into this mess.

To further illustrate Canada's dire prospects, consider New Zealand. In 2020, Canada's average standard of living was 4.0 percent higher, but by 2060 will be a projected 15.5 percent lower because New Zealanders are forecast to enjoy stronger economic growth. If our growth prospects do not improve, the average Canadian will have to work 5.9 days per week just to match the living standards of New Zealanders working 5 days per week.

Or take Australia whose economy, geography, and history are quite similar to those of Canada. By 2060,

the OECD estimates that Australian living standards will be 26.2 percent higher than ours. To mitigate the difference and match the Australian standard of living by 2060, an average Canadian would have to work almost 7 days a week (6.8 days) compared to 5 days a week in Australia.

Working harder and longer just to match the living standards of other industrialized countries shouldn't be acceptable to any Canadian and certainly not to our elected leaders. Governments should immediately enact policy reforms that focus squarely on improving economic growth, otherwise Canadians will face a choice between two bad alternatives: work longer and harder, or accept lower comparative living standards. [FI](#)

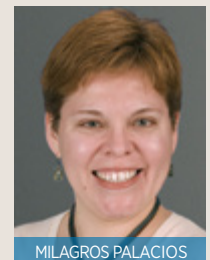
“ Working harder and longer just to match the living standards of other industrialized countries shouldn't be acceptable to any Canadian and certainly not to our elected leaders.”



JASON CLEMENS



STEVEN GLOBERMAN



MILAGROS PALACIOS

Jason Clemens is executive vice-president of the Fraser Institute. Steven Globerman is a senior fellow and chair of the Addington Centre for Measurement, and Milagros Palacios is director of the Addington Centre for Measurement at the Fraser Institute.

Courts Mandate Socialism to Promote “Fundamental Justice”



Bruce Pardy

Eighteen years ago, the Supreme Court of Canada ruled Quebec’s prohibition on private medical insurance to be unlawful. Wait times in the public health care system put people at risk, the majority said, and they have a right to seek private care if the public system can’t deliver. In 2009, a challenge was commenced against similar laws in British Columbia. When the case reached the BC Court of Appeal 13 years later in 2022, the court upheld the prohibitions. The state can prevent citizens from obtaining medical treatment outside the public system, the court said, even if waiting might kill them. In April, the Supreme Court of Canada declined to hear the appeal, denying BC residents the same rights it earlier gave Quebecers. The court gave no reasons, as is typical, but such dismissals are generally interpreted as acquiescence: All good, nothing to see here.

But how can Quebecers have more rights to medical freedom than other Canadians? The Quebec case was not decided under the Canadian Charter of Rights and Freedoms, but under Quebec’s own Charter of Human Rights and Freedoms, a provincial statute. Four of seven judges at the Supreme Court held Quebec’s prohibitions to be inconsistent with this Act. Three of those four found the prohibitions also infringed the Canadian Charter, but the fourth didn’t say one way or the other, and the three dissenting judges said no. As a result, the case did not establish that the Canadian Charter was violated.

Yet the relevant wording in both charters is almost the same. Both guarantee individual rights to life, liberty, and personal security. The Canadian Charter has one extra phrase. Section 7 says that the state cannot deprive people of life, liberty and security “except in accordance with the principles of fundamental justice.” The Quebec provision doesn’t have this clause.

But what, pray tell, are principles of fundamental justice? In previous cases, the Supreme Court has said that a law may deprive Canadians of their right to life, liberty, or security of the person if it is not arbitrary, overbroad, or grossly disproportionate to the law's purpose. In the BC decision, the majority said the law's purpose was to ensure that access to necessary medical care "is based on need and not on an individual's ability to pay." What fundamental norm related to the distribution of medical resources, the majority asked, would be acceptable within our society?

For decades, Western countries have experienced a slow cultural revolution. Its intellectual leader, some say, is Marx. Others point to Foucault, Gramsci, or Marcuse. But in the halls of the law schools, its champion must surely be John Rawls. For progressive law professors in common law countries, Rawls' socialist collectivism represents a moral consensus or starting point from which all reasonable people proceed. As Wanjiru Njoya, a legal scholar at the University of Exeter, has put it, Rawls' academic acolytes rely upon his theories "to defend overtly socialist policies on grounds that such policies are impartial."

Rawls' "veil of ignorance" is his most famous thought experiment. Behind the veil, the theory goes, no one knows their destinies and attributes such as wealth, abilities, intelligence, race, gender, and so on. Since no one is sure whether they will be on top of the heap or at the bottom, Rawls insists, every reasonable person would agree that redistribution of wealth and state provision of services are the only rational aspirations.

Of course, the veil of ignorance demonstrates no such thing. My ignorance of the person I will be does not dictate my values. Given the choice between socialism and liberty, I would prefer to be free rather than managed, and take my chances. Njoya writes that Rawls' reasonable man "favours positive rights and social comforts... guaranteed by the state, which in turn requires a legislative framework designed to implement wealth redistribution." Like Rawls himself, Rawls' reasonable man is a socialist.

So, it would seem, are the two BC appeal court judges who wrote the majority decision (the third judge concurred in the result). When it comes to the distribution of medical resources, they wrote, fundamental justice must be approached "on the basis that no one knows whether they will be among those with sufficient

resources [to seek private medical treatment]. It may be that one will fall into the group without those resources. If everyone had to choose a distributional principle but did not know if they would turn out to be able to make private provision or not, it is plausible that many or most would opt for a system [that] protects distribution according to need, rather than ability to pay." Rawls' veil of ignorance is not identified by name, but its contours are unmistakable.

"[F]oundational norms structuring the basic distributional principles ordering our society," the judgment concluded, cannot "be held hostage to the veto of any one individual who bears adverse consequences." In plain English, fundamental justice requires equal distribution of medical resources, even if that prevents you from obtaining private care that would save your life.

Fundamental justice is constitutionalized socialism, at least according to the majority at the BC Court of Appeal, and Quebecers have more rights than other Canadians. By refusing to hear the case, the Supreme Court has said it's cool with that. **FI**

“Fundamental justice is constitutionalized socialism, at least according to the majority at the BC Court of Appeal, and Quebecers have more rights than other Canadians. By refusing to hear the case, the Supreme Court has said it's cool with that.”



Bruce Parody is Professor of Law at Queen's University and a senior fellow at the Fraser Institute.

Cabinet Shuffle Won't Improve Canada's Economic Performance

Niels Veldhuis and Milagros Palacios

Prime Minister Justin Trudeau recently shuffled his cabinet to much fanfare among the Canadian media. While the shuffle might create a temporary distraction from negative economic news, absent real policy reform no superficial moves will reverse Canada's full-blown economic growth crisis.

Consider that Canada is one of the only high-income countries yet to economically rebound from the COVID recession. Adjusted for inflation, average income per-person in Canada was \$55,677 in the first three months of this year compared to \$56,183 at the end of 2019. We're poorer today than we were three-and-half years ago despite the avalanche of federal government spending and borrowing.

Unfortunately, our troubles started well before COVID-19. In fact, Canada's economy was weaker heading into

the COVID recession than during the years preceding the last four recessions or economic slowdowns. From 2016 to 2019, the pre-COVID era overseen by Prime Minister Trudeau, average annual per-person GDP grew by less than 1 percent after adjusting for inflation (0.9 percent to be exact) compared to 3.7 percent from 1997 to 2000 under Jean Chrétien. Growth was more than four times higher under Chrétien than Trudeau.

“We're poorer today than we were three-and-half years ago despite the avalanche of federal government spending and borrowing.”

If that weren't bad enough, consider Canada's performance compared to our southern neighbours. In 2016, average per-person incomes in Canada were 82 percent of US levels—C\$54,154 compared to C\$65,792, or an \$11,600 difference per person. By the end of 2022, our per-person incomes had fallen to 76 percent of US levels—C\$55,863 compared to C\$73,565. Put differently, Canadians are \$17,700 per person poorer than Americans.

Furthermore, Canada's average income per person is now lower than income levels in 41 US states. With an average per-person income of C\$55,863, we rank just below Louisiana (C\$57,954) and Maine (C\$57,271) and slightly ahead of New Mexico (C\$54,874) and Kentucky (C\$54,671)—not exactly the company Canadians would strive to keep.

Going forward it's likely going to get a lot worse. The Organisation of Economic Cooperation and Development (OECD), a 38-member international organization, predicts that Canada will be the worst-performing advanced economy from 2020 to 2030, with inflation-adjusted per-person GDP growth of only 0.7 percent per year over the decade. The same is true from 2030 to 2060. While long-term forecasts can change, the OECD projections should be setting off alarm bells in Ottawa.

“The OECD predicts that Canada will be the worst-performing advanced economy from 2020 to 2030, with inflation-adjusted per-person GDP growth of only 0.7 percent per year over the decade.”

And yet, despite all the evidence, and dire warnings from the OECD, the Trudeau government and its most important ministers seem oblivious to the facts. Earlier this month, Deputy Prime Minister and Minister of

Finance Chrystia Freeland had this to say: “I think we can be really optimistic about the Canadian economy. Canada had the strongest economic growth in the G7 over the course of 2022.”

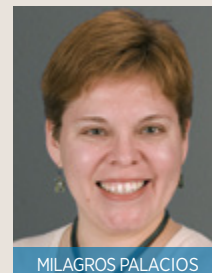
Yes, Minister Freeland, our economy did grow by 2.1 percent from the fourth quarter of 2021 to the fourth quarter of 2022, beating the other six G7 countries. However, our population grew by 2.7 percent. That means we got *poorer* per person, not richer.

“Absent policy change, shuffling a few cabinet positions won't make a dent in Canada's bleak economic prospects.”

There's something very wrong with the government's economic growth strategy. The Trudeau government likes to claim an affinity for evidence-based policy-making. Perhaps it's time they look at the economic evidence, as the data speak for themselves. Absent policy change, shuffling a few cabinet positions won't make a dent in Canada's bleak economic prospects. [FI](#)



NIELS VELDHUIS



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Housing Policy Across Canada Failing Existing Canadians and Newcomers Alike



Josef Filipowicz and Steve LaFleur

Canada recently reached a milestone of 40 million people after growing by more than one million people in one year for the first time in 2022. While we are adding people at record levels, the same can't be said about homes.

According to recent research outlined in our bulletin *Canada's Housing Mismatch: Many Canadians Prefer Ground-Oriented Homes, But Not Enough are Being Built*, while the number of people in Canada has accelerated in recent years, the number of housing units completed has stagnated and even fallen to levels well below previous peaks. Specifically, from 1971 to 1980, Canada's population grew by 283,737 people annually (on average) while an annual average of 226,524 housing units was completed.

By comparison, from 2013 to 2022, Canada's population grew by 427,439 people annually (on average) yet only 196,872 housing units were completed annually (on average). Put differently, during the 1970s, roughly four housing units were constructed for every five new people in Canada compared to slightly less than one housing unit constructed for every two new people in recent years.

In short, fewer homes are being built for a larger, faster-growing population.

These dual trends spell trouble for many Canadians, especially those already struggling to find affordable housing. The severe imbalance between the number of homes available and the number required have squeezed many renters and would-be homebuyers

who increasingly find themselves bidding for a dwindling supply of available units.

The result? Higher rents and home prices, and not just among the “usual suspect” communities in the greater Toronto and Vancouver areas, but in small and medium-sized cities across the country. Last year, communities including London, Waterloo Region, Peterborough, Hamilton, Kingston, Gatineau, Quebec City, and Halifax all saw rental vacancy rates (a measure of rental unit availability) fall below two percent, which places them in the same league as Toronto, Vancouver, and Victoria. And when vacancy rates fall, rents rise.

“Canada’s shortage of housing has negative consequences for almost everyone, from the most vulnerable individuals and families to employers struggling to find workers. It also hurts newcomers to Canada—the single largest group contributing to Canada’s population growth.”

Canada’s shortage of housing has negative consequences for almost everyone, from the most vulnerable individuals and families to employers struggling to find workers. It also hurts newcomers to Canada—the single largest group contributing to Canada’s population growth. Most new arrivals to Canada rent their homes, leaving them especially exposed to rapidly tightening rental markets. Rising rents and worsening availability hamper their prospects—and indeed the prospects of all renters or would-be homeowners—of achieving upward mobility, arguably one of Canada’s main draws.

Thankfully, solutions are available, although policymakers must act big and act fast. There’s tremendous opportunity to open up more neighbourhoods to help achieve the levels of homebuilding required to adequately house a growing Canada. Several cities

have already started implementing policies that make it easier to add housing units. For example, Edmonton is overhauling its zoning bylaws to allow more housing options citywide including duplexes, secondary suites, and small apartments in residential areas that are currently low-density. Similarly, Toronto City Council recently adopted plans to allow up to four units per lot citywide without the need to rezone. And elsewhere in Ontario, British Columbia, and Nova Scotia, provincial and local governments are making similar changes.

However, such policies are only the first of many necessary steps, and the effects will only be felt over the longer term, so there’s no time to waste.

As Canadians and policymakers ponder our 40 million demographic milestone, they should give honest consideration to Canada’s worsening housing situation. In the right circumstances, a growing population can bring numerous benefits—economic, cultural, and more. By not allowing homebuilding to keep up with population growth, however, governments across the country have hampered prosperity for both existing Canadians and newcomers. Governments, especially municipalities, must change the way they plan for and approve the millions more homes we need today and in the future if we’re to restore the promise of a thriving Canada with upward mobility. [FI](#)



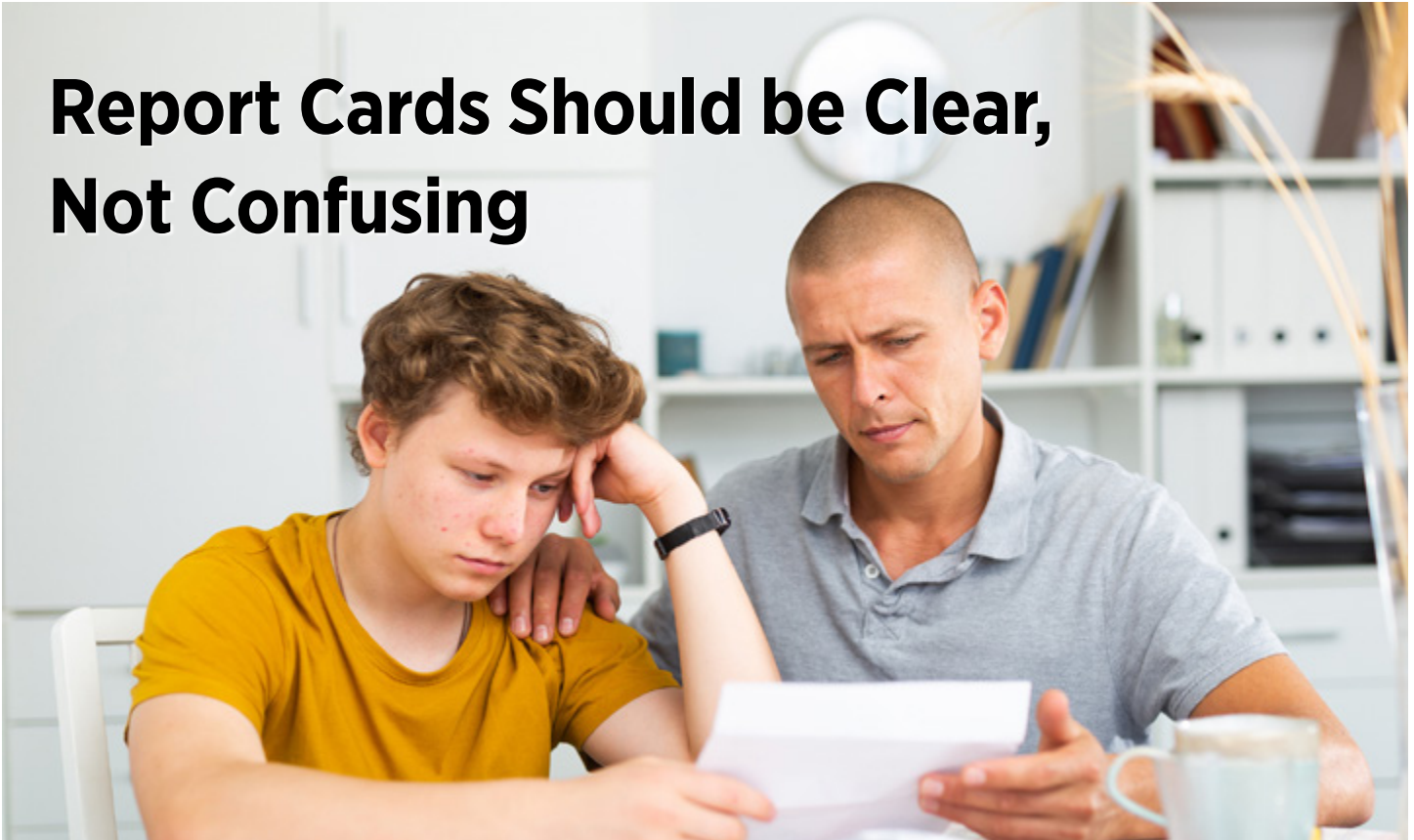
JOSEF FILIPOWICZ



STEVE LAFLEUR

Josef Filipowicz and Steve Lafleur are senior fellows at the Fraser Institute. They are co-authors of *Canada’s Housing Mismatch: Many Canadians Prefer Ground-Oriented Homes*.

Report Cards Should be Clear, Not Confusing



Michael Zwaagstra

Is it better to be “extending” at two-digit multiplication or “proficient” at it? How about “developing” versus “emerging?” According to the British Columbia education ministry’s new proficiency scale, the proper order of skill development is: emerging, developing, proficient, and extending.

This is the kind of gobbledygook parents can look forward to seeing on their kids’ report cards this fall because the province has mandated (beginning next school year) that Grades 8 and 9 students will no longer receive letter grades or percentages on their report cards. Instead, teachers must use the government’s new proficiency scale.

According to the ministry’s new K-12 Student Reporting Policy Framework, these terms describe the level of “understanding of the concepts and competencies relevant to the expected learning.” An “emerging” student has an “initial” understanding, a “developing” student

has a “partial” understanding, a “proficient” student has a “complete” understanding and an “extending” student has a “sophisticated” understanding.

To make things even more confusing, some words on this scale have more than one possible meaning. For example, the “emerging” descriptor can include “both students at the beginning stages of grade level expectations, as well as those before grade level expectations.” In other words, students who are “emerging” in a skill area might be failing the course, or they might not. It’s all a matter of interpretation.

Interestingly, Grades 10 to 12 students will be spared from this nonsense, at least for now. Their report cards will still have percentages and letter grades—probably because universities and colleges use these marks to determine admission and award entrance scholarships. At least at the upper grade levels parents won’t be left scratching their heads trying to decipher their kids’ report cards.

Of course, you might wonder why Grades 8 and 9 teachers shouldn't also be able to continue using percentages and letter grades. After all, everyone understands the difference between an A+ and a B or 95

“Reducing the entirety of the curriculum to several so-called core competencies deprives students of the knowledge-rich learning they need, particularly at the earliest grade levels. Subjecting parents to a mind-numbing word salad on report cards will simply add insult to injury.”

percent compared to 40 percent. When they read a report card, parents want a quick snapshot of how their kids are doing, not a heap of meaningless verbiage. They shouldn't have to wait until their children enter Grade 10 to receive a report card that makes sense.

As the BC government has stated many times, this new proficiency scale was developed in response to the new provincial curriculum, which, according to the government, places “more emphasis on the deeper understanding of concepts and the application of processes than on the memorization of isolated facts and information.”

In simple terms, this means that BC's new curriculum, and the proficiency scale based upon it, focus on the process of learning rather than on the actual content to be learned. Sadly, by downplaying content, the BC government is putting students at a disadvantage. Research clearly shows a strong connection between content knowledge and reading comprehension. Reducing the entirety of the curriculum to several so-called core competencies deprives students of the knowledge-rich learning they need, particularly at the earliest grade levels. Subjecting parents to a

mind-numbing word salad on report cards will simply add insult to injury.

Finally, reducing all assessments to only four levels of achievement will inevitably lead to a loss of precision. When teachers lump students who are passing and students who are not passing into the same “emerging” category, there's something wrong with the new proficiency scale. There's obviously a huge difference between a student who narrowly passes all the tests and one who fails each test by a wide margin. They certainly don't deserve the same mark.

“There's obviously a huge difference between a student who narrowly passes all the tests and one who fails each test by a wide margin. They certainly don't deserve the same mark.”

There's no need to jettison easily understood letter grades and percentages and replace them with meaningless verbiage. The BC government should send its new proficiency scale back to the drawing board. [FI](#)



MICHAEL ZWAAGSTRA

Michael Zwaagstra is a public high school teacher and a senior fellow at the Fraser Institute.

Stellantis “Deal” Underscores Intrinsic Problems with Corporate Welfare



Tegan Hill and Matthew Mitchell

Automaker Stellantis recently halted construction of its electric vehicle battery factory in Windsor because the federal government has not delivered a promised \$500 million to help with capital costs. In addition, the firm now wants a deal more competitive with the United States—specifically, a deal that matches the slew of subsidies introduced in the Biden administration’s Inflation Reduction Act—which would mean \$3 billion more in tax credits alone. Unfortunately, this is just one more glaring example of the problems with corporate welfare.

The news comes just weeks after the Trudeau government announced it will spend an estimated \$13 billion on subsidies for Volkswagen’s Ontario battery plant and offer \$700 million to help with construction. According to the Trudeau government, the handout—funded by taxpayer money—was necessary to compete

with the United States. For his part, Ontario Premier Doug Ford recently said that the federal government should support Stellantis as it did Volkswagen.

But continuing to engage in a subsidy war will come with huge costs to Canadians. Indeed, as the recent Fraser Institute study, *The Cost of Business Subsidies in Canada*, shows, federal, provincial, and local governments spent \$352.1 billion (inflation-adjusted) subsidizing firms from 2007 to 2019 (the last pre-COVID year of available data). That huge number includes government transfers to businesses but excludes other forms of government support such as loan guarantees, direct investment, and regulatory privileges for particular firms or industries, so the actual level of corporate welfare was much higher. Every dollar spent on corporate welfare is a dollar unavailable for tax cuts or other spending priorities.

Not only does corporate welfare come at a huge cost to taxpayers, but a significant body of research indicates

“ Continuing to engage in a subsidy war will come with huge costs to Canadians. Indeed... federal, provincial, and local governments spent \$352.1 billion (inflation-adjusted) subsidizing firms from 2007 to 2019.”

it doesn't produce widespread economic growth or job creation. In fact, corporate welfare may actually hurt the economy.

Why? Because all else being equal, jurisdictions that hand out subsidies must impose higher tax rates on everyone else to make up the difference. Higher taxes discourage economic activity, and the higher the rates, the more economic activity they discourage. Therefore, subsidies depress economic activity in some parts of an economy to encourage it in others.

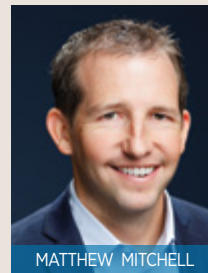
To make matters worse, subsidies typically have no effect on firm location decisions. Surveys suggest that between 75 and 98 percent of subsidized firms would have chosen their location even without the subsidy because other factors, such as proximity to a customer base, supply chains, and livability, seem to matter more.

Finally, even if a subsidy does entice a firm to relocate, that may not be a good thing. That's because a firm that can be lured by a subsidy is a firm that may be lured away by another country or province in a few years. It makes no sense to build an economy around such flighty firms. Moreover, if the firm wouldn't locate in an area without artificial enticements, that may mean the firm isn't a good fit for the region anyway.

When it comes to economic development, there are no get-rich-quick shortcuts. The best route to growth

is the tried-and-true approach. It is an approach that is supported by a large body of research which shows that provinces that foster economic freedom through low taxes and sensible regulations tend to prosper. Those that don't, tend to languish. And if you think you have to offer subsidies to entice firms to your province, that may be an indication that your taxes are too high, or your regulations are too onerous. [FI](#)

“ If you think you have to offer subsidies to entice firms to your province, that may be an indication that your taxes are too high, or your regulations are too onerous.”



Tegan Hill is associate director of Alberta Policy and Matthew Mitchell is a senior fellow in the Centre for Economic Freedom at the Fraser Institute.

Ottawa's New Fuel Regulations Add to Carbon Tax Pain in Nova Scotia



Alex Whalen and Elmira Aliakbari

At a time when many Nova Scotian families are struggling to pay the bills, the federal carbon tax, which went into effect in the province July 1, will add 18 cents per litre to the price of gasoline and raise the cost of goods and services more broadly. Unfortunately, barring a change in government policy, this increase in prices is just the beginning.

The carbon tax is set to rise from \$65 per tonne this year to \$170 per tonne in 2030. The pain for Nova Scotians extends well beyond simply fuelling their vehicles. For example, according to a recent study published by the Fraser Institute, *Estimated Impacts of a \$170 Carbon Tax in Canada*, Revised Edition, the \$170 per-tonne carbon tax will shrink the provincial economy (measured by GDP) by an estimated 2.4 percent and result in nearly 1,000 job losses in 2030 when compared to the state of the economy with no carbon tax.

But wait, there's more.

Over and above the carbon tax, the federal government is now imposing new Clean Fuel Regulations, known as the CFR, which require fuel producers and importers to reduce the carbon content of fuels they sell. By 2030, the "carbon intensity" of these fuels, which measures emissions generated per unit of energy, must be 15 percent below 2016 levels. Consequently, the CFR will lead to increased prices for virtually all fossil fuels including gasoline, diesel, natural gas, and propane.

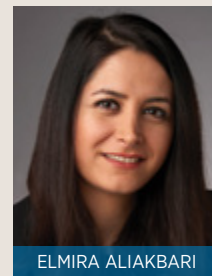
“The pain for Nova Scotians extends well beyond simply fuelling their vehicles.”

While the CFR will impose costs all over the country, Nova Scotians will be among the hardest hit. According to a recent analysis by the Parliamentary Budget Officer, Nova Scotians will bear the third-highest costs among the provinces (trailing only Alberta and Saskatchewan) with the CFR costing some Nova Scotian families an average of \$635 per year.

To make matters worse, the costly effects of the Trudeau government’s carbon tax and clean fuel regulations will fall disproportionately on lower-income households who dedicate a higher proportion of their income to electricity and heating bills. Besides fuel, the carbon tax and clean fuel regulations also indirectly increase the prices of many other goods—including groceries—by increasing the cost of transportation.

“ Nova Scotians will bear the third-highest costs among the provinces (trailing only Alberta and Saskatchewan) with the CFR costing some Nova Scotian families an average of \$635 per year.”

While most Nova Scotians want to protect the environment, they likely don’t want to pay ever higher taxes in the name of environmental protection. At a time when many families are struggling to keep up with increases in the cost of living, the joint burdens of the escalating carbon tax and clean fuel regulations will cause great economic pain across the province. Unfortunately, this is just the beginning. [FI](#)



Alex Whalen is associate director of Atlantic Canada Prosperity and Elmira Aliakbari is director of the Centre for Natural Resource Studies at the Fraser Institute.

Continuing to Educate the Next Generation

At the heart of our mission lies a commitment to educating the next generation. Through the Institute's Centre for Education Programs and the Peter Munk Centre for Free Enterprise Education, we continue to engage with thousands of Canadian students each year through timely webinars, contests, and academic opportunities.

This fall, we are thrilled to be hosting six free, one-hour policy webinars, expected to reach hundreds of Canadian post-secondary students. The topics of these webinars will range widely and will include Canadian housing policy, the state of Canada's environment, and the realities of socialism, among others.

Our efforts don't stop there. In addition to the webinars, we will also be hosting four free, one-day field trips for high school students, introducing them to key economic principles and concepts. Moreover, we will be conducting three in-person post-secondary seminars with students attending from various regions across British Columbia, Alberta, and Ontario. [FI](#)

For an overview of all our programs, webinar recordings, and student resources, please visit fraserinstitute.org/education-programs.



Above: Students from our 2023 Student Leaders Colloquium.

Working to Support Canadian Teachers and Journalists

Beyond student programming, we are equally dedicated to supporting Canadian teachers and journalists by offering valuable professional development opportunities and resources.

This fall, we are excited to be hosting six teacher workshops and webinars, providing educators with valuable knowledge that will in turn have an impact on thousands of students. We will also distribute hundreds of engaging lesson plans that aim to support economic education in our Canadian classrooms.

Our commitment extends to Canadian journalists as well. This fall, we will be offering two journalism programs: Economics for Journalists and Policy for Journalists. Through these initiatives, 50 journalists will gain a more in-depth understanding of economics and public policy, enabling them to more accurately educate the Canadian population through various media channels. [FI](#)

To learn more about the resources and programs we provide for teachers and journalists, please visit fraserinstitute.org/education-programs.



Student Interns

This summer we have 8 student interns. Selected through a competitive recruitment process, these university students are paired with Fraser Institute senior staff. The internship affords the students a unique learning opportunity where they can make a tangible contribution to the Institute's work. They also participate in monthly reading discussions with Fraser

Institute researchers which helps to further develop their understanding of economics and government policy.

Many of our former interns have gone on to high-level careers in research, university teaching, politics, government, media, and think tanks. In fact, one-sixth of our current Fraser Institute staff are former interns who we hired permanently. Some who have gone on to academic pursuits contribute to our work as senior fellows or occasional authors. Those who work in academia help us promote our education programs to their students.



(L to R): Grady Munro, Niels Veldhuis, Erin Clemens, Hani Wannamaker, Dylan Clarke, Jason Clemens, Kevin Donaghey, Evin Ryan.

Not pictured: Abigail Atmadja and Lucy Gay

Grady Munro, currently working on a Masters of Public Policy at the University of Calgary (expected completion date: 2023). Intern in the Institute's Department of Fiscal Studies.

Erin Clemens, currently working on a Bachelor of Technology in Graphic Communications Management at Toronto Metropolitan University (formerly Ryerson University; expected completion date: 2025). Intern in a variety of the Institute's departments, such as HR, Education Programs, and Marketing.

Hani Wannamaker, has a Bachelor's degree in Economics & Finance from Toronto Metropolitan University (formerly Ryerson University). Intern in

the Institute's Department of Fiscal Studies.

Dylan Clarke, currently working on a PhD in Economics at Queen's University (expected completion date: 2024). Intern in the Institute's Department of Fiscal Studies.

Kevin Donaghey, has a Bachelor's degree in Management of Finance & Economics from the University of Guelph. Intern in the Institute's Department of Natural Resources.

Evin Ryan, currently working on a Bachelor of Arts in Economics at the University of Windsor (expected completion date: 2023). Intern in the

Institute's Addington Centre for Measurement Department.

Abigail Atmadja (not pictured), currently working on a Master of Arts in Communication and New Media at McMaster University (expected completion date: 2024). Intern in the Institute's Department of Digital Marketing & Development.

Lucy Gay (not pictured), currently working on a Master's of Economics at George Mason University (expected completion date: 2023). Intern in the Institute's Department of Natural Resources.

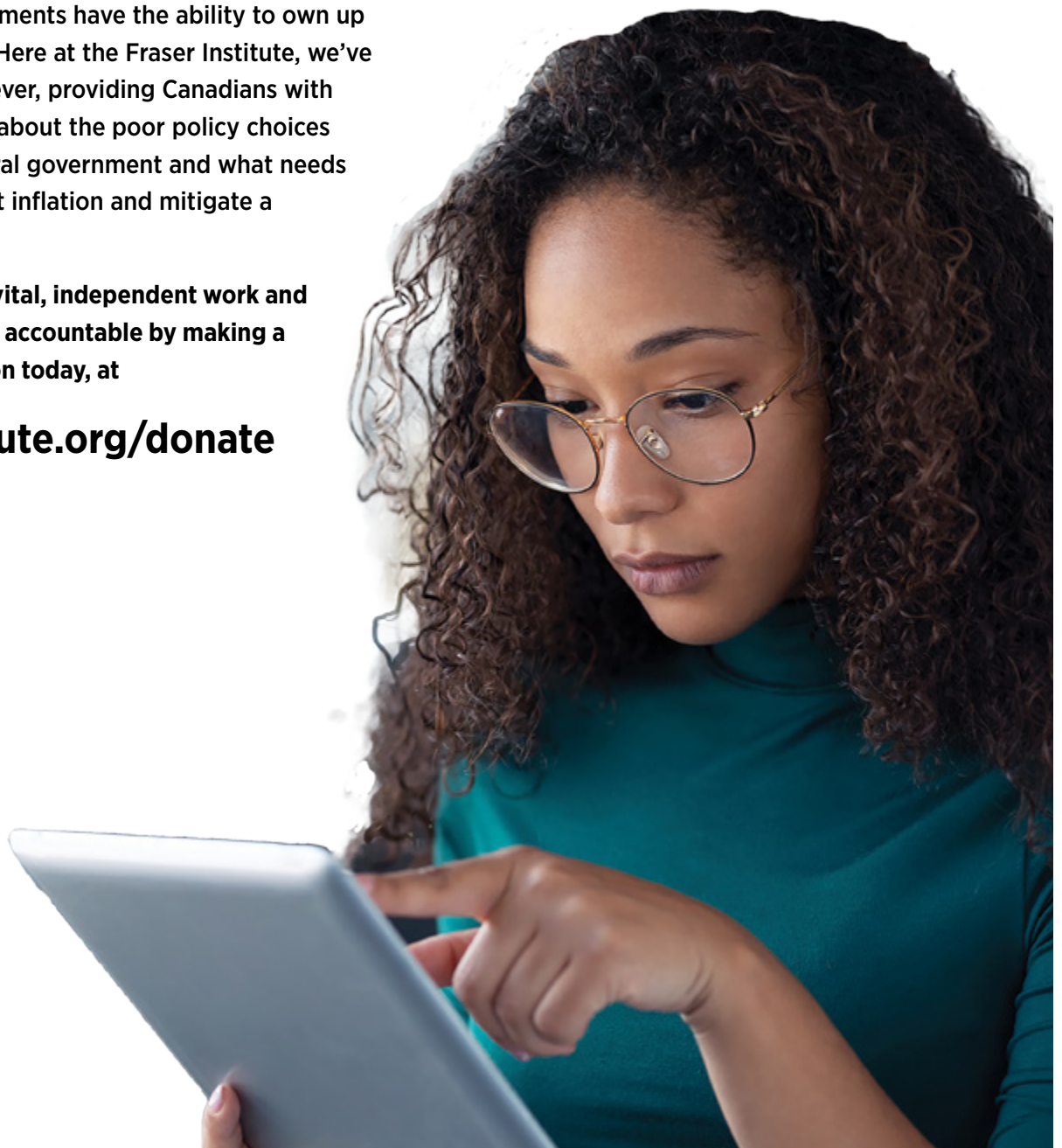
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