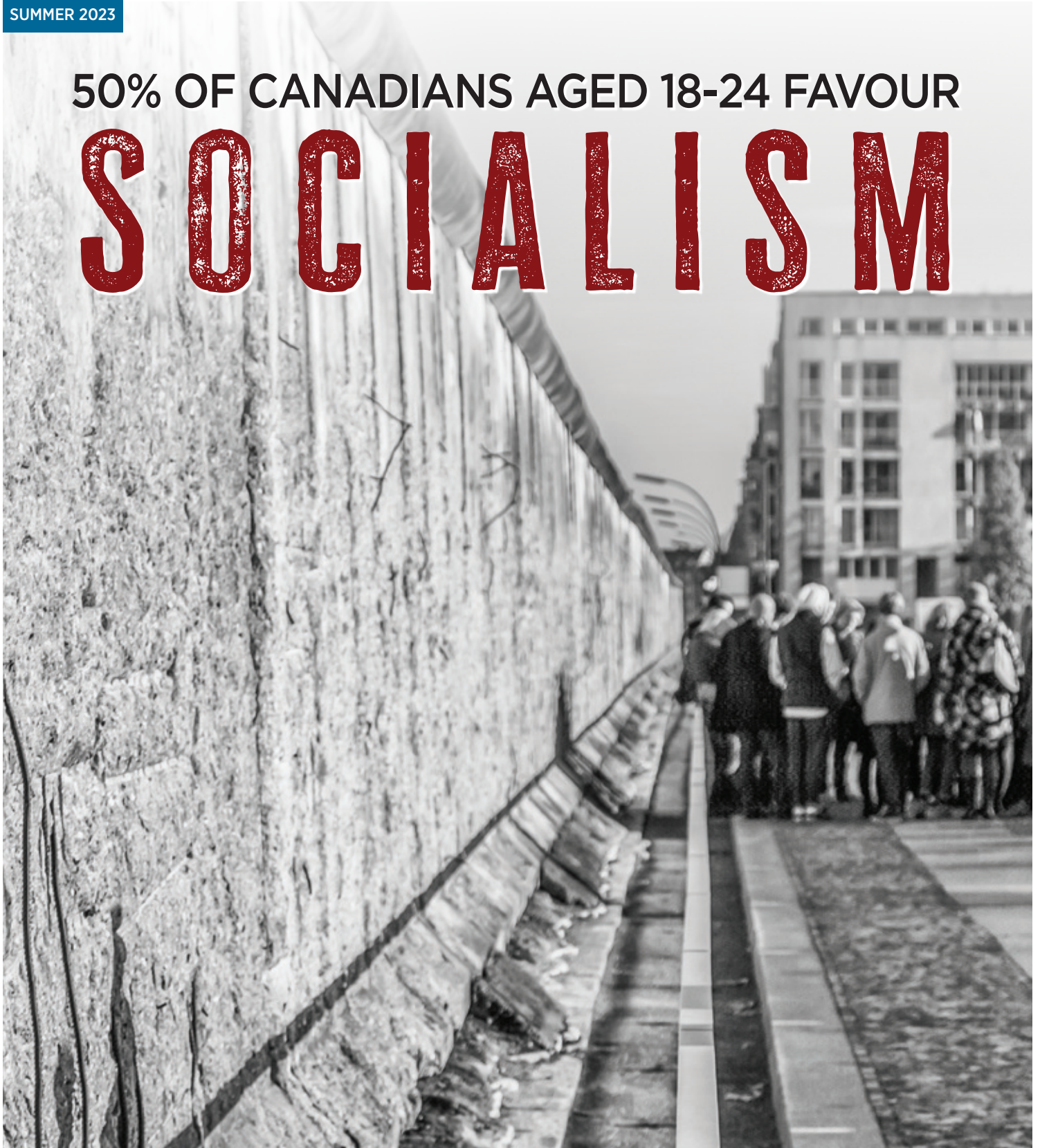


THE Quarterly

SUMMER 2023

50% OF CANADIANS AGED 18-24 FAVOUR

SOCIALISM





Niels Veldhuis
President, Fraser Institute

Dear Fraser Institute Friends and Supporters,

I am sure you are as shocked as I was by the results of our recent poll on socialism. It's hard to believe that 50% of Canadians age 18-24 favour socialism. Truly depressing news.

My first thought when I heard these results was that these young Canadians must never have been exposed to places around the world that have experimented with genuine socialism. They've clearly never witnessed the misery that socialism imposes.

When I grew up in the 1980s, the Berlin Wall was a regular topic of conversation around our dinner table. Perhaps it was closer to home for my family as I was born in the Netherlands, less than 10 km away from the German border. We grew up hearing stories about the desperate attempts some East Germans made to escape socialism. Not only did East Germany need a massive wall to keep people from leaving, but people were shot for attempting to do so, and many others were killed by land mines.

Many young people today have no recollection of the emotion—of the sheer joy—that Germans and others around the world felt on November 9, 1989, the night the wall came down. Watching the news that evening will be forever ingrained in my memory. I can't imagine being in favour of an economic system that actually has to force people to remain a part of it.

We need to expose young Canadians to the true realities of socialism. We need to counter the worrying trend of a growing acceptance of socialism as a viable alternative to economic freedom and free markets. It's why the Fraser Institute is leading a new multi-year project, *The Realities of Socialism*, with help from our partners, the Institute of Economic Affairs in the UK, the Institute of Public Affairs in Australia, and the Fund for American Studies in the US.

We'll be producing studies, books, videos, and educational materials on countries that have successfully transitioned away from socialism to democratic market-based economies so as to document how the lives of people in those countries have improved across a wide range of social and economic indicators. We aim to reach students and young adults particularly—to clarify their understanding of what socialism really is and teach them about the clear superiority of market-based economies over socialism.

Stayed tuned as we roll out this important project by subscribing to our email list (see inside back cover).

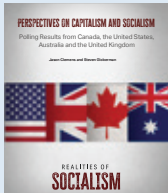
I encourage you to read about our poll on page 2 and, indeed, to review all of the important work we discuss in this issue. After you are finished doing so, please pass this issue on to your friends, family and/or colleagues.

Best,

Niels

A handwritten signature in blue ink, appearing to read 'Niels Veldhuis', located at the bottom of the page.

New Research



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New Poll Reveals 50% of Canadians 18-24 Favour Socialism, But Few Canadians Willing to Pay for It

Jason Clemens and Steven Globerman

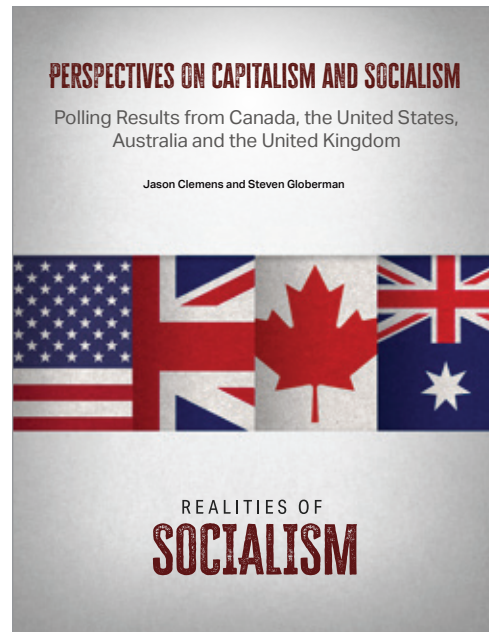
According to a new poll commissioned by the Fraser Institute and conducted by Leger, 42 percent of Canadians believe socialism is the ideal economic system. That's slightly lower than in the United Kingdom (43 percent) but higher than in both the United States (31 percent) and Australia (40 percent). Just one problem: few Canadians want to pay higher taxes to fund it.

Younger Canadians' support for "socialism" presumably is due in part to their lack of real-world experience with genuine socialism and the misery it imposed. The polling data bear that out. Support for socialism drops from 50 percent among Canadians 18-24 years old to 38 percent among Canadians over 55.

There's also the question of what its 21st-century supporters actually mean by "socialism." Unlike other polls on this subject, this one, which Leger conducted in the fall of 2022, included definitions of socialism. Only 25 percent of Canadians polled define socialism as the government taking control of companies and industries, which is the classic definition (i.e., "owning the means of production").

So what do Canadians mean by socialism? The overwhelming majority of Canadians polled (65 percent) define socialism as the government providing more services while 57 percent define it as government providing a guaranteed minimum income.

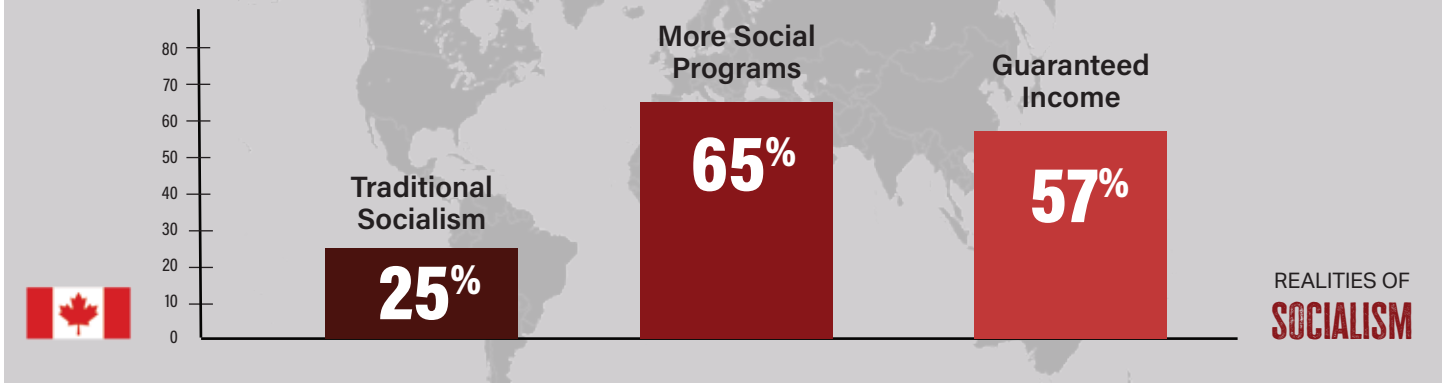
The government providing more services is certainly consistent with the policies and aspirations of the federal government. The Trudeau government has increased transfers to the provinces to support health care, post-secondary education, and social welfare. It



has also introduced a new transfer to eligible families with children (the Canada Child Benefit) and created two new federal programs to collaborate with the provinces in supporting dental care and daycare, and it promises to introduce a new national pharmacare program.

Whether it's called socialism or not, higher government spending on new and expanded services—not to mention a guaranteed minimum income—requires higher taxes. But the data are clear: most Canadians don't want to pay higher taxes. According to the poll, which offered all respondents four tax options to help finance socialism, the two most popular options by far were a new wealth tax on the top 1 percent, which got 72 percent support, and an increase in personal income taxes for the top 10 percent, which got 59 percent support. The logic seems straightforward: most respondents assume these two taxes would not affect them. The other two tax options were far less popular. An across-the-board increase in personal income taxes garnered only 31 percent support,

Most Canadians Define Socialism as More Government Services, or a Guaranteed Income



while only 16 percent of respondents supported a GST increase.

In its eight years in power, the Trudeau government has already increased the top personal income tax rate from 29 to 33 percent and has mused repeatedly about introducing a new wealth tax and raising capital gains taxes. As things stand, the top 20 percent of families already pay a disproportionate share of the total tax burden, earning 44.6 percent of all income but paying 53.0 percent of all taxes (federal, provincial, and local).

The problem for Ottawa and the advocates of socialism is that these targeted tax hikes don't raise enough revenue to cover the costs of new spending so the money has to

be borrowed, which raises government debt and slows economic growth. Since the current federal government came to power Canada's total national debt has increased from \$1.1 trillion to an estimated \$1.9 trillion this year.

honest with Canadians about the ultimate need for broad-based tax increases to pay for them. The Trudeau solution from day one has been to borrow, which simply defers the tax bill to the future.

And the bill is already starting to come due. Ottawa expects to spend \$43.3 billion next year solely on interest costs on the national debt. That's more than it spends on employment insurance, the Canada Child Benefit, or the Canada Social Transfer, and almost as much as total health transfers to the provinces (\$49.3 billion).

The financial pressures from new spending, coupled with increasing debt and interest costs, will eventually force a decision on governments and Canadians more broadly. If we want larger government, we'll have to pay the price in the form of higher taxes. As Nobel laureate Milton Friedman often reminded us, there's no such thing as a free lunch, even for advocates of socialism. [FI](#)

“Higher government spending on new and expanded services—not to mention a guaranteed minimum income—requires higher taxes. But the data are clear: most Canadians don't want to pay higher taxes.”

be borrowed, which raises government debt and slows economic growth. Since the current federal government came to power Canada's total national debt has increased from \$1.1 trillion to an estimated \$1.9 trillion this year.

Canada is on an unsustainable fiscal path as governments, particularly the federal government, expand existing programs while adding new ones without being



JASON CLEMENS



STEVEN GLOBERMAN

Jason Clemens is executive vice-president and Steven Globerman is a senior fellow and Addington Chair in Measurement at the Fraser Institute. They are co-authors of *Perspectives on Capitalism and Socialism: Polling Results from Canada, the United States, Australia and the United Kingdom*.

New Report Finds More Than 40 Countries Maintained Restrictions on Women's Economic Rights; 13 Countries Lifted Restrictions

Rosemarie Fike

When people have economic freedom, they are allowed to make commercial choices for themselves. They may enter into contracts and exchange with whomever they wish on whatever terms they choose, provided that they do not infringe upon the rights of others. In many parts of the world, women have been denied these basic economic freedoms. But that may be changing.

Between 2018 and 2020 the global treatment of women under the law moved closer to parity with men. The long-run trend of consistent improvements in the relative treatment of women continued despite the sharp decline in overall economic freedom that occurred across the globe as nations responded to the COVID-19 pandemic. During this period, no countries imposed new gender-based restrictions on economic rights. Better yet, 13 countries removed barriers to women's rights that had been limiting their ability to fully participate in the market process.

Of particular note, both the United Arab Emirates and Saudi Arabia took major steps to expand the scope of economic freedom to women. Women living in these countries now have greater freedom of movement than they did before as they can now apply for passports, travel outside of their countries, travel within their countries, and choose where to live—in the same way as men. Women's legal status has also improved as both countries now permit a woman to be declared the head of her household, and both have also eliminated the formal legal requirement for married women to obey their husbands. Finally, both countries eliminated gender-based labour market restrictions that limited a woman's ability to work at night, work in industrial jobs, or work in jobs



that are deemed “dangerous.” As a result, Saudi Arabia saw an increase in the women's labour force participation rate from 21.91 percent in 2018 to 30.94 percent in 2021. This occurred during a time when the rest of the world saw many women drop out of the labour force in response to increased child care responsibilities brought on by COVID-19 and related school closures.

“ *The long-run trend of consistent improvements in the relative treatment of women continued despite the sharp decline in overall economic freedom that occurred across the globe as nations responded to the COVID-19 pandemic.”*

According to the 2022 *Economic Freedom of the World* report, people living in countries that embrace economic freedom are better able to flourish in a variety of ways. The Fraser Institute's 2023 *Women and Progress Report* further tests and upholds this empirical claim by exploring the relationship between economic freedom and measures of well-being that are of particular importance to women. In total, the report examines eight labour market variables, seven health outcomes, and six education indicators.

Women living in economically free countries are significantly more likely to participate in the labour force compared with their counterparts in the least-free economies (68.05 vs. 48.59 percent). They also experience much lower unemployment rates (6.27 vs. 11.64 percent). Women working in economically free countries are more likely to have advanced educational training than those living in economically unfree countries (77.02 vs. 53.72 percent), and the unemployment rates among these well educated workers is significantly lower in the most economically free societies (5.76 vs. 14.03 percent).

This makes intuitive sense as economic freedom expands the scope of the market, creates more opportunities for women to engage in mutually beneficial market exchange, and increases the demand for their labour. As economic opportunities for women expand, they also gain greater financial independence. Over 82 percent of women living in economically free countries have an account at a financial institution, while less than a third of women living in economically unfree countries have one.

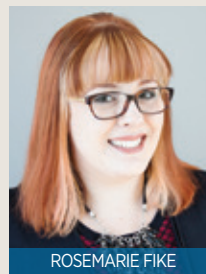
Educational enrolment and graduation rates are also significantly higher in economically free countries. This is true whether looking at primary, secondary, or post-secondary schooling. In economically free countries, there are also fewer young people who are not pursuing any form of education, employment, or training.

When it comes to health outcomes, women living in economically free countries live about 14 years longer than women living in economically unfree countries (82.25 vs. 68.59 years), and they are significantly less likely to die in childbirth (0.037 vs. 1.702 percent). Children living in economically free countries are also healthier. They are far less likely to die in infancy and early childhood, they are much more likely to be vaccinated and less likely

to die as a result of communicable diseases or adverse nutritional conditions (6.81 vs. 36.60 percent). Finally, because they can earn so much more in the labour market, adolescent girls living in economically free countries face a much higher opportunity cost if they experience teen pregnancy than girls living in economically unfree countries. As a result, the adolescent fertility rate is significantly lower in places that embrace economic freedom (18.71 births per 1,000 teen girls vs. 77.22 births).

“Children living in economically free countries... are far less likely to die in infancy and early childhood, they are much more likely to be vaccinated and less likely to die as a result of communicable diseases or adverse nutritional conditions.”

Economic freedom expands opportunities, giving women more options and more control over the course of their own lives. It gives women legal permission to own property, to get a job, to pursue a new entrepreneurial idea, or to move to a different location that might have better opportunities. The message of this report is clear: Market-oriented institutions are a necessary requirement for all humans to flourish, especially women. **FI**



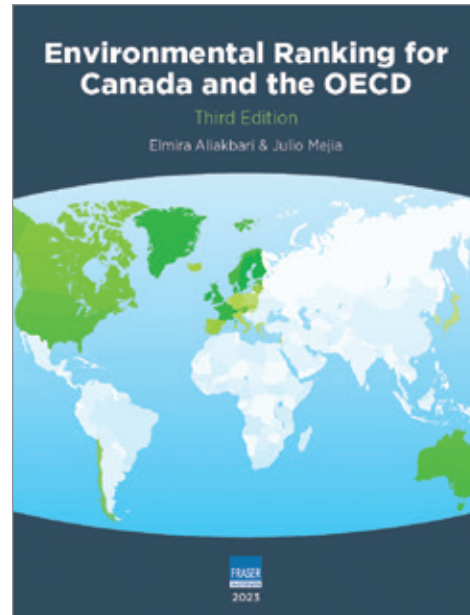
Rosemary Fike is an instructor of economics at Texas Christian University and a Fraser Institute senior fellow. She is the author of *Women and Progress: Moving Closer to Gender Equality?*

Canada Remains a World Leader in Environmental Performance

Elmira Aliakbari and Julio Mejia

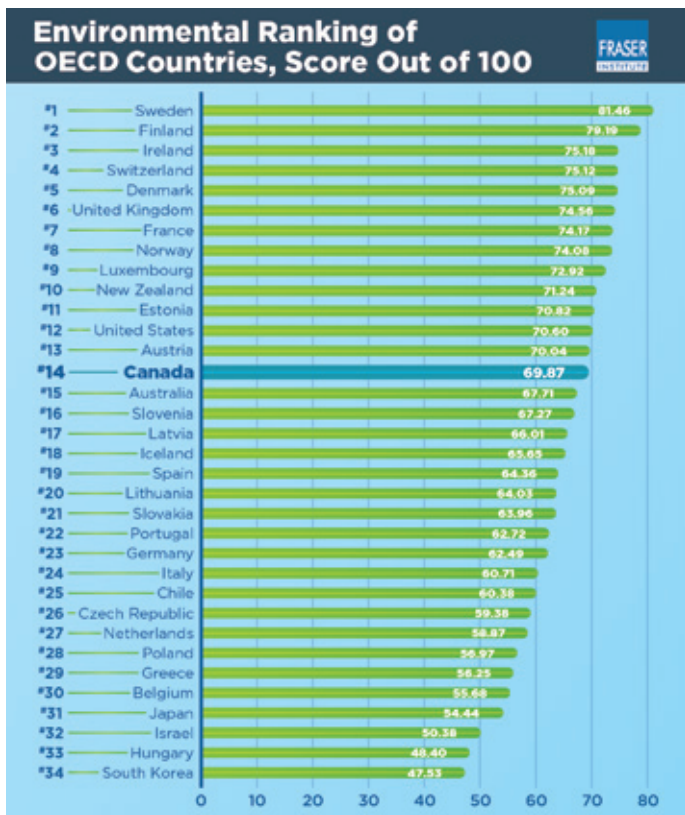
Canadians care deeply about the state of their environment. Despite that, over the past few years several reports have presented Canada as an environmental laggard, ranking it near the bottom of the list of OECD countries. We regard the methodologies behind these studies as flawed; they unfairly represent Canada's environmental performance in some respects and do not always use the most meaningful and relevant performance measures. Thus, we developed an improved and transparent methodology that allows us to measure and compare environmental performance among OECD countries.

This is the Fraser Institute's third edition of *Environmental Ranking for Canada and the OECD*, in which we rank 34 high-income countries across two broad objectives: protecting human health and well-being, and protecting ecosystems. We calculate an overall Index of Environmental Performance, a composite measure based on 19 indicators that track 11 core categories. Under the heading of protecting human health and well-being, we examine air quality, water quality, greenhouse gases, and two newly added categories: heavy metals and solid-waste management. Under the objective of protecting ecosystems, we consider six core categories: air emissions, water resources, forests, biodiversity, agriculture, and fisheries. To construct the index, we assign equal weight to composite indicators of human health and well-being protection and to indicators of ecosystem protection. The index scores range from zero to 100 and a higher score means a jurisdiction has a stronger environmental performance while a lower score indicates weaker environmental performance.



The overall scores range from a low of 47.5 for South Korea to a high of 81.5 for Sweden, with an average of 65.5 across all 34 high-income countries. Canada performs relatively well, scoring 69.9 overall, which places it 14th out of 34 OECD countries. Our methodology shows that Canada performs better than the majority of high-income OECD countries on environmental protection.

For air quality (under impact on human health and well-being), Canada performs well, ranking highly out of 34 countries based on two air-quality indicators: average exposure to fine particulate matter (8th) and fine particulate matter exceedance (6th). For water quality, Canada ranks 19th and 11th out of 34 countries based on the two indicators that assess the health risks posed by water pollution: access to improved sanitation facilities and access to improved water sources. Note that on these two measures nearly all OECD countries have very good scores and there is little difference among them.



In the category of greenhouse gases, Canada ranks 32nd for carbon intensity (CO₂ emissions per unit of GDP) and 30th for its ability to reduce its carbon intensity over a decade. However, it ranks 7th based on low-emitting electricity production, which measures the share of total electricity generated by low-emitting sources of energy—renewables and nuclear.

Canada ranks 21st for its wastewater treatment rate and 6th for the intensity of use of its water resources. On the latter measure only Iceland, Latvia, Norway, Lithuania, and the Slovak Republic perform better than Canada.

Despite preserving its forest cover for over a decade, Canada ranks 26th because forest cover has increased somewhat in many other countries. Canada ranks 18th out of 33 countries for the number of species at risk and 33rd out of 34 countries for the percentage of its terrestrial land designated as protected areas.

Canada has a good record on environmental issues related to agriculture. Canada ranks 3rd on fertilizer use (nitrogen) and 14th on pesticide use. Only Iceland and Australia perform better than Canada on the former indicator as they use less fertilizer per hectare. Finally, Canada performs well and ranks 9th out of 26 countries

in the fisheries category, which measures changes in the marine trophic level.

Indicators such as these do not, on their own, imply a need for looser or tighter policies. Even where Canada ranks below the mid-point, recommendations to change environmental policies need to be based on comparisons of expected costs and benefits. Any particular ranking on any particular scale can be consistent with a country having appropriate environmental standards. The main implication of this report is that Canada is not the environmental laggard that some have claimed in the past. Canadians enjoy high levels of environmental quality in absolute terms and in comparison to our OECD peers. In specific areas where our ranking is low it is sometimes unavoidable because of our geography or climate, and in other cases it reflects the tight distribution of outcomes among the world’s wealthiest nations. In many areas of environmental quality that matter the most to Canadians, we compare favourably to the rest of the OECD and, by implication, the rest of the world. [FI](#)

“The overall scores range from a low of 47.5 for South Korea to a high of 81.5 for Sweden, with an average of 65.5 across all 34 high-income countries. Canada performs relatively well, scoring 69.9 overall, which places it 14th out of the 34 OECD countries.”



ELMIRA ALIAKBARI



JULIO MEJÍA

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Household Incomes in Windsor and London Fell from Top Third in Canada to the Bottom Third Over Fifteen Years

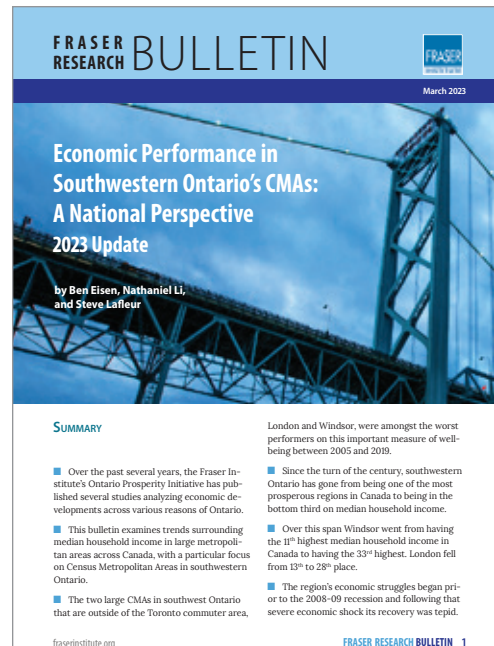
Ben Eisen, Nathaniel Li, and Steve Lafleur

Southwestern Ontario has been under severe economic pressure in the 21st century, with a rapid decline in manufacturing in the late-2000s, a brutal recession in 2008/09, and a tepid recovery in the following years. These developments have transformed Southwestern Ontario from one of Canada's most prosperous regions to one that has fallen to well below the national average in recent years.

Southwestern Ontario's daunting 21st century can make it easy to forget that it was a high-income region (compared to other regions in Canada) in the relatively recent past. In a new study published by the Fraser Institute, *Economic Performance in Southwestern Ontario's CMAs: A National Perspective, 2023 Update*, we analyzed the evolution of household income from 2005 to 2019 (the latest year of available pre-COVID data) and found that Windsor and London, two large cities far removed from the Toronto commuter area, were among the worst performers in Canada for median household income growth.

Specifically, from 2005 to 2019, the national median household income (adjusting for inflation) grew by 11.1 percent compared to 5.4 percent in Ontario. But things were even worse in London, which barely had any growth at all (0.5 percent) and Windsor where median household incomes actually fell by 7.1 percent.

Unsurprisingly, both cities tumbled down the rankings of Canadian cities on this metric. In 2005, among Canada's 41 Census Metropolitan Areas (CMAs), Windsor had the 11th highest median household income. In 2019, it had fallen to 33rd. It was a similar story in London, which fell from 13th to 28th during the same period. In other words, over a 14-year time span, Southwestern Ontario's two



SUMMARY

- Over the past several years, the Fraser Institute's Ontario Prosperity Initiative has published several studies analyzing economic developments across various reasons of Ontario.
- This bulletin examines trends surrounding median household income in large metropolitan areas across Canada, with a particular focus on Census Metropolitan Areas in southwestern Ontario.
- The two large CMAs in southwest Ontario that are outside of the Toronto commuter area,

London and Windsor, were amongst the worst performers on this important measure of well-being between 2005 and 2019.

- Since the turn of the century, southwestern Ontario has gone from being one of the most prosperous regions in Canada to being in the bottom third on median household income.
- Over this span Windsor went from having the 11th highest median household income in Canada to having the 33rd highest. London fell from 13th to 28th place.
- The region's economic struggles began prior to the 2008-09 recession and following that severe economic shock its recovery was tepid.

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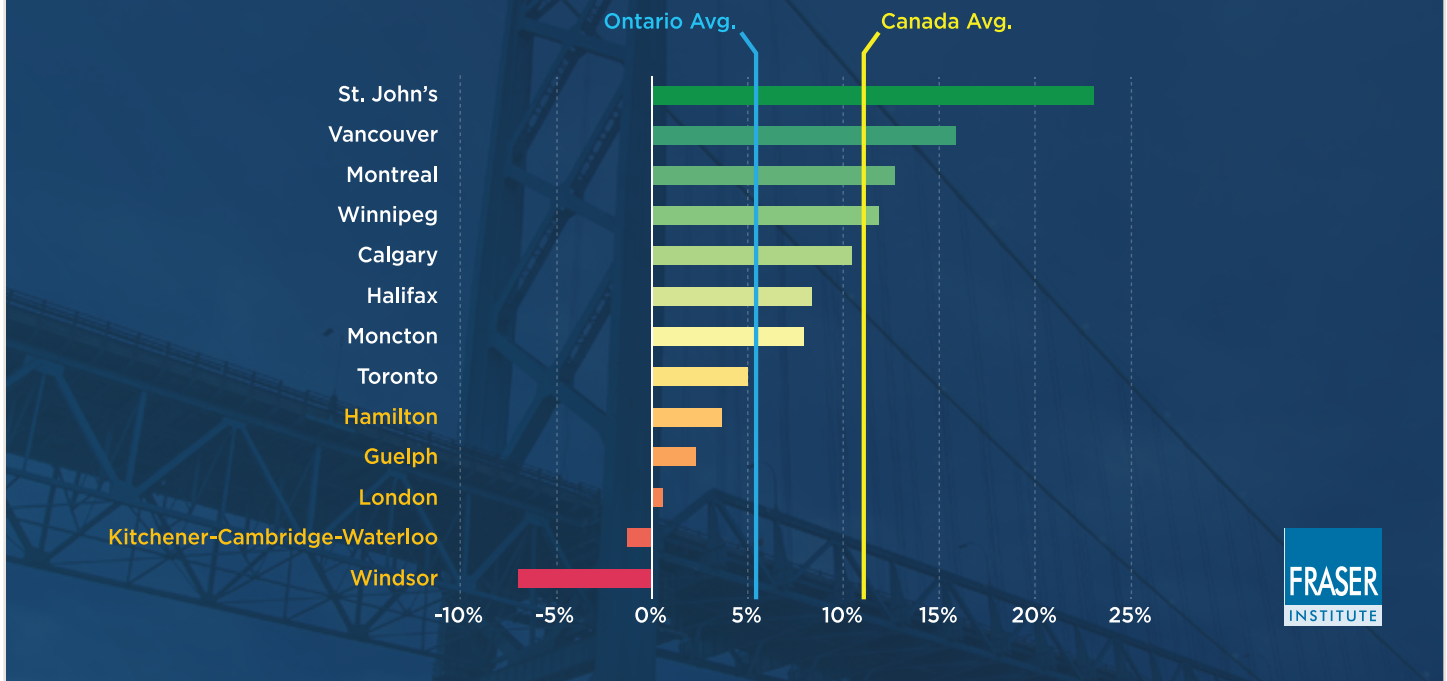
FRASER RESEARCH BULLETIN 1

“Windsor and London, two large cities far removed from the Toronto commuter area, were among the worst performers in Canada for median household income growth... London barely had any growth at all (0.5 percent) and in Windsor median household incomes actually fell by 7.1 percent.”

largest cities went from the top third of Canadian CMAs to the bottom third for median income.

This serious provincial and national economic challenge is often overlooked, perhaps in part due to the proximity

Growth in Real Median Household Income (Inflation Adjusted) by Metropolitan Area, 2005–2019



of these cities to the metropolis of Toronto, which causes them to be mistakenly viewed as small cities. In other contexts, they would be viewed as important provincial or even regional centres. For example, Windsor is bigger than any city in Saskatchewan, New Brunswick, Newfoundland & Labrador, or Prince Edward Island. London has a population similar to Halifax. Southwestern Ontario as a whole is around the size of the Maritimes. The statistics cited above are not a story of an assemblage of small towns that have struggled, but rather one of large, struggling cities that are home to millions of Canadians.

Southwestern Ontario remains an important part of Canada's economy. But it's taken a step back over the past two decades. As a large region, bigger than many provinces, the fate of Southwestern Ontario should be on the national radar. The cities further afield from Toronto have had a particularly difficult century so far. Windsor and London should not be an afterthought in our national economic discourse. [FI](#)

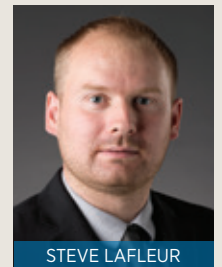
“Southwestern Ontario remains an important part of Canada's economy. But it's taken a step back over the past two decades. As a large region, bigger than many provinces, the fate of Southwestern Ontario should be on the national radar.”



BEN EISEN



NATHANIEL LI



STEVE LAFLEUR

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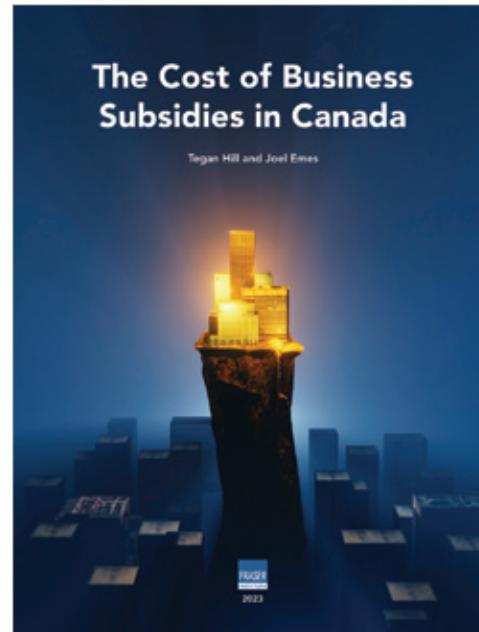
Federal, Provincial, and Local Governments Spent More than \$350 Billion on Corporate Welfare from 2007 to 2019

Tegan Hill and Joel Emes

Federal, provincial, and local government spending on business subsidies totalled \$352.1 billion (inflation-adjusted) from 2007 to 2019. For perspective, Canada spent \$327.5 billion (inflation-adjusted) on national defence over the period, \$24.6 billion less than was spent on business subsidies. Such spending came with significant costs to Canadian taxpayers and government budgets. Given ongoing budget deficits and the questionable efficacy of business subsidies in achieving widespread economic growth, Canadian governments should carefully re-evaluate this area of spending.

A significant body of research finds little evidence that business subsidies generate widespread economic growth and/or job creation. In fact, business subsidies might have a negative impact on economic development as governments' attempts to pick winners by interfering in the free market ultimately distort private decisions and misallocate resources. The questionable efficacy of business subsidies warrants a closer review of the cost of government spending in this area.

Our recent report, *The Cost of Business Subsidies in Canada*, puts a dollar amount on the level of subsidies delivered through government spending from 2007 to 2019. We find that, after adjusting for inflation, federal subsidies totalled \$76.7 billion, provincial subsidies \$223.3 billion, and local subsidies \$52.1 billion. It is important to note that this is not a comprehensive measure of government support to businesses, which would include all amounts delivered through tax expenditures, loan guarantees, direct investment, and regulatory privileges extended to particular firms or industries. The true level of government support to select businesses would be even higher.

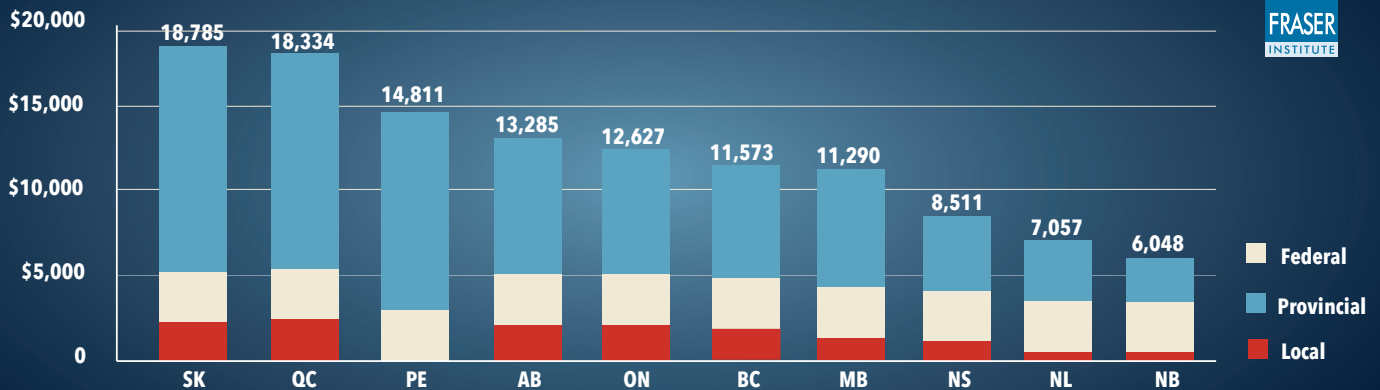


The fiscal cost of business subsidies is ultimately borne by taxpayers. For Canadians who filed taxes from 2007 to 2019, the cost of total subsidies per tax filer by province was (in descending order): \$18,785 in Saskatchewan, \$18,334 in Quebec, \$14,811 in Prince Edward Island, \$13,285 in Alberta, \$12,627 in Ontario, \$11,573 in British Columbia, \$11,290 in Manitoba, \$8,511 in Nova Scotia, \$7,057 in Newfoundland & Labrador, and \$6,048 in New Brunswick. That is a significant amount of taxpayer money not available for programs and services for Canadians.

It is also useful to review the cost of subsidies in a budgetary context. One way to do this is to assess provincial subsidies as a share of corresponding corporate income tax revenue from 2007 to 2019. This represents the amount of taxes that could be reduced or even eliminated in the absence of such subsidies.

The results are stark, particularly for certain provinces. Prince Edward Island had the highest level of provincial

Cost of Business Subsidies Per Tax Filer (Inflation Adjusted) 2007–2019



subsidies as a share of corporate income tax revenue, averaging 162.9 percent from 2007 to 2019. In other words, Prince Edward Island could have eliminated all corporate income taxes over the period if it had ended subsidies to businesses, and still have money left over.

Two provinces spent the equivalent of roughly all corporate income tax revenue on provincial subsidies. On average, provincial subsidies in Quebec over the 2007-19 period represented 100.9 percent of annual provincial corporate income tax revenue. In Manitoba, the comparable figure was 97.6 percent. In other words, in Quebec and Manitoba, the provincial government effectively could have eliminated all provincial corporate income taxes over the period if they had also ended provincial subsidies to businesses.

Saskatchewan and British Columbia also had relatively high spending on provincial subsidies as a share of provincial corporate income tax revenue. Provincial subsidies in Saskatchewan represented 88.6 percent of provincial corporate income tax revenues on average. The equivalent of nearly nine in every 10 dollars of corporate income tax revenue was sent back to businesses in the form of subsidies from 2007 to 2019. On average, provincial subsidies in British Columbia represented 70.7 percent of all provincial corporate income tax revenue, equivalent to more than two in every three dollars of corporate income tax revenue being sent back to select businesses.

Business subsidies represented roughly half of all corporate income tax revenue (on average) in Ontario (46.1 percent) and Nova Scotia (47.6 percent) from 2007 to 2019. In the three remaining provinces—New Brunswick, Alberta, and Newfoundland & Labrador—business

subsidies represented between 30 and 40 percent of corporate income tax revenues on average. Corporate income taxes could have been reduced meaningfully if governments had ended business subsidies in any of these provinces.

“Business subsidies come with significant costs to Canadian taxpayers and government budgets.... as the literature suggests, this is a key area for spending reform.”

Clearly, business subsidies come with significant costs to Canadian taxpayers and government budgets. To the extent that these subsidies do not have broad economic benefits, as the literature suggests, this is a key area for spending reform. [FI](#)



Tegan Hill and Joel Emes are senior economists at the Fraser Institute. They are the co-authors of *The Cost of Business Subsidies in Canada*.

Enrolment in Independent Schools—As a Share of Total Enrolment—Increased in Every Canadian Province

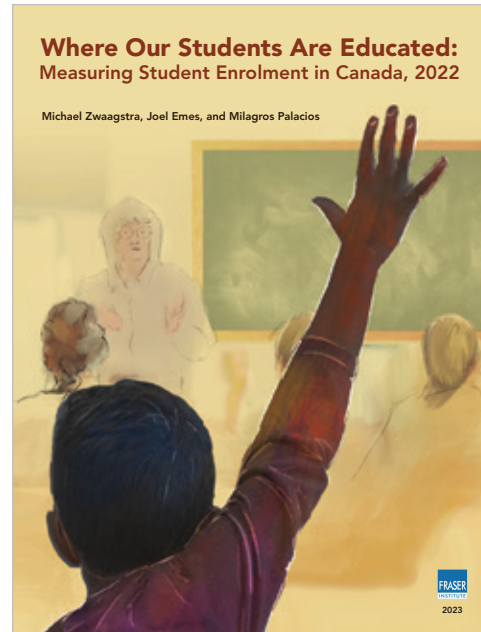
Michael Zwaagstra

All students deserve a quality education, regardless of where they live. However, it would be a mistake to assume this only happens when all students attend the same type of school. School choice is a strength, not a weakness, in our country.

Much of this flexibility stems from the Constitution, which explicitly gives the provinces jurisdiction over education. The federal government has no say over school board governance, teacher certification standards, or curriculum requirements. Moreover, Ottawa doesn't provide any funding to the provinces for K-12 education, resulting in minimum influence and interference by Ottawa. Each province is free to chart its own course.

This explains why there's significant variation from province to province. For example, as noted in a new study published by the Fraser Institute, *Where Our Students Are Educated: Measuring Student Enrolment in Canada, 2022*, independent schools are far more popular in British Columbia than in Newfoundland & Labrador where nearly 98 percent of students attend public (government) schools compared to only 86 percent in BC, which in turn has the highest percentage of independent school enrollment (13.2 percent) followed by Quebec (11.7 percent). It's important to note that Quebec and BC (along with Manitoba, Saskatchewan, and Alberta) provide partial funding to independent schools, which makes it easier for parents to choose this option.

However, it's also important to acknowledge that when provinces fund independent schools, they do so based on enrolment. Thus, it's more accurate to say that money follows the student, since independent schools only receive funds if parents choose to send their children

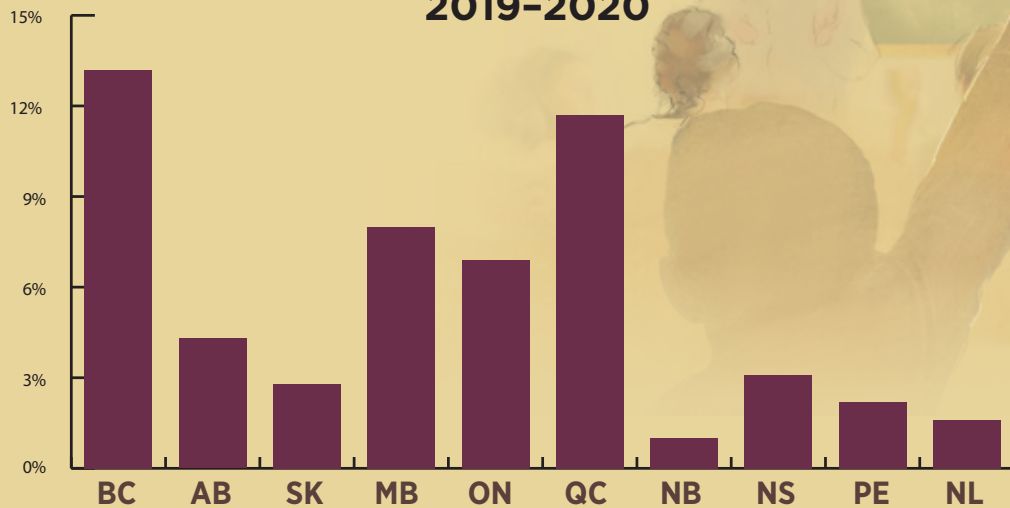


there. Clearly, independent schools meet an important need for many families and should remain available as an option.

Interestingly, Ontario does not provide funding for independent schools yet has a higher percentage (6.9 percent) of independent school enrollment than Alberta (4.3 percent) and Saskatchewan (2.8 percent), which partially fund independent schools. Why? Maybe because Ontario has fewer regulations for establishing independent schools than any other province, which suggests that excessive regulation can discourage the vitality of independent schools as much as a lack of funding.

Alberta stands out as the province with the most school choice. Not only does it have both public and separate (Roman Catholic) school systems along with independent schools, it's also the only province that allows charter schools. Despite popular misperception, charter

Independent School Enrolment as a Share of Total Enrolment 2019–2020



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schools are not independent schools but rather autonomous, not-for-profit schools within the public system.

Charter schools have proven to be quite successful. Some charter schools, such as Foundations for the Future Charter Academy in Calgary, provide a traditional, back-to-basics approach while others, such as Boyle Street Education Centre in Edmonton, focus on alternative programs targeting at-risk youth. The province's recent decision to lift the cap on charter schools means the number of these schools—and the number of students enrolled in them—will continue to grow.

Of course, not all students are enrolled in school. Parents in every province are legally entitled to educate their children at home, and a small but growing percentage are choosing to do just that. Three provinces—BC, Alberta, and Saskatchewan—even offer limited funding towards the cost of home schooling. Alberta has the highest percentage of families (1.9 percent) who choose home school.

Clearly, there's a lot of diversity in Canada's educational landscape. No doubt some politicians would like to nationalize education or at least require provinces to follow national educational standards. While this might be appealing to some, it would not be good for students or their parents. We've learned over the years that cookie-cutter approaches to education rarely work. It makes sense to let the people closest to the ground be the ones to decide on education policy. At a bare minimum, this

means respecting the constitutional rights of provinces in this area.

“Ideally, choices should be made at the local level, with parents having significant control over the type of education their children receive.”

However, we can go further and say that provinces should prevent government bureaucrats from centralizing education. Ideally, choices should be made at the local level, with parents having significant control over the type of education their children receive. School choice is a strength in Canada. When it comes to choosing what works best for children, parents should have as many options as possible. [FI](#)



MICHAEL ZWAAGSTRA

Michael Zwaagstra is a public high school teacher and a senior fellow with the Fraser Institute. He is a co-author of *Where Our Students Are Educated: Measuring Student Enrolment in Canada, 2022*.

74 Percent of Canadians Surveyed Believe the Average Family Is Being Over-taxed by Federal, Provincial, and Local Governments

Jake Fuss

Canadian families pay a lot of taxes to their federal, provincial, and local governments—income taxes, sales taxes, fuel taxes, and many others. A 2022 Fraser Institute study, *Canadians Celebrate Tax Freedom Day on June 15, 2022*, found that in total the average Canadian family paid 45 percent of its income in taxes.

But how do Canadians feel about this tax burden? According to a new poll, 74 percent feel the average family is over-taxed. Conducted by Leger and commissioned by the Fraser Institute, the poll surveyed 1,554 respondents spanning all age groups and income levels across Canada. (It was administered January 20-22 and is considered accurate 19 times out of 20. The full results can be found in *A Poll of Canadians on the Average Family's Taxes*.)

And yet, lower taxes seem not to rank high on the agenda of most governments across the country this budget season.

In 2015, the Trudeau government did reduce the second-lowest income tax rate from 22 percent to 20.5 percent. But the vast majority of families targeted for this tax relief now pay higher federal income taxes than before because the government has also eliminated a series of tax credits—for income splitting for couples with children, for children's fitness and art, for public transit, for education, and for textbooks. For most families, the value of the eliminated tax credits exceeded the gains from the tax rate reduction, resulting in a net increase in their personal income taxes.

But regardless of their personal situation most Canadians want tax reform. The same Leger poll found that fully 80 percent of Canadians believe the average family

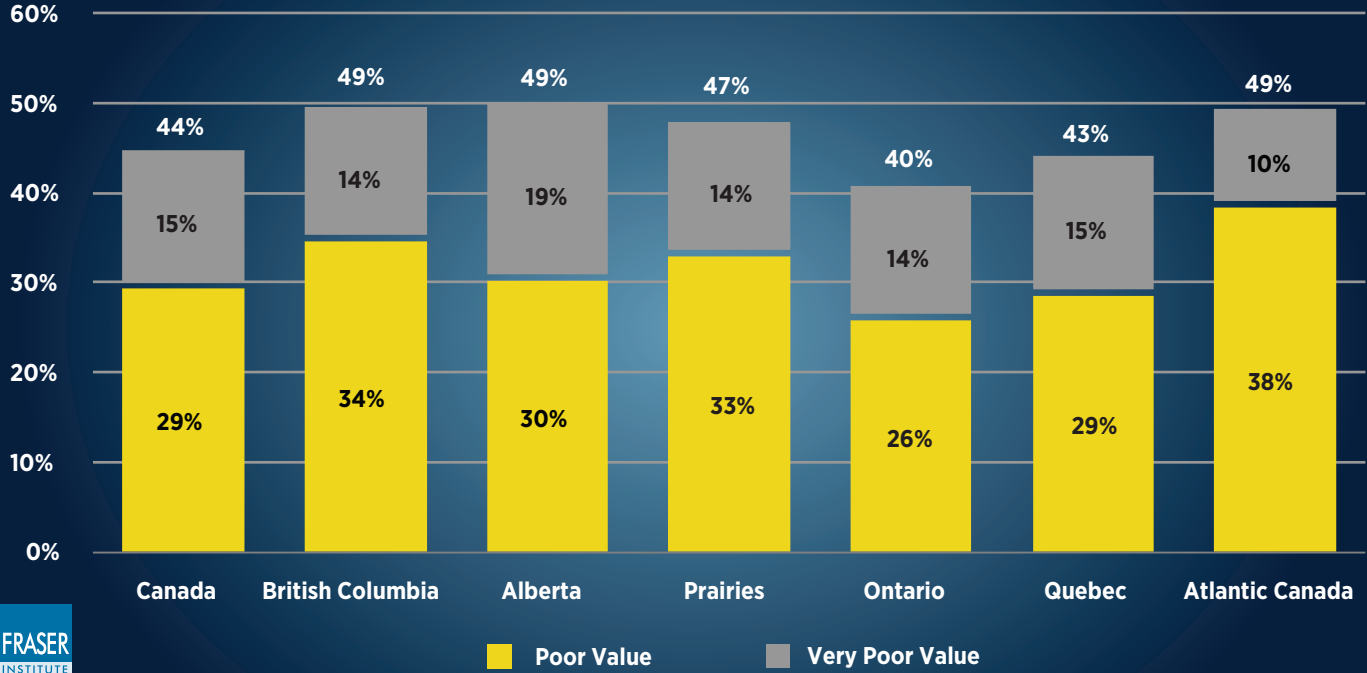


should pay 40 percent or less of its income in total taxes. And the majority of respondents (52 percent) believe the average family should pay 25 percent or less of its income in total taxes. That's fully 20 percentage points less than the 45 percent the average Canadian family currently pays.

There's clearly a huge gap between what the average family does pay in total taxes and what Canadians believe the average family should pay.

The other important question, of course, is whether we get value for all the taxes we pay. After all, it's one thing to pay high taxes and get high value from the services provided but quite another to pay high taxes for poor services. According to the poll, nearly half (44 percent) of Canadians feel they receive poor or very poor value

Percentage of Canadians Who Believe They Receive Poor Value for Taxes

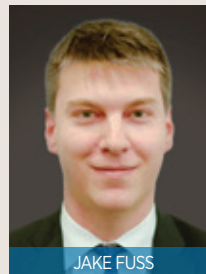


for the services they receive from government, such as health care, education, policing, roads, and national defence. In contrast, only 16 percent of Canadians believe they receive good or great value from government services, while fewer than three in 10 (just 28 percent) believe they receive satisfactory value. Respondents

in Atlantic Canada, Alberta, and British Columbia were most likely to say they received poor value for their tax dollars while respondents in Ontario were least likely.

Canadians are not thrilled with the quality of services provided by governments, and there's clearly a desire for tax reductions. Governments across the country should pay close attention as they prepare to release their 2023 budgets. [FI](#)

“ *Nearly half (44 percent) of Canadians feel they receive poor or very poor value for the services they receive from government, such as health care, education, policing, roads, and national defence. In contrast, only 16 percent of Canadians believe they receive good or great value from government services.* **”**



JAKE FUSS

Jake Fuss is associate director of Fiscal Studies at the Fraser Institute. He is the author of *A Poll of Canadians on the Average Family's Taxes*.

Ottawa Turns a Blind Eye to Obvious Benefits of Natural Gas Exportation



KENNETH P. GREEN

Unless you've been living in a cave (which may be a good idea these days, all things considered), you'll know that our prime minister, famously free of actual business experience, formal economic training, or apparently economic learning-by-experience, has famously said there's "no business case" for the development and sale of Canadian natural gas.

When Prime Minister Trudeau met with leaders of the German people, euros in hand, wanting to buy Canadian natural gas, it was "Nein! No business case! Auf Wiedersehen!" When he met with the leadership of the Japanese people who also, yen in hand, asked ever so politely to be permitted to buy natural gas from Canada, and it was "Iie! No business case! Domo Arigato!"

Then, when he met with the leadership of Canada's oil and gas-bearing provinces to discuss letting them develop and export Canada's oil and gas resources... wait, what am I saying? That didn't happen.

“Exporting Canadian natural gas would earn foreign revenues in trade, generate royalties on natural gas production, and taxes on export income to help support Canada’s failing social services. It also might earn Canada international goodwill for helping to de-escalate global conflict over access to natural gas. And would, to some extent, in some places, substitute for fuel types that would produce higher levels of greenhouse gas emissions.”

Now, the prime minister has a new opportunity to deny common sense. The newly-minted CEO of Enbridge, the largest pipeline company in North America, has suggested that indeed Canada does have a business opportunity to produce and export natural gas, and is missing that opportunity, while the Americans eat our lunch. Greg Ebel, taking the reins at Enbridge, says it's regulatory uncertainty—not the lack of a business case—that's kept Canadian oil and gas out of international markets. His "first choice" would be to produce oil and gas right here at home to service the needs of our international allies and trading partners. "You need stability in permitting," he said, "and you need certainty in permitting"—a requirement regularly shown to entice energy investment. Ebel also believes Canada should recognize a "global responsibility" to export energy to its allies. So perhaps, the prime minister's assertions notwithstanding, there's a business case to be made for Canada's production and export of natural gas.

“Exporting Canadian natural gas would generate returns to investors and shareholders in energy companies, which is a good thing, because if that didn't happen, there would be no investment and no economic activity to begin with.”

It's not all that complicated. Exporting Canadian natural gas would earn foreign revenues in trade, generate royalties on natural gas production, and taxes on export income to help support Canada's failing social services. It also might earn Canada international goodwill for

helping to de-escalate global conflict over access to natural gas. And would, to some extent, in some places, substitute for fuel types that would produce higher levels of greenhouse gas emissions. This last point should not be understated in a world where numerous countries unable to secure or afford natural gas are reverting back to coal-power generation. And yes, exporting Canadian natural gas would generate returns to investors and shareholders in energy companies, which is a good thing, because if that didn't happen, there would be no investment and no economic activity to begin with.

One would hope that all this common sense might sway the prime minister and convince him that perhaps there's a business case to be made for Canadian natural gas exports, and to allow said activities to commence forthwith. It probably won't. But with spring finally here, hope springs eternal. [FI](#)



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

Capital Gains Taxes Will Further Imperil Canadian Living Standards



Jason Clemens and Jake Fuss

In mid-March, Simon Fraser University professor emeritus Rhys Kesselman argued for higher capital gains taxes (again) to ensure that higher-income earners pay their “fair share.” However, Kesselman failed to provide any guidance as to what “fair” means, ignored the dismal state of investment in Canada and the even worse growth prospects for the future.

Kesselman acknowledged that higher capital gains taxes could imperil investment and economic growth more broadly. His own 2000 study, however, had a stronger conclusion on the effects of higher capital gains taxes: “... studies that have distinguished among different types of taxes find that some types of taxes are more adverse to economic growth than other types. In particular, it is found that taxes on capital income and savings are detrimental to long-run economic growth.”

The reason for these adverse effects is simple. Higher capital gains taxes reduce the after-tax rate of return on investments. In turn, entrepreneurs and investors will simply invest less in Canada at a time when we desperately need the exact opposite. We need to encourage, not discourage entrepreneurs, business owners, and investors to invest in Canada.

Consider that since 2014, business investment (adjusted for inflation) has declined 3.1 percent. However, this includes investment in residential development. If we only look at investment in such things as factories and plants, investment is down 22.5 percent, and investment in machinery and equipment is down 2.9 percent. Simply put, Canadians have been suffering from a dearth of business investment for almost a decade.

Canadians are suffering because such investments are key to improving the productivity of Canadian workers,

which is ultimately the only way to improve the living standards for Canadians. A recent study by the Organization for Economic Cooperation and Development (OECD) analyzing the growth prospects for 32 countries over the 2020-2030 and 2030-2060 periods concluded that Canada would record the lowest level of per-person GDP growth in both periods.

“Higher capital gains taxes reduce the after-tax rate of return on investments. In turn, entrepreneurs and investors will simply invest less in Canada at a time when we desperately need the exact opposite. We need to encourage, not discourage entrepreneurs, business owners, and investors to invest in Canada.”

What does this mean for average Canadians? It means our standard of living, on average, will grow the least among the industrialized countries over the next 40 or so years. Among the 32 countries analyzed, Canada will fall from having the 16th highest per-person GDP in 2020 to an expected 25th place by 2060 as other countries record stronger growth. Countries as diverse as the Czech Republic, Estonia, Israel, Italy, Korea, New Zealand, Slovenia, and Turkey, which currently have lower levels of average per-person GDP, are expected to leapfrog Canada by 2060 with higher per-person levels of GDP, which means these countries are expected to have higher living standards than Canada by 2060 because of relatively stronger economic growth.

It is within this context that Kesselman argued Canada should become less competitive and attractive for investment to ensure fairness. But conveniently, he provided no definition or even data about tax fairness.

The only objective measure of tax fairness is the share of total income earned by a particular group compared to that group's share of the total tax burden. Kesselman's implicit argument is that top earners don't pay enough to

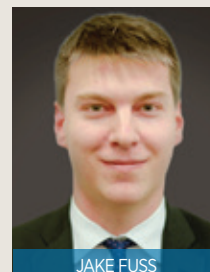
represent a “fair share,” but the data tells a different story. According to a recent Fraser Institute study, *Measuring Progressivity in Canada's Tax System*, in 2022 the top 20 percent of income-earning families paid 53.0 percent of all taxes, including federal, provincial, and local, while earning 44.6 percent of total income. In other words, they paid a much larger share of the total tax burden than their share of total income.

In contrast, the middle 20 percent of income-earning families earned 16.0 percent of total income and paid 14.3 percent of total taxes in 2022. In other words, middle-income families paid a smaller share of the total tax burden than their share of total income. The top 20 percent of income-earning families are the only group who pay a higher share in taxes than they earn in income. So, the question is how much more do the top 20 percent need to pay for them to reach this undefined threshold for “fairness”?

What government policies—federal, provincial and local—need to desperately focus on is encouraging economic growth, entrepreneurship, and investment. Calls to increase taxes on upper-income Canadians ignore all of these considerations. Getting Canada's most successful entrepreneurs, business owners, and investors to choose Canada to further invest in and develop businesses in is key to our future prosperity. [FI](#)



JASON CLEMENS



JAKE FUSS

Jason Clemens is executive vice-president and Jake Fuss is associate director of Fiscal Studies at the Fraser Institute.

BC Lags Behind Its Neighbours on a Key Measure of Economic Well-Being



Ben Eisen

By global standards, British Columbia is prosperous. Like residents of all Canadian provinces, British Columbians enjoy living standards and access to economic opportunity that most of the world envies.

Still, there are important reasons not to be sanguine about the state of BC's economy. If we narrow our analysis from the global scale to a regional one, it becomes apparent that BC is an economic laggard compared to most of its neighbours.

A recent study published by the Fraser Institute, *Measuring British Columbia's Prosperity Gap*, assessed the state of BC's economy compared to Alberta's and those of six nearby US states. Specifically, it compared Gross Domestic Product (GDP) per person—a broad measure of overall production and income and the single indicator that economists most use to compare the prosperity and economic well-being of different jurisdictions. Basically, it measured the prosperity gap between the jurisdictions. The study used 2019 (the last pre-pandemic year) as the

“Despite low oil prices during the late 2010s which led to a steep recession and weak subsequent economic recovery, Alberta was a much richer place than BC in 2019 with a per-person GDP more than 30 percent higher than BC's. The prosperity gap with BC was even larger for Washington State, California, and Alaska.”

year of analysis, as the long-term effects of the pandemic, recession, and recovery remain unknown.

Simply put, BC's results were disappointing.

The province's per-person GDP was higher than Montana and Idaho, but only barely—the gap between BC

BC's Employment Income Lags Behind That of Its Closest Regional Neighbours



Median Employment Income for 2019 (Can \$)

and last-place Idaho was \$4,200 (all figures in Canadian dollars) per person. British Columbia lagged far behind all five of the other jurisdictions measured in the study. Oregon, which sat just above BC in the rankings, had a per-person GDP \$11,900 (or 20 percent) higher than BC's.

Moreover, despite low oil prices during the late 2010s which led to a steep recession and weak subsequent economic recovery, Alberta was a much richer place than BC in 2019 with a per-person GDP more than 30 percent higher than BC's. The prosperity gap with BC was even larger for Washington State, California, and Alaska.

In addition to BC's disappointing 2019 results, there's reason to be concerned about the future. The OECD projects that Canada will have the weakest long-term economic growth among all advanced economies in the years ahead. And another recent study published by the Fraser Institute, *The Human Freedom Index 2022*, showed that Canada has slid out of the top 10 countries in the world in terms of the overall freedom of its citizens. Freedom remains a key driver of prosperity, so this is

another development with worrying possible implications for future growth in BC and beyond.

Make no mistake, British Columbia is a prosperous and free place, and a wonderful place in which to live and work. These things should not be taken for granted. Nevertheless, a closer look at regional data and other recent developments suggests that within its own economic region, BC is a laggard. And there are good reasons to worry about the economic future of the province.

Despite all the province's advantages and its status as a great place to live, we can and should be doing better. [FI](#)



BEN EISEN

Ben Eisen is a Senior Fellow in Fiscal and Provincial Prosperity Studies at the Fraser Institute. He is co-author, with Nathaniel Li, of *Measuring British Columbia's Prosperity Gap*.

Don't Raise the Bank of Canada's 2% Inflation Target



Lawrence Schembri and Steven Globerman

With the recent decline in the inflation rate, the Bank of Canada has paused its interest rate increases and will wait to see if inflation continues to decrease towards the Bank's 2 percent target. Yet at the same time, according to a growing chorus of economists and business leaders, a rigid adherence to the 2 percent target will depress economic activity and employment in the face of upward pressure on some prices driven by such forces as climate change and population aging.

For example, former IMF chief economist Olivier Blanchard, in a recent editorial in the *Financial Times*, argued that major central banks should raise their target rates of inflation from 2 percent to 3 percent. His rationale

is that a higher target inflation rate would increase nominal interest rates. This, in turn, would give central banks more room to lower their policy rates to stimulate economic activity in the event of an economic downturn, without hitting the zero interest rate lower bound.

Once this lower bound is reached, central banks must rely on other monetary policy tools such as quantitative easing or a negative policy rate as was adopted by the European Central Bank. Given the uncertainty about the effectiveness and the unintended negative consequences of quantitative easing or negative policy rates, Blanchard and others favour the more traditional response of reducing the policy rate to a lower but positive level.

But if 3 percent inflation is preferable to 2 percent inflation as Blanchard suggests, why not 4 percent or even 5 percent inflation?

Blanchard argues that inflation expectations remain well anchored as long as the inflation rate does not much exceed 3 percent. But that's a debatable conjecture. Evidence indicates that higher prevailing inflation leads to more volatile inflation, implying that inflation expectations could become less anchored. This, in turn, would distort price and wage setting, misallocate resources, and render monetary policy less effective. Central banks have committed to a 2 percent inflation target for decades, and inflation in Canada and other advanced economies prior to the pandemic was low, stable, and predictable, thereby contributing to a better functioning economy.

“Central banks have committed to a 2 percent inflation target for decades, and inflation in Canada and other advanced economies prior to the pandemic was low, stable, and predictable, thereby contributing to a better functioning economy.”

If a central bank were to raise its target rate, it would run the risk of undermining public confidence in the central bank's commitment to maintaining the new inflation target. Consequently, businesses and households would likely expect inflation to exceed the target rather than fall below it, thus making attaining the new target more difficult. However, even if central banks were able to re-anchor inflation expectations at the new target, higher and more volatile inflation would inflict other adverse impacts. In particular, higher inflation is effectively a regressive tax. Reductions in purchasing power tend to be concentrated among lower-income workers less able to recoup such losses with wage gains, and also less able to own assets that increase in value with inflation, particularly housing.

Also, since the tax systems in Canada and other advanced economies are not fully indexed to inflation, taxpayers will bear a higher tax burden as nominal incomes and asset prices increase, even if the inflation-adjusted

incomes and asset values do not change. This tax rate drift will distort the incentives to work, save, and invest, and thereby reduce productivity and economic growth.

Finally, some advocates for a higher inflation target rate believe that moving the current rate of inflation back down to the 2 percent target will result in an unacceptably high and persistent rate of unemployment. However, both theory and the evidence from labour markets over the past three decades suggest there's no long-run relationship between inflation and unemployment. Inflation is ultimately a monetary phenomenon that can be controlled by the central bank.

In the absence of any compelling benefit to increasing the target inflation rate, and given the economic risks and costs of doing so, the Bank of Canada and other central banks should stay firm and maintain their 2 percent inflation target. [FI](#)

“Both theory and the evidence from labour markets over the past three decades suggest there's no long-run relationship between inflation and unemployment. Inflation is ultimately a monetary phenomenon that can be controlled by the central bank.”



LAWRENCE SCHEMBRI



STEVEN GLOBERMAN

Lawrence Schembri is a former deputy governor of the Bank of Canada and jointly holds the Institute's Peter M. Brown Chair in Canadian Competitiveness. Steven Globerman is a senior fellow and Addington Chair in Measurement at the Fraser Institute.

Ottawa's Plastic Ban is Bad for the Environment



Elmira Aliakbari and Julio Mejia

The Alberta and Saskatchewan governments recently appeared before the Federal Court of Canada to essentially challenge the Trudeau government's ban on six types of single-use plastics, which went into effect late last year. Citing an ocean pollution crisis, the Trudeau government also plans to gradually ban the manufacturing, importation, and sale of checkout bags, cutlery, food service ware, stir sticks, and straws by 2025, purportedly to improve the environment and deliver economic benefits to Canadians.

But in reality, the plastic ban is an expensive measure that will actually create more garbage and impose higher costs on Canadians.

First, consider this. Canada contributes an estimated 0.02 percent of all plastic found in the world's oceans. Meanwhile, nearly 90 percent of ocean plastic comes from Asia and Africa, with five countries—Philippines, India, Malaysia, China and Indonesia—accounting for the majority of the world's ocean plastic pollution. Therefore, eliminating Canada's plastic waste will have an undetectable impact on global ocean plastic pollution.

More importantly, despite claims from Ottawa, Canada doesn't have a plastic waste crisis. According to the federal government's own report, 99 percent of the country's plastic waste is already disposed of safely through recycling, incinerating, and environmentally-friendly landfills. If you're concerned about the remaining 1 percent, it's worth noting that according to the government's own sources, none of the six types of now-banned

single-use plastics are among the top five items found on shorelines. And lost fishing gear, mostly from Asia, remains one of the primary sources of ocean plastic pollution.

In fact, as the federal government's own analysis acknowledged, banning single-use plastics will actually increase waste generation rather than reduce it. According to the analysis, while the ban will remove 1.5 million tonnes of plastics from 2023 to 2032, it will almost double that tonnage in substitutes such as paper, wood, and aluminum over the same period. In other words, the ban will increase, not decrease, the amount of net garbage in Canada.

“ While the ban will remove 1.5 million tonnes of plastics from 2023 to 2032, it will almost double that tonnage in substitutes such as paper, wood, and aluminum over the same period. In other words, the ban will increase, not decrease, the amount of net garbage in Canada.”

To make matters worse, according to the government's Strategic Environmental Assessment, plastic substitutes “typically have higher climate change impacts” including higher greenhouse gases (GHG) and lower air quality. Indeed, according to multiple studies, single-use plastic substitutes such as paper require more energy to transport, have higher smog formation and ozone depletion potential, demand more water and energy to be produced, and result in higher GHG emissions. Simply put, the plastic ban harms, not helps, the environment.

And that's not all. According to the federal government's own estimates, the plastic ban will save \$616 million in avoided clean-up expenses over the next 10 years but will cost around \$2 billion over the same period, due to

the management of additional waste discussed above, ban enforcement, and the forgone profit opportunity for manufacturers. The cost of the ban surpasses the benefit by a 3-to-1 ratio.

“ Single-use plastic substitutes such as paper require more energy to transport, have higher smog formation and ozone depletion potential, demand more water and energy to be produced, and result in higher GHG emissions. Simply put, the plastic ban harms, not helps, the environment.”

Overall, the plastic ban is a costly measure that turns a small environmental problem into a bigger one. If the Trudeau government wants to do something about the small percentage of plastic that escapes into the environment, it should improve coordination with municipal waste-handling systems rather than impose and enforce a costly nationwide ban, which literally hurts more than it helps. [FI](#)



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Canada Should Increase Productivity — Not Simply Supercharge Immigration



Jock Finlayson

When future historians look back on the decade of the 2020s, they'll likely be struck by two global demographic trends: 1) aging populations across most of the world and 2) populations that are now in outright decline in a large group of countries. The two trends are related. In North America, Europe, and parts of Asia, an increasing share of the population is moving into retirement, meaning death rates will climb as more people enter their twilight years.

Coupled with generally low birth rates, rapid aging is setting the stage for dwindling populations in many jurisdictions.

Today, populations are shrinking in Italy, most Eastern and Central European countries, Russia, Japan, and South Korea. China recently joined the club, with its population starting to fall owing to the impact of the “one child” policy long enforced by the Communist government. As for

the United States, its population is still growing, but at a very feeble pace of roughly half of one percent annually.

Against this backdrop, Canada is a demographic outlier. We have by far the fastest-growing population of any G7 country and among the fastest-growing in the entire developed world. This is mainly because of Canada's commitment to unusually high levels of immigration—a commitment reinforced by the Trudeau government's decision last year to boost Canada's targets for permanent immigrants to 500,000 a year by 2025, almost double the numbers who arrived in the first half of the 2010s.

In 2022, Canada's population rose by 703,000, representing a hefty increase of 1.8 percent from the year before. Only 46,000 of this population jump was due to “natural increase”—the difference between births and deaths.

International migration, both permanent immigrants and foreigners in Canada on study or temporary work visas,

accounted for the rest. No other major advanced economy has a population growth rate close to Canada's. And none have adopted immigration targets as aggressive as Canada's, measured relative to national population size.

“ There are two ways to grow the economy over time. One is to add more workers, which expands the amount of “output” the economy can produce. The second is to build a more productive economy so the value of what’s produced increases for every hour of work. Clearly, the Trudeau government has decided on the first option”

What does Canada's steadily rising population mean for our economy? There are two ways to grow the economy over time. One is to add more workers, which expands the amount of “output” the economy can produce. The second is to build a more productive economy so the value of what’s produced increases for every hour of work. Clearly, the Trudeau government has decided on the first option—it plans to grow the economy by increasing the size of the workforce, largely through immigration.

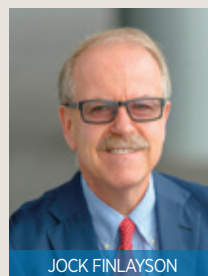
Federal policymakers exhibit little interest in the other half of the economic growth equation—making Canadian workers and businesses more productive by creating conditions so companies will want to invest here, workers will upgrade their skills, and more Canadian businesses will innovate and export.

Unfortunately, the evidence suggests that simply enlarging the population and workforce is not a reliable way to improve overall prosperity. Despite strong immigration-fuelled population growth, Canada is struggling to increase how much our economy produces on a per-person basis—what economists call “GDP per capita.” In fact, several other peer countries with more slowly-growing populations have outperformed Canada on this key

metric of economic well-being since 2015, including the United States, Germany, and France.

The only way to fix Canada's “deficit” in per-person economic growth is to tackle the country's longstanding productivity problems. This should be the central focus of the federal budget. [FI](#)

“ Federal policymakers exhibit little interest in... making Canadian workers and businesses more productive by creating conditions so companies will want to invest here, workers will upgrade their skills, and more Canadian businesses will innovate and export. Unfortunately, the evidence suggests that simply enlarging the population and workforce is not a reliable way to improve overall prosperity.”



JOCK FINLAYSON

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.

Ottawa's Hostility Toward Private Health Care Out of Step with Most Canadians



Bacchus Barua and Mackenzie Moir

In early March, as the Trudeau government chastised provinces that allow patients to use their own money to purchase health care from private providers, a survey by the Angus Reid Institute found that 43 percent of Canadians believe Canadians should be able to do exactly that.

In fact, in every province except Ontario, a plurality of Canadians support the ability of patients to personally pay a private clinic out-of-pocket for faster access to some surgeries and diagnostic tests. Clearly, Canadians' view of how our health-care system should function differs from the Trudeau government's outdated opinion.

More generally, the survey found that a significant portion of Canadians now either support, or at the very least are cautiously interested in, more private-sector involvement in health care. Almost one-third of Canadians are outright "private care proponents" while a further

one-third are "curious but hesitant" about the extent of reforms. Together, these groups represent 61 percent of survey respondents compared to 39 percent who staunchly defend the purely public status quo, which is clearly failing patients and taxpayers.

That the majority of Canadians now see some role for the private sector suggests a clear acknowledgement of the fundamental problems with our current approach, which is unsurprising given that Angus Reid also reports that 69 percent of respondents rate the current state of health care as "poor" or "very poor, in crisis."

This perception is understandable. The media is awash with stories of burned out health care staff, overcrowded hospitals and long wait times. But these stories are also backed by data. For example, according to *Waiting Your Turn: Wait Times for Health Care in Canada*, in 2022 Canadians could expect a median wait of 27.4 weeks between referral to a specialist by a general

practitioner and receipt of treatment. While some try to blame these waits on the pandemic and associated surgical postponements, Canadians were already waiting 20.9 weeks in 2019, long before COVID. Clearly, our health care system suffers from structural problems that predate the pandemic.

Fortunately, we can find solutions in other countries with universal systems that have shorter wait times for specialist consultations and elective treatments—and it turns out, many Canadians support these policy reforms. According to the Angus Reid survey, a plurality of Canadians (46 percent) support Australia’s use of private insurance for non-covered services and faster access in private hospitals, while a majority (60 percent) support “dual practice” for doctors in the public and private system. And 52 percent of Canadians support the United Kingdom’s private parallel system where patients can pay for non-covered services or procedures with long waits in the public system.

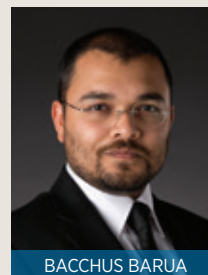
Finally, a whopping 78 percent support allowing more surgeries and tests to be performed in private clinics while 40 percent only support this policy to clear the surgical backlog.

But Canadians need not look overseas for evidence on how publicly funded surgeries in private clinics can reduce wait times. British Columbia used private clinics to reduce its surgical backlog while Alberta and Ontario are now embracing these partnerships, perhaps for the long term. And perhaps most tellingly, the Saskatchewan Surgical Initiative, which included private-public partnerships, helped reduce that province’s wait between referral from a GP and receipt of care from 26.5 weeks in 2010 (the longest wait outside Atlantic Canada) to the second-shortest in the country at 14.2 weeks in 2014. During this initiative, the cost for surgeries in the private clinics was 26 percent lower on average than in the public sector.

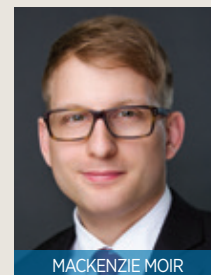
Of course, concerns remain. More than two-thirds of Canadians believe that lower-income Canadians will suffer if health care privatization increases, and that it would worsen staffing shortages. This is why design matters. While more successful universal health care systems around the world embrace the private sector as a partner, they also expect patients to share the cost of treatment while providing generous safety nets for vulnerable populations.

“ Other countries with universal health care systems have long figured out that it’s not a question of public or private, but rather public and private coming together to best serve the needs of patients.”

While it’s encouraging to see more Canadians supporting common sense health care reform based on the experiences of other universal health care systems, it’s unfortunate that the debate is still being framed in terms of the supposed “privatization” of the “public” system. Other countries with universal health care systems have long figured out that it’s not a question of public or private, but rather public and private coming together to best serve the needs of patients. [FI](#)



BACCHUS BARUA



MACKENZIE MOIR

Bacchus Barua is director of the Centre for Health Policy Studies and Mackenzie Moir is a policy analyst at the Fraser Institute. They are the co-authors of *Waiting Your Turn: Wait Times for Health Care in Canada, 2022 Report*.

Programs Having an Impact on Thousands of Canadian Students Each Semester

The Fraser Institute's high school and post-secondary programs continue to reach thousands of Canadian students with engaging field trips, seminars, and webinars to expand students' understanding of current public policy issues and the economic way of thinking. This semester our webinar series will cover topics such as free-market environmentalism and understanding the power of economic freedom, to name just two.

Here is what some students are saying about our webinars:

“The content that the webinar series covers is fascinating and usually 100% new to me. Thank you for investing in my education and helping me grow!”

“It was interesting to me, as a non-economics/non-political science student, to learn about the effects that economic policy can have on every citizen, including myself, and thoughts to keep in mind while navigating my adult life and looking at electoral candidates, economics news articles, etc.”

If you are interested in seeing any past presentations, you can view all recordings at:
www.freestudentseminars.org



Above: Students at one of our high school field trips, which hosts on average 250 students per day, participate in an economic activity that introduces them to the impact of different economic systems.

Continuing to Support Canadian Teachers with Webinars and Classroom Resources

In addition to our post-secondary programming, this spring we continue to offer Canadian teachers timely resources and workshops that are already making significant impact.

Here is what some teachers are saying about our webinars:

“ The webinar, *Foundations of Environmental Economics*, is a gamechanger for my teaching. Excellent ideas and it will surely expand my students’ understanding of the economic way of thinking and how it’s applied.”

“ Thank you so much for funding these programs. The education I receive gets passed on to my students and helps them to enjoy looking at the world through an economics lens. “

“ I greatly appreciate the opportunity to hear from experts and receive materials and activities in the classroom that stimulate student thoughts around complex issues.”

If you are interested in learning more about our teacher webinars and classroom-ready resources, visit: www.freeteachersworkshops.org



Above: Teachers at our Vancouver teacher workshop listen as our economics professors introduce concepts and lessons plans that teachers can use in their classroom



Joel Emes

What's your role at the Institute?

As part of the Addington Centre for Measurement I assist with data collection and analysis on an array of the Institute's research. In essence, I help ensure the factual foundation of our work.

How did you arrive at the Institute?

I am a boomerang staff member as I began my career here working on Tax Freedom Day but I moved on after seven years to work on Premier Gordon Campbell's BC Progress Board. The Board wrapped up operations after 10 years and I worked in the provincial government for two more until Niels and Jason asked me to return.

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

I find this question difficult as what I find exciting is often mind-numbingly dull to many. I am currently working on the best way to compare income among Canadian and American cities. That's thrilling to almost no one but me so it's fortunate I enjoy this type of task and that the Institute values ensuring that the comparisons we make are as accurate and appropriate as possible. My main focus remains the School Report Cards but I am in the process of

handing those off to a colleague. This will free up a lot of time in my schedule and allow me to focus on building new comparisons and extending existing ones.

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

I have always loved music but have remarkably little talent for it so I've recently focussed my interest on vinyl records and have returned to going to concerts with gusto. I set up a vintage stereo system built around a turntable and have been able to immerse myself in music like I did when I was 14 listening to my older brothers' records. My renewed vinyl collection started with a chance discovery of 30 near-mint '80s classics in an Alberta thrift shop immediately followed by a gift of over 100 records including many new wave and metal gems. [FI](#)

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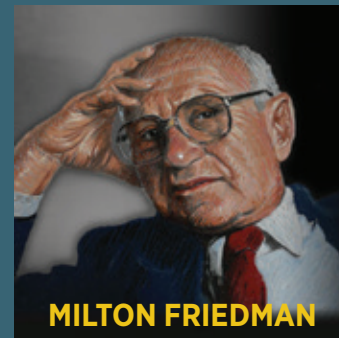
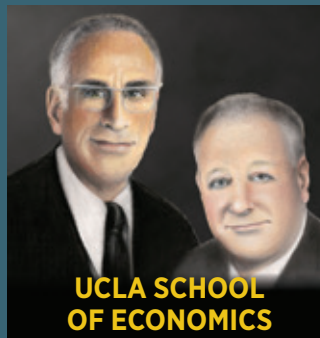
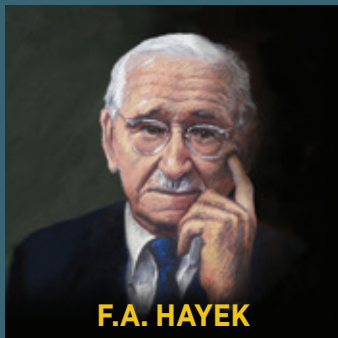
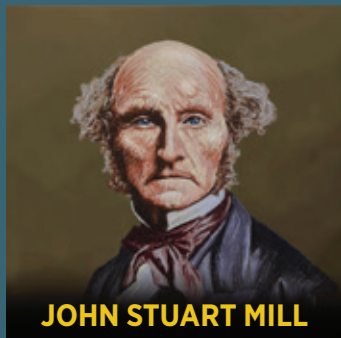
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