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2002 Annual Report

*The Fraser Institute is an independent Canadian economic and social research and educational organization. It has as its objective the redirection of public attention to the role of competitive markets in providing for the well-being of Canadians. Where markets work, the Institute's interest lies in trying to discover prospects for improvement. Where markets do not work, its interest lies in finding the reasons. Where competitive markets have been replaced by government control, the interest of the Institute lies in documenting objectively the nature of the improvement or deterioration resulting from government intervention. The work of the Institute is assisted by an Editorial Advisory Board of internationally renowned economists. The Fraser Institute is a national, federally chartered non-profit organization financed by the sale of its publications and the tax-deductible contributions of its members, foundations, and other supporters.*

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## Chairman's Message

It gives me great pleasure to report on the activities of The Fraser Institute during its twenty-eighth year of operation—my seventeenth year as Chairman. And what a year it has been. In almost every way 2002 was the most successful in the Institute's history.

That is extraordinary. We started the year in the shadow of the horrible events of September 11, 2001, and had been warned by many wise people that we should “batten down the hatches” and prepare for a year in which it would be very difficult to carry on with our programs. After careful consideration the staff of your Institute decided that they would freeze their pay, or, in some cases, take pay cuts, and reduce all non essential spending so that the work of the Institute could continue. Not only were programs preserved, but new programs were added. In fact, the Institute actually grew significantly during the year to the point that the salary and incentive structure could be restored.

And so it is with some wonder that I must tell you that the theme of my Annual Report this year is new products, new programs, and new people at The Fraser Institute.

Early in the year we published our first collaboration with the Indianapolis-based Milton and Rose D. Friedman Foundation for Educational Choice. This new collaboration was intended to provide information to US citizens and in particular the members of the US Supreme Court as they gathered to consider whether they should decide in favour of or against school choice which is funded with tax dollars. The publication, *Learning from Success: What Americans can Learn from School Choice in Canada*, enjoyed wide distribution in the United States and was one of the contributing elements to a positive decision by the Supreme Court with regard to school choice.

Also in 2002, we published our first in a series of papers on the measurement of the impact of immigration policy on the Canadian economy and society. Written by new Senior Fellow, former Ambassador Martin Collacott, these reports are designed to provide a factual basis for a meaningful discussion about the impact and implications of immigration levels. Mr. Collacott brings to *Canada's Immigration Policy: The Need for Major Reform* a deep understanding of these issues born of long service as an ambassador in Asia and the Middle East. His fluency in Mandarin and connection by marriage to the Vietnamese community gives him a sensitivity to the nuances of this subject that makes him uniquely capable in this important area of public policy.

The Fiscal Policy Studies Department has been working for several years to create a unique, Canada-wide database of the fiscal and economic performance of Canada's provinces. The second product from this database was a new initiative in the province

of Saskatchewan entitled *Saskatchewan Prosperity: Taking the Next Step*. The Prosperity series provides insight about required policy changes needed to improve economic performance based on observed experiences in other provincial jurisdictions. While most interprovincial comparisons done by other institutions are based on budgetary data periodically released by provincial finance departments, this new Prosperity Initiative is based on the financial management system of accounts constructed by Statistics Canada to be consistent in coverage and definition across the provinces. The Saskatchewan report marks a milestone in what will be a rotating series of reports on the various provinces.

While the Institute has for more than five years now been producing report cards on the nation's high schools, in 2002 we produced the first report card on the performance of elementary schools. The first such report was produced for Alberta's elementary schools and introduced a whole new element in the ranking of school performance. Because test score data from government testing are available by cohort it is possible to create a measure of the extent to which schools add value to the crop of students that they take in, in the first few years of elementary school. By observing the differences between the scores children received in grade three and their scores in grade six (compared in each case to the provincial average for their group) the Institute is able to note which schools seem to “add value” for the children they teach. During 2002, significant headway was made in constructing elementary school report cards in British Columbia and Ontario.

One of the most significant accomplishments of 2002 was the launching of the Canadian Statistical Assessment Service in the Ontario office of the Institute. CANSTATS, as the group is called, is headed by the new department director Neil Seeman. Neil brings to the task of running CANSTATS a unique combination of skills. He is trained as an economist, as a lawyer, and has a



Kristin McCahon

*Fraser Institute founder Mr. T. Patrick Boyle (left) and Executive Director Dr. Michael A. Walker celebrate the Institute's 28th birthday with a ceremonial cake cutting in conjunction with the Second Annual Founder's Award Luncheon in Vancouver in November.*

Masters Degree in Health Sciences from Harvard University. This makes him exceptionally capable of providing to the media a watching brief on the use of statistics in news stories.

We have all become very conscious in recent years of the role that so called “urban legends” or “urban myths” play in the development of news stories. In its very short life CANSTATS has already produced more than 100 research bulletins challenging statistics ranging from the number of homeless and the number of children living in poverty, through the real impact of SUVs, to the authenticity of university ranking schemes. The popularity of CANSTATS amongst journalists can be seen in the large number of people who subscribe to the bulletins, which CANSTATS produces on an almost daily basis. CANSTATS plays a vital role in ensuring that media discussion of public policy is not distorted by inaccurate data or poor inferences from reliable statistics.

Information about CANSTATS and other Fraser Institute projects and programs is delivered more efficiently thanks to the Institute’s new web site, launched during 2002. Generously funded by one of our donor foundations, the new web site maintains a massive amount of information in an efficient and easily accessible format. The web site itself is one of the most used sources of information about public policy in Canada and regularly attracts more visitors than the web site of any other public policy organization in the country. As an indication of the utility of the site, during a year when health care debates were uppermost in people’s minds, The Fraser Institute web site received 58 percent more visitors than the web site of the federal government-funded Canadian Institute for Health Information—the federal government’s source of statistics and information on health care.

The Institute also released two new sources of statistical information for public policy discussion during 2002. An important background document to the discussion about health care was the international comparison of health care systems released in a special edition of *Fraser Forum* in August. This study, which is a comparative examination of the countries that offer universal access to publicly-funded health care, examines both the policy structures in those countries as well as their health care outcomes.

The ranking demonstrated that amongst the countries that offer universal access to publicly-funded care, Canada has the most expensive health care system, but does not manage to produce the best outcomes. In access to technology and physician services, Canada ranked 18<sup>th</sup> and 17<sup>th</sup> respectively, while ranking only 10<sup>th</sup> in disability-adjusted life expectancy amongst the OECD countries studied. The most important consideration of the study from a policy point of view was the finding that Canada is the only country in the OECD countries examined that

does not have a parallel, private insurance scheme as well as parallel, private system of health care provision. This study will be updated on an annual basis to provide a benchmark for the comparison of Canadian health care performance.

Very often the best information that we can acquire about ourselves comes from a comparison with others. That is certainly the case in economic policy measurement. For more than half a decade the Institute has been producing international measurements of government policy performance by comparing government policy in 123 countries with our Economic Freedom of the World Index. Four years ago, we made an economic freedom measurement of the Canadian provinces; this year, we extended this product to create the beginnings of a North American Economic Freedom Index. *Economic Freedom of North America* compares the levels of economic freedom in all of the Canadian provinces and all of the US states. This gives us a unique opportunity to see how the policies of the Canadian provinces compare with other jurisdictions in the North American economic space.

The new North American index was released on December 10<sup>th</sup> in Toronto at which time the Institute was very pleased to be able to host a dinner with Dr. Andrei Illarionov, Russian President Vladimir Putin’s economic advisor. Dr. Illarionov is a long time member of The Fraser Institute’s international freedom network and he reinforced to us the importance of doing such measurements. In his comments, he explained how he became a member of the international freedom network: “My colleagues and I in Russia were doing a lot of statistical work to try to put together a recipe for economic growth by looking at the performance of the countries outside of Russia. In the course of looking for such a policy recipe we discovered that the work was already done in the Economic Freedom of the World Index and it has provided us with the knowledge to develop the best policies for Russia.” Dr. Illarionov went on to note that “the political campaign of President Putin had in fact emphasized the importance of economic freedom and the ongoing development of economic policy in Russia as it attempts to expand the level of economic freedom available to Russian citizens.”

We were very pleased during 2002 to welcome a number of very prestigious Canadians to the work of The Fraser Institute. Former Ontario Premier Mike Harris has joined the Institute as a Senior Fellow and in that capacity will work with Senior Fellow Preston Manning in the construction of a new policy vision for Canada. Called “The Common Sense Policy Vision for Canada,” the project aims to harness the insights of these two very experienced policy designers together with background research of Institute researchers and the insights of other policy practitioners from across the country to build a new policy vision for Canada. The vision comprises five segments:

1. **Canada's place in the world**—trade, defence, foreign policy and how we treat our friends and trading partners
2. **Economic competitiveness**—taxation, regulation, government spending, labour policy, immigration policy, etc.
3. **Social Policy**—health, education, and welfare: who pays and who produces?
4. **Canadian Unity of Purpose**—regions, languages, and power sharing
5. **Governance**—democratic reform and the mechanisms of Parliament

As the debate about the Kyoto protocol echoed across Canada, we were pleased to welcome, as a Senior Fellow, Professor Ross McKittrick of the University of Guelph, who has been one of Canada's most articulate and incisive analysts of the impact that the Kyoto Protocol would have in Canada. The Institute was pleased to be able to assist Professor McKittrick in the publication of his book *Taken By Storm* with Professor Christopher Essex of the University of Western Ontario, undoubtedly the most comprehensive assessment of the economic and scientific aspects of global warming to have been issued. We were pleased also to have been able to team up with Professor McKittrick and Bjørn Lomborg, the "skeptical environmentalist" for major presentations in Toronto and Calgary at the height of the Kyoto debate.

In October we were fortunate to attract to the Institute as the new Director of the Risk and Environment Policy Centre Dr. Kenneth Green. Dr. Green comes to the Institute from the Reason Foundation in Los Angeles where he was Chief Scientist. Kenneth has a background in microbiology, a doctorate in Environmental Science and Engineering, and an international reputation for research in environmental policy. In the short time he has been with the Institute he has made his mark in the discussion of environmental issues in Canada and internationally.

On the eve of the decision about Kyoto, we welcomed to a Fraser Institute podium Premier Ralph Klein of Alberta, who was this year's recipient of the Founder's Award for his contributions to Canadian public policy. Premier Klein took the opportunity of his lecture to amplify the concerns that he had previously raised about whether the Kyoto Protocol was really

accomplishing what most Canadians who supported it thought it was accomplishing. Premier Klein, who has twice been the winner of the fiscal performance award from The Fraser Institute, was very kind in his assessment of the important role which had been played by The Fraser Institute in laying the groundwork for economic policy change of the kind that he had pursued in Alberta.

Perhaps as a manifestation of Premier Klein's assessment of the importance of The Fraser Institute, the Institute was pleased to welcome more than 1,000 new members during 2002. This is the single largest increase in the membership of the Institute in a single year. We welcome these new Institute members and hope they will work with us to achieve even more widespread penetration of the Institute's ideas in the achievement of better public policy.

Another first for 2002 was the involvement of the new Lieutenant Governor of Ontario in the presentation of the Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services. The Honourable James K. Bartleman presided over the largest and most enthusiastic group of recipients and guests in the history of the Awards. The Lieutenant Governor distributed \$65,000 worth of prizes to those agencies that were found by a statistical measurement of performance and the assessment of an expert panel to be the top performers in their divisions.

I have participated in all of the Donner Awards ceremonies and I can personally testify that this program, which acknowledges excellence in the private delivery of social services, is amongst the most moving and heart warming activities imaginable. It makes clear the fact that the real key to solving the social problems that are the Achilles heel of progress is to unleash the enthusiasm and unstoppable power of these private agencies. It is a task that we must pursue even more diligently in the future.

So, for the seventeenth straight year, I am happy to report a catalogue of success and great accomplishment. None of it would have been possible without your encouragement and financial support. I hope you will agree that we have used the resources you provided to good effect and that you will join with me in redoubling our efforts during 2003 in the cause of further improving the conduct of public policy and enhancing economic performance.

R.J. Addington, O.B.E.  
Chairman of the Board



*Fraser Institute Board Chairman Raymond Addington, O.B.E., gives the welcoming address at the W. Garfield Weston Outstanding Principals Awards in Calgary on October 22.*

Magell's Photographics

## Introducing The Fraser Institute

The Fraser Institute was founded in 1974 to redirect the attention of Canadians to the role of markets in providing for their well being. Over the long term, ideas are the most powerful influence on public policy. The Institute, therefore, stimulates demand for economically sound public policy by conducting research and disseminating its findings to the general public and to policy makers.

The Institute is headquartered in Vancouver, but also has satellite offices in Calgary and Toronto. The Institute has active research ties with similar independent organizations in 60 countries worldwide.

### Organization

The Fraser Institute is a federally chartered, non-profit research and educational organization, with tax-exempt status in both Canada and the United States. Membership is open to anyone making a donation in support of the Institute's activities. A Board of Trustees is responsible to the members of the Institute for the conduct of the Institute's affairs. The Executive Director administers the Institute's programs, and an Executive Advisory Board drawn primarily from the Board of Trustees monitors the Institute's performance monthly.



### Research

The objective of Institute research programs is to provide alternatives to well-intentioned but misguided views about the appropriate roles of governments. Institute staff and associated scholars from nearly 200 universities and other academic institutions around the world carry out the Institute's research. Over 300 people have contributed to the Institute's work, including Nobel Laureates Gary Becker, James Buchanan, Milton Friedman, Douglass North, and Robert Mundell. An editorial committee, and, where appropriate, associated policy experts or an Editorial Advisory Board of leading international economists, internally review the research.

Institute staff decide the Institute's research agenda at an annual planning session and at a mid-year review. Ongoing projects are reviewed for continuing relevance, and potential new projects assessed on the basis of importance and timeliness. The aim of the policy planning process is to produce a research and education plan that will maximize the Institute's contribution to improving public policy. Donors are not involved in this planning process.

### Funding and Independence

Throughout the year, funding is sought both for specific projects and for the Institute's overall activities. The majority of the Institute's revenues are derived from the donations of its members, and from research foundations. The sale of publications, Institute events, and interest on invested endowment funds also generate revenue. The Institute avoids government funding, and strives to minimize its dependence on any single source of funding or group of supporters. The Institute is non-political, and does not undertake lobbying activities.

### Publications and Outreach

The Institute's products—its ideas—are packaged in a number of different formats to reach different audiences. The Institute's monthly magazine, *Fraser Forum*, its periodic Critical Issues Bulletins, Public Policy Sources, Studies in Education Policy, Studies in Defence and Foreign Policy, *Fraser Frontline*, digital publications, and its books are distributed to Institute members, the media, students, academics, policy makers, and politicians from all parties, across Canada and abroad.

Institute publications have been sold in over 50 countries and translated into 20 languages. Many titles are required reading in North American and European universities. The Institute makes a particular effort to reach students through seminars, the *Canadian Student Review* newsletter, and internships. Institute publications are also available on our web site.

The Institute reaches a wide audience through the mass media. Institute staff write press releases, editorials, and articles, and conduct radio and television interviews. The Institute also offers a fax news broadcasting service to over 200 radio talk show hosts nationwide.

Finally, the Institute holds conferences, luncheons, and seminars in major Canadian cities, and Institute staff speak and participate in public forums on a regular basis. Institute staff also regularly make submissions to parliamentary committees.

### Results

Over the years, The Fraser Institute's efforts have contributed to changing the conventional wisdom about many areas of public policy across Canada. The increasing scepticism Canadians feel about the efficacy of government solutions to economic problems is being reflected in the policy platforms of leaders across the political spectrum. The Institute has a well-deserved reputation for the quality of its work, which earns its research and recommendations the attention of policy makers around the globe.

## The Calgary Policy Research Centre

The Calgary Policy Research Centre, directed by Senior Fellow Barry Cooper, is located in the Grain Exchange Building, a heritage structure in downtown Calgary. The Governance Department, including the new Centre for Studies in Defence and Foreign Policy, the office of Senior Fellow Preston Manning, and the office of the National Membership Manager, Barry McNamar, are all located here. In 2002, the management of the *Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services* moved to the Alberta Office. Research analyst Sylvia LeRoy has assumed responsibility for managing the Donner Awards, which remains a program of the Department of Fiscal and Non-Profit Studies.

In addition to Preston Manning and Barry Cooper, other Senior Fellows associated with the Calgary Policy Research Centre include Professors Rainer Knopff and Ted Morton of the University of Calgary Political Science Department, and Ken McKenzie, Eugene Beaulieu, and Herb Emery of the University of Calgary Economics Department. Senior Fellow Tom Flanagan has taken a temporary leave of absence to work for the year as Chief of Staff in the office of the Leader of the Opposition in Ottawa.

Work in this office has continued to focus on major public policy questions emanating from Alberta and the Prairie West that have significance nation-wide. Most recently the centre published *Science Fiction or Science Fact? The Grizzly Biology behind Parks Canada Management Models*, a Critical Issues Bulletin written by Barry Cooper, Sylvia LeRoy, and Jason Hayes. This study analyzed the dubious assumptions and questionable wildlife biology upon which Parks Canada has based a significant number of its management decisions in Banff National Park. In 2003 we will be continuing our research on parks policy in cooperation with the Centre for Studies in Risk, Regulation, and the Environment.

In 2002 we also continued to work on judicial policy. The October issue of *Fraser Forum* asked the question, “Do Judges Make Good Policy?” Feature articles documented how our unelected and unaccountable judges are now dictating many of Canada’s most important policy questions related to the environment, health, welfare, labour, and aboriginal self-government. Our study on the economic costs of compliance to judicial decisions will be completed in 2003.

For much of the year the Kyoto Protocol on Climate Change has dominated federal-provincial relations in Alberta. The Alberta office hosted several public discussions and speakers on this question. In addition, we published a number of opinion pieces in the *Calgary Herald* and the *National Post* on the law, politics, and science of Kyoto. Particularly notable was the luncheon

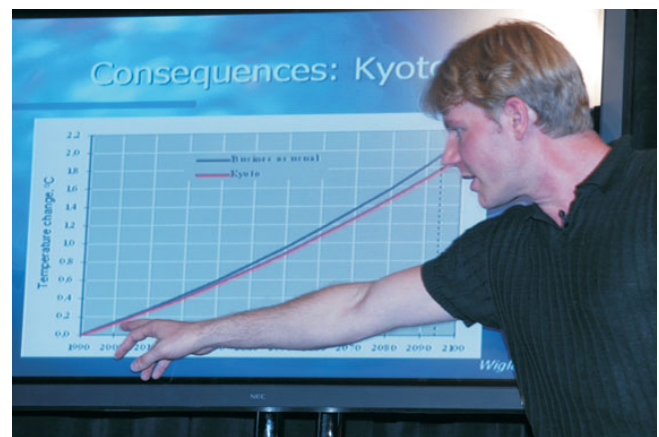


Magellas Photography

Staff at the Fraser Institute's Alberta office. Rear, from left: Karin Oxtoby, Mirja van Herk. Front, from left: Sylvia LeRoy, Barry Cooper, Barry McNamar.

in November where Institute Senior Fellow Ross McKittrick and Chris Essex spoke about their book on the non-science of climate change, *Taken by Storm*.

Probably the most important event all year in Calgary dealing with Kyoto was the “Evening with Bjørn Lomborg” on October 7. Lomborg, author of *The Skeptical Environmentalist*, is a former Greenpeace member. He delivered an animated address to over 400 people in the Crystal Ballroom at the Fairmont Palliser Hotel, in what was a memorable occasion as well as a successful fundraising event. On November 5, we held an equally successful “Dinner with Mike Harris” at the Hyatt Regency Hotel. The former Ontario premier and current Institute Senior Fellow unveiled his common sense policy vision for Canada to a highly appreciative audience.



M. Rideau, CP Photo Assignment Services

In October, Skeptical Environmentalist author Bjørn Lomborg warns a Calgary audience of the potentially devastating costs Canada could impose upon itself by signing the Kyoto Accord.



*Institute Senior Fellow Ross McKittrick outlines some of the myths about climate change at the launch of his and Christopher Essex's book *Taken by Storm* for audiences in Calgary and Vancouver in December.*



*Former Ontario premier Mike Harris shares "A New Policy Vision for Canada" with an audience in Calgary on November 5.*



*Fraser Institute trustee and President of EnCana Corporation, Gwyn Morgan (left), Steve Forbes, Editor-in-Chief of Forbes Magazine, Institute trustee Bill Siebens, and Executive Director Michael Walker pose prior to Mr. Forbes' speech to The Fraser Institute AGM in Vancouver in April.*

The Centre for Studies in Defence and Foreign Policy opened in the Alberta office early in the year. *Unboly Terror: The Origin and Significance of Contemporary, Religion-based Terrorism* was the first publication in the Studies in Defence and Foreign Policy series, a new group of occasional papers. In the paper, author Barry Cooper discussed several aspects of the perverse spirituality motivating the "new terrorists" whose attacks began during the mid-1990s. In 2003 the centre plans to expand the work already begun on the military side of the security question. Two projects will emerge from this work: "Canadian Defence Posture" and "The Military Measure of Canada," which we are pursuing in partnership with the Canadian Defence and Foreign Affairs Institute in Calgary and the Centre for Military and Strategic Studies at the University of Calgary.

Institute Senior Fellow Tom Flanagan, along with University of Calgary graduate student in political science Christopher Alcantara, published *Individual Property Rights on Canadian Indian Reserves*. This Public Policy Source analyzed the several kinds of property rights that exist on Indian reserves as well as how widely they are actually used. The authors concluded with a number of recommendations on how to make existing rights more effective. They are following this study with a detailed empirical analysis of the land and housing management practices on Treaty Seven reserves in Southern Alberta.

A further major project for 2003 is a detailed analysis of the "Firewall" proposal advanced in 2001 by several prominent Calgarians. In an open letter to Premier Ralph Klein, these citizens suggested that Alberta collect its own taxes, establish a provincial police force, opt out of the Canada Health Act and the Canada Pension Plan, as well as introduce a court initiative on Senate reform. The Calgary centre plans to provide a cost/benefit analysis of the proposals that lend themselves to reliable measurement.



*Students sponsored by Alberta Energy Company (now EnCana Corporation), pose at the March high school seminar in Calgary with Laura Jones (second from right), Institute Director of Risk and Regulation.*



### Tax and government spending

The premiere release for The Fraser Institute comes from the Fiscal Studies Department. Tax Freedom Day—the day in the year when the average family has earned enough money to pay the total tax bill imposed on it by all levels of government—received in excess of 300 media hits in 2002, including television, radio, and print—the most of any Fraser Institute study and an increase over the previous year. In addition, the Institute’s web-based calculator, which allows individuals to calculate their own personalized Tax Freedom Day, continues to be a driver of web traffic. It has received over 50,000 hits since its inception.

The publication of the *Corporate Capital Tax: Canada’s Most Damaging Tax* and a subsequent update were critical achievements for Fiscal Studies in 2002. The publication and subsequent media exposure placed The Fraser Institute squarely in the midst of one of Canada’s most pressing tax debates. The time and money allocated to this project have borne significant fruit. The federal government has committed itself to completely phasing out capital taxes over the next five years. British Columbia has eliminated general capital taxes. Alberta has completely eliminated capital taxes. Even such high users of this onerous and counter-productive tax as Saskatchewan and Quebec have committed to curtailing its use.

This year also witnessed the creation of a new centre of dedicated research within Fiscal Studies. The success of the paper *Returning BC to Prosperity* motivated Fiscal Studies to make other papers in the *Prosperity* series a regular departmental fixture. The creation of the Centre for Budgetary Studies allows resources to be dedicated to the ongoing monitoring of, and commentary on, the state of fiscal and budget policies in Canada. In 2002, Saskatchewan was added to the list of jurisdictions covered with the publication of *Saskatchewan Prosperity: Taking the Next Step*. The study was the tenth biggest research release in 2002, even though its market was relatively limited. The success of the paper, both in terms of media exposure and promulgating our ideas in Saskatchewan (the province’s Minister of Finance was forced to respond directly to the paper over the course of four days) indicates the longing of Canadians for an alternative path of economic policy. The Centre for Budgetary Studies and the *Prosperity* series will be expanded in 2003 to include additional provinces and projects.

Fiscal Studies also released the 2002 edition of the Investment Climate survey. The results confirmed Alberta’s and Ontario’s competitive investment environments. The survey results also showed dramatic improvement for British Columbia, which had



Kristin McMahon

*In Vancouver and Calgary in June, Herbert Grubel, Fraser Institute Senior Fellow (left), Fred McMahon, Director of the Centre for Globalization Studies, Institute Executive Director Michael Walker and Warren Jestin, Chief Economist, Scotiabank took part in panel discussions on “The Future of the Canadian Dollar: On Its Way Up? Or Out?”*

languished in last place for years. British Columbia vaulted from last to third place, largely on the back of dramatic tax cut announcements and a commitment by the new government to de-regulate the economy. The Investment Climate edition of the *Investment Managers Survey* highlighted, as it does each year, the core set of policies required to promote a productive and positive investment climate.

The 2002 edition of the Budget Performance Index was also released. Alberta, as it has in the past, received the top score. Several improvements were added to the index in 2002, including a more comprehensive measure of personal income taxes and business taxes. The Index highlights the need for both greater spending control in nearly all jurisdictions as well as the need for real and more meaningful tax relief.

During 2002, Fiscal Studies completed work on a new model to calculate the unfunded liabilities of programs such as Medicare and Old Age Security. The completion of this model is a milestone for the department as this initiative has consumed significant time and energy, requiring almost 2 full years of work. The calculations will be released in early 2003 as part of the 2003 Debt Study. They represent an important advance in the discussion of the nature, efficacy, and sustainability of unfunded, pay-as-you-go programs.

### Non-Profit and Social Studies

Last year witnessed the consolidation of non-profit studies, poverty studies, and welfare research into one dedicated research centre under the direction of Fiscal Studies.

In this expanded capacity, the department completed two studies evaluating the state of welfare in British Columbia and Saskatchewan. The ongoing research on welfare has been effective, as witnessed by British Columbia's enactment of watershed welfare reform legislation in 2002, which earned it a "B" grade in the publication *Welfare Reform in British Columbia: A Report Card*. The report provides a blueprint to evaluate welfare reform across Canada as well as a series of specific recommendations for improving existing programs.

The department also completed a comprehensive review of welfare reform in Saskatchewan, which prompted responses from that province's Minister of Social Services and his deputy minister. Both welfare reform papers have motivated discussion about the objectives of welfare, how best to achieve them, and the present state of welfare provision. The framework for both papers will be expanded to include other jurisdictions in following years to encourage more fundamental reform of welfare in Canada.

The Fraser Institute continues to redefine the terms of reference in the poverty debate. In 2002, Senior Fellow Chris Sarlo continued to contribute articles to *Fraser Forum* on the effectiveness of policies designed to reduce poverty and how best to measure it based on his groundbreaking book, *Poverty in Canada*. His work has prompted Statistics Canada to move towards an absolute approach to measuring poverty, known as the "market

basket measure" (MBM). This represents a tremendous victory for Professor Sarlo and the Institute, and is the culmination of years of diligence and objective research.

The December issue of *Fraser Forum* focused on private charity versus the welfare state and featured articles by Professors Chris Sarlo and Herb Emery, among others. The issue examined the capacity of the voluntary sector to provide many of the social services now supplied by government. In addition, the December issue also included The Fraser Institute's annual Generosity Index, which measures the extent of financial giving to registered charities across Canadian provinces and US states. The 2002 Generosity Index corroborated previous research indicating that Canadians give less to charity than their American neighbours.

### Donner Canadian Foundation Awards

Last year also marked the fifth anniversary of the Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services, the single largest project undertaken in the department. The Honourable James K. Bartleman, Lieutenant Governor of Ontario, presented nine agencies with a total of \$65,000 in awards at a Queen's Park ceremony in Toronto that was again co-hosted by the Peter F. Drucker Canada Foundation. Since 1998, \$305,000 has been awarded to non-profit agencies from across Canada through the Donner Awards Program. Non-profit agencies from all ten provinces participated in the 2002 Donner Awards Program, whose results were published in the *2002 Non-Profit Performance Report: An Analysis of Management, Staff, Volunteers, and Board Effectiveness in the Non-Profit Sector*.

Tom Sandler Photography



2002 recipients of the Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services. Standing from left: Maureen Hughson (Community Living Campbellford/Brighton), Michelle Smith (YMCA of Sarnia Lambton), Anne Mooi (Seymour Community Services Society), Wayne Fotty (Etobicoke Services for Seniors), Eunice Cameron (Cornwall Alternative School), Chris Harris (Calgary Inter-Faith Foodbank, on behalf of Metro Food Bank Society), Maxine Roness (Kids Come First Child Care Centre), Mary Ellen Warren (Sarnia-Lambton Rebound) and Marlene Gorman (Sudbury Action Centre for Youth). Seated, from left: R.J. Addington, O.B.E. (The Fraser Institute), the Honourable James K. Bartleman (Lieutenant Governor of Ontario), Allan Gotlieb (Donner Canadian Foundation).

Tom Sandler Photography



The recipient of the 2002 Overall Donner Canadian Foundation Award for Excellence in the Delivery of Social Services is the Cornwall Alternative School of Regina, Saskatchewan. Principal and CEO Eunice Cameron accepts the \$20,000 award from the Honourable James K. Bartleman, Lieutenant Governor of Ontario (left) and Mr. Allan Gotlieb, Chairman of the Donner Canadian Foundation

## The CANSTATS Project

A new project of The Fraser Institute in 2002, the Canadian Statistical Assessment Service (CANSTATS) critiques the misuse of statistics by the Canadian media on key public policy issues. CANSTATS is unique in Canada. Although there exist advocacy groups pressing for more balanced media coverage in different topic areas, no other organization documents statistical abuses by journalists.

Over the months since its inception in March and its formal launch in October, CANSTATS has set up a web site ([www.canstats.org](http://www.canstats.org), also available through a link on [www.fraserinstitute.ca](http://www.fraserinstitute.ca)) which features frequent (once to thrice weekly) research bulletins about timely public policy issues in the news. Some research bulletins are explanatory, offering readers and journalists a clearer understanding of statistical concepts like confounding and sample size. Others touch on quantitative issues that are prone to misinterpretation, such as the incidence of obesity, homelessness data in urban areas, and cancer rate trends in Canada. In addition to articles, bulletins, and seminars, CANSTATS engages in ongoing empirical analysis of the “missing news,” studying the gaps in media coverage on important policy research. Some of this material has been presented in Fraser Institute seminars. CANSTATS will serialize this research in *Fraser Forum* in 2003.

The official launch of the CANSTATS project took place in Toronto on October 4, with special guest Bjørn Lomborg, author of *The Skeptical Environmentalist*.

The media has already recognized CANSTATS as a credible source. CANSTATS has been invited to appear on the CBC to discuss media issues. Journalists increasingly approach CANSTATS to ask about statistical methods and polling data.

In order to help with its work, CANSTATS has put in place a board of 20 advisors, including statisticians, journalists, physicians, epidemiologists, and biological scientists, upon whom it can rely to both contribute and comment on the work of the centre. Members include James Q. Wilson (political science), Bertha Madras (neurobiology), Jack Granatstein (history), Nicholas Eberstadt (demographics), Cornelia Baines (epidemiology), and Professor Patrick Monahan (law). The fact that the centre was able to attract advisors of such high regard speaks to the need for such a service in Canada.

While continuing with its articles, speeches, and research bulletins, CANSTATS has set ambitious new goals for 2003. These include the dissemination of a statistical “tool kit” for journalists and readers, the completion of the “missing news” project, and an empirical assessment of judicial voting patterns.

## Risk and Environment Policy Centre

In 2002, the Risk and Environment Policy Centre contributed to a number of important policy debates in Canada and North America. The centre was involved in debates over climate change policy; the war on fatty foods; rational risk management; genetically-modified food; Canada’s slow drug-approval process; environmental sustainability; endangered species protection; private stewardship of environmental resources; and more.

Researchers with the Risk and Environment Policy Centre published over 20 articles in *Fraser Forum*, and the work of the centre was featured in 40 editorials and commentaries in 24 Canadian newspapers. Centre researchers were also active public speakers, promoting the centre’s findings with nearly 500 minutes on radio and television, and in-person speaking engagements across Canada and in the United States.

In March, the centre weighed in on an increasingly important issue both domestically and internationally. The campaigns being waged against genetically-modified food could hinder the development of a technology that is critically needed in a world where food scarcity and cost prevent millions from reaching their full potential. With the publication of *Biotechnology and Food for Canadians*, the centre ensured that the “straight scoop” on genetically modified food is available to policy-aware Canadians, and created the foundation for ongoing commentary about the safety and desirability of using biotechnology to provide high-quality, low-cost food that creates less environmental impact than traditional farming methods.

In April, as it does every year, the centre coordinated the publication of an issue of *Fraser Forum* focused on Earth Day, with articles covering global warming, environmental litigation, water-utility privatization, endangered species protection, and reviewing Bjørn Lomborg’s blockbuster environmental policy book, *The Skeptical Environmentalist*.



Leah Costello

*Bjørn Lomborg at the podium. His speech to a Toronto audience in October was the occasion for the launch of The Fraser Institute’s newest division: CANSTATS.*

## Canadian Studies

Also in April, the centre published its fifth edition of *Environmental Indicators*, a Critical Issues Bulletin that shows the real state of environmental quality in Canada, North America, and beyond. Despite hard evidence of environmental improvement in free-market economies around the world, the constant drumbeat of misinformation from alarmist groups continues to mislead the public into thinking that things are getting worse. In 2002, the centre published the results of its second poll of college students about environmental awareness. The poll showed that Canada's high-school and college students are unaware of the true state of the environment, and of trends in environmental protection. Publishing *Environmental Indicators* is one way that The Fraser Institute works to set the record straight.

However, 2002 was clearly dominated by one issue in the environmental arena: the Kyoto Protocol. When Prime Minister Chretien accelerated the debate over global warming policy by promising to ratify the Kyoto Protocol by Christmas, the Risk and Environment Centre was more than ready to join the debate. With publications on climate change dating back to 1997, the centre had an established track record of offering commentary on climate change policy for Canada. To add to that, at the end of 2001, the centre published *Global Warming, a Guide to the Science*, by Harvard astrophysicists Willie Soon and Sallie Baliunas. The Fraser Institute was also instrumental in helping University of Guelph economist and Fraser Institute Senior Fellow Ross McKittrick and his co-author, University of Western Ontario mathematician Christopher Essex publish *Taken by Storm: The Troubled Science, Policy, and Politics of Global Warming*. The authors spoke out forcefully against the ratification of the Kyoto Protocol. The Fraser Institute also brought 2002's highest profile speaker on climate change, Skeptical Environmentalist Bjørn Lomborg, to Canada to speak to audiences in Toronto and Calgary about the limitations of climate science. Though Prime Minister Chretien ratified the Protocol despite the many opposition voices, the federal government made critical concessions to limit exactly the sort of economic damage that the centre warned about.

Two-thousand-and-two was also a year of transition for the Risk and Environment Policy Centre with the departure of former director Laura Jones, and the arrival of Dr. Kenneth Green, who now directs the centre. Ken has extensive experience in the world of public policy analysis, having spent the past eight years directing the Environmental Policy Center of the California-based Reason Foundation. Ken's doctorate in Environmental Science and Engineering from UCLA, combined with his demonstrated ability to communicate about risk and environment policy to a lay audience will serve him well in working to improve Canada's risk and environment policy in the future.

At the Institute's Vancouver office, Senior Fellow Gordon Gibson handles the aboriginal, governance, and Canada (federalism and unity) files.

The federalism and unity areas have been quiet for the past couple of years. The Institute's work has continued on elaborating the application of the idea of subsidiarity (decisions to be taken at the lowest appropriate level) to the Canadian federation, which mostly means in the direction of decentralization. The recent surge in central government revenues gives cause for vigilance, as governments tend to spend what they have.

On the unity front, a watching brief was maintained on Quebec developments—a pace that will no doubt be quickened following this year's election, whatever the result.

Democratic reform greatly increased in profile in 2002, as work went ahead on a book to be based on both a Fraser Institute conference that took place in November 2001, and on an extended series of articles in *Fraser Forum*. The book will be forthcoming in 2003.

Mr. Gibson's work at the Institute was interrupted by a 3½ month leave of absence to complete a provincial government assignment directly related to democratic reform, namely, designing a Citizens' Assembly on Electoral Reform for BC. The assembly is to consider all possible voting systems and recommend either a new system, to be considered by the voters at a referendum at the time of the next provincial election on May 17, 2005, or if seen fit, to recommend no change. This report was given to the government at the end of the year.

In the aboriginal field, Mr. Gibson gave talks and hosted policy meetings at the Institute on historical perspectives, current legal issues, and various proposals for improvement.



*Fraser Institute Senior Fellow in Canadian Studies, Gordon Gibson, examines "Questions Beyond the Treaty Referendum: Current Aboriginal Issues in British Columbia" at a Policy Briefing in the Institute's boardroom in April.*

*Leah Costello*

### The Report Cards on Schools series

In 2002, the School Performance Studies department produced report cards that rated almost 1,800 schools in British Columbia, Alberta, and Quebec.

In March, the department released the fifth edition of the *Report Card on British Columbia's Secondary Schools*. This report card has become an important part of the province's school year. The *Vancouver Province*, the lead print media for this edition, published a 22-page special series over four days that included the results for all 276 schools. This report card was released at the same time as the launch of the Institute's redesigned web site and the event amply demonstrated both the demand for this important information and the new web site's capacity to deliver it. In the four days during which the *Province* published the report card, demand for documents from the web site hit record levels.

The fourth edition of the *Report Card on Alberta's High Schools* was released early in May. This edition featured a completely redesigned format that made it a great deal easier for readers to use. Following this same format, lead print media—the *Calgary Herald* and the *Edmonton Sun*—produced exceptionally high-quality, pull-out sections—34 pages in all—that together included the results for all 270 Alberta high schools. A new e-mail-based method of bringing the story to hundreds of smaller media outlets throughout Alberta substantially improved the reach of the report card, bringing its important information to Albertans throughout the province. The web site again distributed record numbers of documents requested by parents and school administrators.

June saw the release of Canada's first comprehensive study of elementary school performance. The *Report Card on Alberta's Elementary Schools* debuted with strong presentations in the *Edmonton Sun* and the *Calgary Herald*, both of which took advantage of the new format introduced with the high schools' edition.

Interestingly, the most frequently received comment from parents following this release was, "Great work. When will you produce a report card for middle schools?" This reaction is strong evidence that the report cards fill a need among parents and educators. The success of this edition encourages us to introduce elementary schools' report cards in other jurisdictions.

Nowhere is a report card released to greater interest or more media coverage than in Quebec. Again, in 2002, *L'actualité* magazine devoted much of its November 15<sup>th</sup> edition to an outstanding series of feature stories on the report card. In total, the magazine devoted 120 pages to interesting and provocative editorial and school-by-school results. This report card, released in partnership with the Montreal Economic Institute, has become the most anticipated annual education-related event in the province.

During 2002, the procedures for the production of the report cards were completely redesigned by our senior data analyst, Darlene Savoy. All of the report cards are now produced using our database software. As a result, the department has doubled its annual production capacity while maintaining an exceptionally high level of quality. The department will take advantage of this additional capacity by introducing several new report cards in 2003. Among those planned are elementary school report cards in British Columbia and Ontario, and a report card on aboriginal education in British Columbia.



*The Quebec Secondary School Report Card received extensive coverage in L'actualité magazine.*

### The Garfield Weston Outstanding Principals Awards

The principal, as manager and leader of the school, is ultimately responsible for the school's success. The Garfield Weston Outstanding Principals Awards for 2002 recognized the achievements of eighteen principals from Alberta and British Columbia. The awards were presented at ceremonies in Calgary and Vancouver. After each awards presentation, the principals were feted at a celebratory luncheon. This year's special guest speaker, Kimberley Fonteno, an exemplary elementary school principal from Houston, Texas, gave a rousing and inspirational account of the success that her school and district have had in making sure that even their most disadvantaged students are able to succeed.

The awards recognize excellence in a field where such recognition, while much needed, is almost entirely absent. For this reason, the Garfield Weston Outstanding Principals Awards are an integral part of the Institute's efforts to improve the educational opportunities for Canadian children everywhere.

## Education Policy

In February the Education Policy department released *Learning from Success: What Americans Can Learn from School Choice in Canada* jointly in the United States and Canada with the Milton and Rose D. Friedman Foundation. The study, written by William Robson and Claudia R. Hepburn, challenged the misconception that there are no large-scale programs that attest to the beneficial effects of school choice. The study was written up by *Education Week* and may have been influential in the US Supreme Court decision in June to affirm the use of public funds for school vouchers.

*Children First: School Choice Trust*, the first privately-funded, province-wide school choice program in Canada, was established in the Fall with seed funding from the W. Garfield Weston Foundation. Over the next three years, Children First will offer tuition assistance grants to 450 Ontario children in financial need, worth 50 percent of independent school tuition, up to a maximum of \$3,500 annually. Any child who is a resident of Ontario, from Junior Kindergarten to Grade 8, whose household income does not exceed twice the poverty line as defined by the Basic Needs Index, will be eligible for the grant.

The Children First program puts into practice theories about the benefits of markets in education, and the mounting educational research that shows that when parents have a choice of school, education improves. As outlined in several Institute Education Policy publications, when funding follows children to their parents' choice of school, students, schools, and society all benefit. Parental satisfaction and academic achievement increase, and educational opportunities improve, particularly for those served poorly by the current system. Furthermore, in provinces with publicly-funded school choice, such as Alberta and British Columbia, the correlation between academic

achievement and socio-economic status is weaker than in provinces with little or no school choice. Because Ontario is the only major province that does not offer significant public funding for independent schools, it was the most suitable province for this pilot school choice program.

Virginia Gentles, formerly a senior policy advisor with the Ontario Ministry of Education, was hired as Program Director. With a strong background in education policy and a keen interest in educational choice, she is an ideal administrator and spokesperson for the program. The last two months of the year were spent setting up the office, designing the program's products, forms, and web site, and developing plans for the launch and marketing strategies in preparation for going public in January 2003.

### Ontario Office

In 2002, the Ontario office of The Fraser Institute acquired office space at Suite 401, 1491 Yonge Street in Toronto. The midtown location is both economical and convenient for local and out-of-town staff, and is central for events at downtown hotels. The space has been renovated for our use to incorporate eight offices, a reception area, and kitchen. The Institute will have the use of a conference center in the same building on an adjacent floor. Claudia R. Hepburn, the Institute's Director of Education Policy, who is based in Toronto, was appointed Managing Director of the Ontario Office. She is joined by CANSTATS Director Neil Seeman, Children First Program Director Virginia Gentles, and an Office Manager. The Institute plans to grow the Ontario operation in 2003 with several new staff to increase its participation in policy debates and its presence in the Ontario media.



Magell's Photographics

Eight Calgary principals were honoured with Garfield Weston Outstanding Principals Awards. Rear, from left: Peter Cowley, Fraser Institute Director of School Performance Studies, Stuart Angle, Ed Hamel, Larry Kjearsgaard, Peter Istvanffy, Rick Tews, and Garfield Mitchell. Front, from left: Doug Bowie, Jack A. Grant, and Brian Bridal.



The staff in the Toronto, Ontario office are preparing for a very busy and productive 2003. Back row: Kennedy Hong and Virginia Gentles. Front row: Claudia R. Hepburn and Neil Seeman.

Imke Wernicke

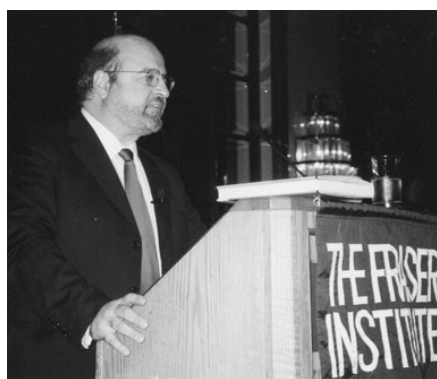
## Centre for Globalization Studies

In its first full year of operation, The Fraser Institute's Centre for Globalization Studies made a significant new contribution to the study of economic freedom. It released the first study of the *Economic Freedom of North America*. The report was covered in news stories across Canada and in a number of opinion pieces placed by the centre in major Canadian publications. The report was co-released in the United States by the National Center for Policy Analysis, one of the most prestigious US think tanks.

The Centre for Globalization Studies coordinated the publication of two issues of *Fraser Forum*, the first focused on essential Canada-US perimeter concerns, and the second on globalization issues. The centre is dedicated not just to publishing high-quality research, such as the *Economic Freedom of North America* report, but also in countering the misinformation spread by anti-globalist groups about the gains from trade. Accessible, reader-friendly publications, such as *Fraser Forum*, are an important element in this strategy.

Centre director Fred McMahon has also published numerous analyses in most major Canadian newspapers, as well as in the *Wall Street Journal*. He is frequently quoted and interviewed by the electronic and print media. Fred has conveyed the growing evidence of economic improvements sparked by globalization on university campuses, to business audiences, at public events, and to Senate and House of Commons committees.

In conjunction with The Fraser Institute's events department, the centre has also organized a number of public discussions about important global issues. In March 2002, The Fraser Institute welcomed famed Peruvian economist Hernando de Soto, author of the global best seller, *The Mystery of Capital*, to a major event in Toronto. Also in Toronto, the Institute hosted a dinner for Dr. Andrei Illarionov, Russian President Vladimir Putin's economic advisor and member of The Fraser Institute's international freedom network, to meet with important Canadian opinion leaders and policy makers.



Kristin McCahon

*At a round table luncheon in March in Toronto, Peruvian economist and author Hernando de Soto explains capitalism's success in the West, and how it can benefit the world's poor.*



Annabel Addington

*Fraser Institute Senior Fellow and former ambassador Martin Collacott (right) explains Canada's flawed immigration policies to the media in Vancouver in June.*

### Other highlights

In Vancouver, former Ambassador Martin Collacott gave a presentation on immigration matters. John Weekes, formerly Canada's ambassador to the World Trade Organization and Canada's head NAFTA negotiator, discussed global progress on trade issues. Ercel Baker, Director of the China World Trade Corporation, described the challenges and opportunities of doing business in China. Fred McMahon examined issues facing African development, particularly as it relates to NEPAD, the New Partnership for African Development. In "Beyond Foreign Aid," Amanada Ellis, Head of Women's Markets and National Manager of Women in Business for the Westpac Banking Corporation, discussed ways to spark economic growth in poor nations.



Virginia Gentles

*Dr. Andrei Illarionov (left), Russian President Vladimir Putin's economic advisor and long-time member of The Fraser Institute's international freedom network, meets with Globalization Centre Director Fred McMahon in Toronto in December.*

## Health and Pharmaceutical Policy

The Fraser Institute searches for competitive market solutions to public policy problems. Canadian health care, where governments tend to prohibit competitive markets in favour of government monopoly, provides us with opportunities to measure the effect of these policies and to propose reforms.

The 12<sup>th</sup> edition of The Fraser Institute's benchmark publication in health policy, *Waiting Your Turn: Hospital Waiting Lists in Canada*, showed that waiting lists have grown yet again. Total waiting time for patients between referral from a general practitioner and treatment rose from 16.2 weeks in 2000-01 to 16.5 weeks in 2001-02. This nationwide deterioration reflects waiting-time increases in seven provinces, while concealing decreases in waiting time in British Columbia, Quebec, and New Brunswick. Saskatchewan exhibited the longest total wait; the next longest were in New Brunswick and British Columbia, despite improvement from the previous year in those two provinces. Ontario achieved the shortest total wait in 2001-02, with Prince Edward Island and Quebec next shortest.

As well, the August *Fraser Forum*, "How Good is Canadian Health Care?" addressed a single issue: the fact that Canada spends more on health care, measured as a share of GDP, than other countries in the Organisation for Economic Co-operation and Development (OECD) that guarantee their citizens access to health services. Unfortunately, Canada does not achieve the best health outcomes. The international evidence shows that other countries get better value for money because they allow private

insurers to compete against government insurers; allow private hospitals to serve patients in competition with government hospitals; and allow patients to pay directly for medical services. Canada's failure to allow competition with government monopoly provision of many health services contributes to our relatively poor performance.

The Institute also released *The Fantasy of Reference Pricing and the Promise of Choice in BC's Pharmacare*, an analysis of an ineffective policy launched in 1995 by BC's provincial drug benefit program to contain prescription spending. The evidence confirms that the Reference Drug Program, whereby the government took away citizens' freedom to buy medicines of their choice for certain conditions by taxing them and allocating the funds to drugs selected by a government-appointed committee, was associated with higher overall pharmaceutical costs to both Pharmacare and private payers, and may have led to negative health outcomes. Recommendations included abandoning the Reference Drug Program and implementing a means test for Pharmacare benefits.

Institute Executive Director, Dr. Michael Walker, and John R. Graham, Director of Pharmaceutical Policy Research, as well as other Institute analysts, spoke about Canadian health care at events in Canada and the United States. The analysts were especially busy responding through the media to Roy Romanow's extremely disappointing final report as head of the Commission on the Future of Health Care in Canada, which advocated continuing and expanding the government monopoly.

Articles in *Fraser Forum* covered topics such as the excess costs of hospital workers belonging to public sector unions, the shortage of physicians, the benefits of direct-to-consumer advertising of prescription drugs, and an update in the difference in prescription drug prices between Canada and the United States.



Nadeem Esmail

*Fraser Institute Senior Fellow Dr. Murray Allen helps British Columbia Medical Association President Dr. D. Lynn Doyle draw the name of the 2002 winner in the national Hospital Waiting Lists Participation Prize. The winner was Dr. Tommy K.C. Chan.*



*The August Special Issue of Fraser Forum, How Good is Canadian Health Care?, received widespread media coverage.*



## Economic Freedom of the World

The annual *Economic Freedom of the World* report has long been one of the Institute's most prestigious research projects, attracting the attention of academics, opinion leaders, elected officials, and the public internationally. However, even by the high standards set in other years, 2002 was a landmark year for the project, with extraordinary international coverage for the project.

In Canada, the 2002 report was released by Fraser Institute Executive Director Michael Walker in Calgary to coincide with the meeting of the G8 in close-by Kananaskis. On the same day, member institutes of the Economic Freedom Network across the globe arranged press conferences, including ones in Moscow and Washington, DC, to release the report to their national media. The resulting press coverage was truly global. (See box for a partial list of media outlets covering the release.)

The Economic Freedom Index seeks to quantify objectively the extent of government restrictions on the ability of individuals to engage freely in economic activity. The foundations of economic freedom are personal choice, voluntary exchange, the right to keep what one earns, the rule of law, and property rights. Work on the index began in 1986 when Dr. Walker and Nobel Laureate Milton Friedman initiated a comprehensive research project on economic freedom and its consequences. About 100 leading scholars, including several Nobel laureates, participated in the project. The annual *Economic Freedom of the World* report grew out of this work.

Research shows that economic freedom is highly correlated with national wealth, economic growth, civil and political liberties, poverty reduction, literacy, and other positive outcomes.

To support worldwide research and disseminate the Report broadly, The Fraser Institute established the Economic Freedom of the World Network, which now has member institutions in nearly 60 nations. The 2002 annual meeting of the



*Economic Freedom Network members from around the world meet in Madrid, Spain, in October.*

Network was held in Madrid, Spain, hosted by Circulo de Empresarios.

New sources of data have opened the way to expand the number of variables in the index. After vigorous debate, the 2001 meeting approved a number of additions, which appeared in the 2002 edition. New variables include: military interference in the legal system, hidden import barriers, new measures of labour market freedom (such as regulations on hiring and firing), and restrictions on new business formation. All in all, the number of variables increased from 22 to 37 in the 2002 print edition.

### Some of the global press coverage for the release of the 2002 edition of *Economic Freedom of the World*

- People's Daily (China)
- The BBC World Service
- Financial Times of London
- CNN
- The Daily Star (Dhaka, Bangladesh)
- Frankfurter Allgemeine Zeitung
- Investor's Business Daily
- The Economist
- Business Week
- Agence France-Presse (4 articles)
- ITAR-TASS (Russia)
- Notimex (Mexico)
- DPA (German Press Agency)
- Jiji Press (Japan)
- Sing Tao Daily (China)
- Kyodo News (Japan)
- Xinhua (China)
- Japan Economic Newswire
- Inter Press Service
- Press Trust of India
- National Post (Canada)
- Globe and Mail (Canada)
- Ottawa Citizen (Canada)
- Bloomberg TV
- Reuters
- South China Morning Post (2 articles)
- New Zealand Herald
- Hindustan Times
- CNN en Espanol
- White House Bulletin
- Pravda
- Reforma (Mexico)
- El Diario (Chile)
- Singapore Business Times
- Komersant (Russia)
- Vedomosti (Russia)
- La Nacion (Costa Rica)
- La Republica (Costa Rica)
- Corporate Mexico
- Asia Pulse
- Asia Times
- AsiaPort
- Daily News Asia
- Times Banks & Exchanges (Russia)
- The Christian Science Monitor
- Radio Free Europe
- Radio Free Asia
- SBS Broadcasting (Australia)
- Chinese Radio (US)
- El Comercio (Ecuador)
- El Financiero (Ecuador)
- Latin Trade (Florida)
- Economia (Portugal)
- Público (Portugal)
- United Press International
- BNS (Lithuania)
- Lietuvos Aidas (Lithuania)
- Respublika (Lithuania)
- Lietuvos Televizija (Lithuania)
- Znad Wilii (Poland)
- Irish Times

## Events

The Fraser Institute held 34 events in 2002, including round table luncheons, policy briefings, conferences, donor events, and award luncheons, thanks in large part to our event sponsors. Our programs featured speakers of international acclaim including world-renowned author and environmentalist Bjørn Lomborg, author and economist Hernando de Soto, *Forbes Magazine* editor-in-chief Steve Forbes, Vladimir Putin's economic advisor Andrei Illarionov, and former politicians and current Fraser Institute Senior Fellows Preston Manning and Mike Harris. Many of these speakers attracted audiences in the hundreds with our total attendance figure reaching 3,862.

The Institute also held three conferences throughout the year, showcasing important policy topics. At these events leading international economists, politicians, policy analysts, and business leaders gathered to share their insights and experiences.

In addition, the Institute hosted several awards luncheons, separately honouring school principals, prominent policy shapers, and non-profit organizations for their excellence and outstanding performance. These individuals and organizations were recognized as the top performers in their fields and were commended at luncheon events, joined by their peers.



Leah Costello

Fraser Institute events attracted record crowds in 2002, from sellout public policy luncheons at the Institute's head office in Vancouver (above) to the Toronto Student Seminar on Public Policy Issues in November (below).



Vanessa Schneider

## Event Calendar

### Round Table Luncheons

#### March 8, Vancouver

John M. Weekes, Chairman, APCO's Global Trade Practices  
*Inside the WTO: Opportunities and Challenges Facing Canadian Business*

#### March 12, Toronto

Hernando de Soto, World Renowned Author and Economist  
*The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*

#### May 27, Vancouver

Stephen Jarislowsky, Chairman, CEO and former President of Jarislowsky, Fraser & Co  
*Economic Review & Investment Outlook*

#### June 6, Calgary and June 27, Vancouver

Warren Jestin, Chief Economist, Scotiabank; Michael Walker, Executive Director, The Fraser Institute; Herb Grubel, Senior Fellow, The Fraser Institute  
*The Future of the Canadian Dollar: On Its Way Up? Or Out?*

#### June 14, Vancouver

Larry Berg, President & CEO, Vancouver International Airport Authority  
*Policy Change for Smoother Flying*

#### September 24, Vancouver

Rick Thorpe, BC Minister of Science, Competition, and Enterprise and Doug West, Dept. of Economics, University of Alberta  
*The Business Case for Competition Series: Privatizing Liquor in BC*

#### October 1, Vancouver

Garfield Emerson, Chairman, Fasken Martineau; Philip Dowad, Partner, KPMG; Patrick O'Callaghan, Patrick O'Callaghan & Associates  
*Will Investor Confidence Be Restored and At What Price? Capital Markets After Sarbanes-Oxley*

#### October 4, Toronto

Bjørn Lomborg, Author of *The Skeptical Environmentalist*  
*Launch of CANSTATS*

#### November 26, Toronto

Preston Manning, Senior Fellow, The Fraser Institute  
*Think Big: My Adventures in Life and Democracy*

#### December 2, Vancouver and December 3, Calgary

Ross McKittrick, University of Guelph and Christopher Essex, University of Guelph  
*Launch of the book Taken by Storm: The Troubled Science, Policy, & Politics of Global Warming*

**Event Calendar (continued)**

**Policy Briefings**

**April 4, Vancouver**

Ercel Baker, Director of China World Trade Corporation and China ProDiligence  
*Doing Business in China*

**April 24, Vancouver**

Gordon Gibson, Senior Fellow, The Fraser Institute  
*Questions Beyond the Treaty Referendum: Current Aboriginal Issues in BC*

**May 16, Vancouver**

Barry Cooper, Senior Fellow, The Fraser Institute  
*The Canadian Military and North American Security*

**May 29, Vancouver**

Steve Easton, Senior Fellow, The Fraser Institute  
*Experimenting with Marijuana: Economic Policy Alternatives*

**June 12, Vancouver**

Martin Collacott, Senior Fellow, The Fraser Institute  
*Canada's Failing Immigration Policies: Still Ignoring the Lessons of September 11*

**July 17, Vancouver**

Fred McMahon, Director of Globalization Studies, The Fraser Institute  
*The G8 and Africa: Exploding the Myths and Tackling the Realities*

**September 4, Vancouver**

Michael Walker, Executive Director, The Fraser Institute; Nadeem Esmail, Health Policy Analyst, The Fraser Institute  
*How Good is Canadian Health Care?*

**September 10, Vancouver**

Amanda Ellis, Westpac Banking Corporation  
*Beyond Foreign Aid: Promoting Real Economic Growth in Third World Countries*

**September 11, Vancouver**

Benoit Pelletier, MNA, Quebec National Assembly  
*Quebec's Role in an Evolving Canada*

**November 18, Vancouver**

Hjalmar W. Hannesson, Iceland's Ambassador to Canada  
*Iceland: Rapid Changes and Future Developments*

**Awards Luncheons**

**October 22, Calgary and**

**October 24, Vancouver**

Kimberly Fonteno, Houston Independent School District  
*W. Garfield Weston Outstanding Principals Celebration Luncheon: "No Excuses"*

**November 1, Toronto**

The Honourable James K. Bartleman, Lieutenant Governor of Ontario  
*5th Annual Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services*

**November 15, Vancouver**

Ralph Klein, Premier of Alberta  
*Second Annual T. Patrick Boyle Founders Award Luncheon*

**Dr. Harold Walters Siebens Lecture & AGM Breakfast**

**April 19, Vancouver**

Steve Forbes, Editor-in-Chief, *Forbes Magazine*  
*Reviving Prosperity Here and Around the World While Conquering Terrorism*

**Donor Events**

**October 3, Toronto**

Preston Manning and Mike Harris, Fraser Institute Senior Fellows  
*Wine & Cheese Reception*

**December 9, Toronto**

Andrei Illarionov, Economic Advisor to Russian President Vladimir Putin  
*Fraser Institute Donor Dinner with the Monday Club of Toronto*

**Fundraising Dinners**

**October 7, Calgary**

Bjørn Lomborg, Author of *The Skeptical Environmentalist*  
*Environmental Awareness Evening*

**November 5, Calgary**

Mike Harris, Senior Fellow, The Fraser Institute  
*A New Policy Vision for Canada*

**Conferences**

April 26, Vancouver  
Civitas 6th Annual National Conference

**May 8-10, Victoria**

Randy Simmons, Facilitator  
*Liberty, Free Markets, and the Role of Government*

**October 10-11, Madrid, Spain**

*Economic Freedom of the World Conference*

Gary Wildman



Institute Executive Director Michael Walker impresses upon school principals the importance of their work at the W. Garfield Weston Outstanding Principals Awards ceremony in Vancouver in October.

## Student Programs

In 2002, The Fraser Institute continued to expand its student programs, offering seminars, colloquia, student newsletters, essay contests, event bursaries, internships, and a teacher training program, in an effort to encourage students and young people to study competitive markets.

### Student Seminars on Public Policy Issues

During 2002, the Institute hosted 12 one-day seminars attracting over 1,800 registrants. The programs were held in Vancouver (2), Victoria, Quesnel, Kelowna, Calgary (2), Saskatoon, Winnipeg, Toronto, and Montreal. The objective of the student seminar program is to involve university, college, and senior high school students in structured discussions of economic policy issues and competitive markets, and to give them the opportunity to interact and debate with their peers on important themes.

This year, the successful seminars for high school students were expanded into Alberta. Thanks to the generous sponsorship of Alberta Energy Company Ltd., (now EnCana Corporation), over 250 students attended the seminar, called *Tools for Critical Thinking*.

In November, the highest university-level seminar attendance ever was recorded, in Toronto. Nearly 240 students attended the one-day seminar, which included presentations on statistics in the media, the privatization of Ontario Hydro, global warming, and Canada's future security needs. Preston Manning gave a special luncheon presentation, sharing with students his perspectives on how to continue to apply market-based principles to public policy issues.

The seminar was very informative and clarified many questions I had on economic policy.

—Luke Schmidt, University of Saskatchewan

This seminar is an educational opportunity to gain information on topics important to the economy, the environment, and the welfare of all British Columbians.

—Lyssa Marciel, University of Victoria

The long-term benefits of the student seminar program were brought to our attention in this letter from Camosun College student Sasha Kvakic:

My motivations in applying to attend the Student Leaders Colloquium stem from experiences I had at Fraser Institute student policy seminars. The climate of rigorous intellectual exploration and open debate



Workshop leader Gabriella Megyesi gives high school teachers pointers on making economics interesting for their students in the "Teacher Training Workshop on Economic Principles" in Vancouver in May.

that I found at these seminars provided an experience unmatched by other academic events. Although my political persuasion used to lean towards statism, over the course of time I have found that many of those beliefs do not hold up under close scrutiny. The three Fraser Institute student policy seminars I have attended contributed greatly towards shifting my political thought towards accepting the liberty of the individual as the only ethical organizing principle of society.

Thanks are due to our members and the major sponsors of these seminars: The Lotte and John Hecht Memorial Foundation, The W. Garfield Weston Foundation, and EnCana Corporation.

### Teacher Training Workshop on Economic Principles

With the help of the London Drugs Foundation, this important program was continued in 2002 with a program held in Vancouver in May. The *Teacher Training Workshop on Economic Principles* is designed to provide secondary school educators with the skills and tools necessary to make teaching economics fun and interactive. The workshop, which was held at The Fraser Institute's Vancouver office, had a waiting list and was limited to 25 high school teachers who were interested in acquiring new methods for teaching fundamental economic principles.

The workshop leader, Ms. Gabriella Megyesi, was outstanding and the lesson materials and games that she prepared and distributed were inclusive, innovative, and uniquely interactive... I have already used several of these lessons in my classroom and I look forward to applying more of the materials in the upcoming school year.

—Ms. P. Hari, Business Education Department Head, Burnaby South Secondary School



*Institute policy staff and 21 student participants took part in the 2002 Student Leaders Colloquium in Vancouver in May.*

It is always difficult explaining economic concepts to young people. To have such an interactive approach was wonderful.

—Teresa Diewert, Britannia Secondary School

## Student Leaders Colloquium

This annual weekend conference for advanced-level students focused discussion and debate on complex economic policy issues. Institute policy staff joined the 21 student participants in a relaxed atmosphere where free, open, and thoughtful discussions were encouraged. Although the Student Leaders Colloquium had a set agenda with seven session topics, the interests of the participants themselves determined the direction of the conversation. The attendees from across Canada were selected through a competitive process in which over 120 keen students from the Institute's one-day seminars were invited to apply to the program.

I found out how powerful market forces are and how capable they are of solving a diverse range of problems.

—Anne Swift, University of Western Ontario

I no longer see the government as a necessary evil—I now question its legitimacy as a provider of education and health care. Thanks for the fantastic weekend. I will always remember it as an exercise in intellectual stimulation and enjoyment.

—Joel McLaughlin, University of British Columbia

## Canadian Student Review

The *Canadian Student Review* is a quarterly newsletter that contains articles written for and by students. The Lotte & John Hecht Memorial Foundation sponsors its publication. Each edition contains hard-hitting articles on various economic issues that are unlikely to be found in the typical campus newspaper. Over 13,500 copies of each issue of the *Review* were printed in 2002,

and were distributed free of charge on Canadian campuses through a network of professors and student organizations.

## Student Essay Contest

The topic for our annual student essay contest in 2002 was “Market-Based Solutions to Environmental Problems” and again featured a special category for secondary school students. The three prize winners were:

- **1st Place (\$1,000)**  
Mr. Michael Smith, Mississauga ON  
University of Waterloo, B.Math Candidate (2004) and  
Hons BA Candidate, Economics (2005)  
“*The Transition to Aqueous Property Rights*”
- **2nd Place (\$500)**  
Mr. David Muir, Buckingham, UK  
University of Buckingham, Economics (2002)  
“*Tragedy of the Commons?*”
- **1st Place, High School Category (\$250)**  
Miss Natalie Beange, Markham ON  
Homeschooled, Grade 11  
“*Medical Waste Disposal: A New Approach*”



*Student interns work with Institute policy analysts in Vancouver, Calgary, and Toronto. These 2002 interns were, from left: Todd Fox, Amy Cervenak, Adeola Adegoke, Tanya Tabler, Chris Schafer.*

## Student Internship Program

In 2002, The Fraser Institute hired eight university students and recent graduates to join its office for training as junior policy analysts. The interns worked on a variety of research projects. The internship program is designed to train these future decision-makers by developing their understanding of economic principles and problem-solving skills. The students were selected through a competitive hiring process, which involved nearly 200 applicants from across Canada. Each student was responsible for producing a particular research study under the direction of a policy supervisor. The 2002 interns, who were sponsored in part by the Donner Canadian Foundation and the Max Bell Foundation, were:

- Adeola Adegoke, MBA, International Business, Simon Fraser University (2002)
- Amy Cervenak, BA, Economics, McGill University (2003)
- Mathew Farrell, BA, Political Science, University of Calgary (2003)
- Todd Fox, BA, Political Science, Le Moyne College in Syracuse, New York (2001)
- Carl Irvine, BA (Hons), Economics, Queen's University (2000), and MA, Economics, University of Toronto (2001)
- Mischa Kowall, BA, Economics, Boston University (1999), and MA, Economics, University of Calgary (2001), and LLB, Queen's University (2004)
- Chris Schafer, BA (Hons), Political Science, Wilfrid Laurier University (2001), and MA, Political Science, University of Western Ontario (2002)
- Tanya Tabler, BSc, Pharmacy, University of Alberta (2004)

This program offers students access to the cutting edge of public policy research in Canada. Interns at The Fraser Institute work alongside top experts on real projects. Whether you are seeking opportunities to gain professional experience, to network, or just to get noticed, The Fraser Institute delivers.

—Todd Fox

Clearly an unparalleled opportunity. The Fraser Institute affords students a chance to apply their skills and creativity at one of the most influential think tanks in Canada.

—Tanya Tabler

## Student Bursaries

It is the Institute's aim to reach as many students as possible with our policy events. To this end, we routinely offer student bursaries at each of our round table luncheons and policy conferences to local scholars who might otherwise find the registration fees prohibitive. In 2002, bursaries were awarded to over 35 students for events in Vancouver, Calgary and Toronto. The total value of the awards was nearly \$5,000. Institute members who recognize the benefit of exposing students to these important policy events sponsored many of these students.

I would like to express how wonderful the Hernando de Soto luncheon was. I got to meet many people and make some new friends!

Hernando de Soto has such a presence to him, a powerful speaker and a firm handshake!!

The event was a successful, stimulating learning experience. I look forward to future ones.

Thank you for the bursary and the opportunity.

—Marina Vrzalkovski, Ryerson Polytechnic University

## 2002 STUDENT EVENTS CALENDAR

### Student Seminars on Public Policy Issues

January 26, Calgary, Alberta

*Understanding Public Policy Issues*

February 9, Montreal, Quebec

*Understanding Public Policy Myths/ Comprendre les mythes des politiques publiques*

March 1, Calgary, Alberta

Seminar for high school students

*Tools for Critical Thinking*

March 8, Saskatoon, Saskatchewan

*Understanding Public Policy Issues*

March 9, Winnipeg, Manitoba

*Understanding Public Policy Issues*

October 11, Vancouver, British Columbia

Seminar for high school students

*Tools for Critical Thinking*

October 19, Victoria, British Columbia

*Explore Public Policy Issues*

October 26, Vancouver, British Columbia

*Explore Public Policy Issues*

November 2, Toronto, Ontario

*Explore Public Policy Issues*

November 8, Quesnel, British Columbia

*Explore Public Policy Issues*

November 22, Kelowna, British Columbia

*Explore Public Policy Issues*

### Other Events

May 10-11, Vancouver, British Columbia

Eleventh Annual Student Leaders Colloquium

May 30, Vancouver, British Columbia

Teacher Training Workshop on Economic Principles

## Publications

Each year, the publications department turns out an astonishing number of Fraser Institute documents. Editing, typesetting, and design are handled almost entirely internally to ensure that publications are produced in the most cost-effective way possible. In 2002, this two-person department produced 31 publications, along with 12 issues of the Institute's monthly magazine, *Fraser Forum*.

The department continues to incorporate the latest technology and has recently been producing digital-only publications for electronic distribution as an additional cost-saving measure. In 2002, we continued the process of converting the Institute's publications (back to 1998) into PDF versions suitable for posting on our new web site. This fulfills the critical goal of making our publications as accessible to as broad an audience as possible.

## Books

The Fraser Institute published two books in 2002. They are:

- *Biotechnology & Food for Canadians* by Alan McHughen  
Written by a biotechnology specialist with the University of California, this second in the Risk Controversy Series provides an opportunity for curious and perhaps anxious consumers to understand the basics of biotechnology. It also examines some of the issues at the forefront of the public debate: do genetically modified foods present a hazard to human or animal health? What impact does a crop developed using biotechnology have upon the environment? What current foods have been developed using biotechnology and is there any real benefit for consumers and the environment?
- *Economic Freedom of the World 2002 Annual Report* by James Gwartney and Robert Lawson with Chris Edwards, Walter Park, Veronique du Ruay and Smita Wagh

The core ingredients of economic freedom are personal choice, protection of private property, and freedom of exchange. As Adam Smith, Milton Friedman, and Friedrich Hayek have stressed, freedom of exchange and market co-ordination provide the fuel for economic progress. Without exchange and entrepreneurial activity co-ordinated through markets, modern living standards would be impossible. In this sixth edition of *Economic Freedom of the World*, the authors present an economic freedom index for 123 countries. The economic freedom index correlates positively with measures of income per capita, economic growth, the United Nations Human Development Index, and longevity, and negatively with indexes of corruption and poverty. The book provides a reflection of cross-country differences in the freedom to contract and compete in business activities and labor markets.

Also produced in 2002 and awaiting release in 2003 are

- *Misconceptions about the Causes of Cancer* by Lois Swirsky Gold, Thomas H. Slone, Neela B. Manley, and Bruce N. Ames
- *Tax Reform in Canada: Our Path to Greater Prosperity* edited by Herbert Grubel

## Critical Issues Bulletins and other monographs

Six 48- to 80-page monographs were released in 2002:

- *Environmental Indicators (5th Edition)* by Laura Jones, Liv Fredricksen, and Tracy Wates
- *Learning from Success: What Americans Can Learn from School Choice in Canada* by William Robson and Claudia R. Hepburn (co-published with the Milton and Rose D. Friedman Foundation)
- *Securities Market Regulation in Canada* by Neil Mohindra
- *Waiting Your Turn: Hospital Waiting Lists in Canada* (12th edition) by Nadeem Esmail and Michael Walker



Annabel Addington



Leah Costello



Leah Costello



Kristin McCabon

Fraser Institute speakers pitched their ideas to large audiences and to the media throughout the year. In Vancouver, Professor Stephen Easton (left photo, on left) discusses economic alternatives to Canada's current marijuana policy (May); Larry Berg, President and CEO of the Vancouver International Airport Authority (centre left photo, on left) talks about policy changes for smoother flying (June); Stephen Jarislowsky, Chairman, CEO and former President of Jarislowsky, Fraser & Co (centre right) gives his economic review and outlook (May); and Rick Thorpe, British Columbia's Minister of Science, Competition and Enterprise (far right) explains BC's liquor privatization policy (September).

- *Science Fiction or Science Fact? The Grizzly Biology Behind Parks Canada Management Models* by Barry Cooper, Jason Hayes, and Sylvia LeRoy
- *Economic Freedom of North America* by Amela Karabegović, Fred McMahon, and Dexter Samida with Glen Mitchell and Chris Schlegel

## Public Policy Sources

The Fraser Institute's short research or position papers, called Public Policy Sources (PPSs), continued to be popular in 2002, with 14 PPSs released throughout the year:

- *Making Health Spending Work* by Fred McMahon and Martin Zelder
- *A Cure Worse than the Illness: Canada's Proposed Regulatory Framework for Natural Health Products in Light of International Evidence* by Cynthia Ramsay
- *The Corporate Capital Tax: Canada's Most Damaging Tax* by Jason Clemens, Joel Emes, and Rodger Scott
- *Saskatchewan Prosperity: Taking the Next Step* by Jason Clemens, Joel Emes, and Nadeem Esmail
- *Medically Uninsured Americans: Evidence on Magnitude and Implications* by Carl Irvine and Martin Zelder with Nadeem Esmail
- *The Swedish Health Care System: Recent Reforms, Problems, and Opportunities* by Ragnar Lofgren
- *Individual Property Rights on Canadian Indian Reserves* by Tom Flanagan and Christopher Alcantara
- *The Governance of the Ontario Security Commission: Lessons from International Comparisons* by Neil Mohindra
- *Health Care Waiting List Initiatives in Sweden* by Ragnar Lofgren
- *Welfare Reform in British Columbia: A Report Card* by Chris Schafer and Jason Clemens
- *Canada's Immigration Policy: The Need for Major Reform* by Martin Collacott
- *Welfare in Saskatchewan: A Critical Evaluation* by Chris Schafer and Jason Clemens
- *The Fantasy of Reference Pricing and the Promise of Choice in BC's Pharmacare* by John R. Graham

## Studies in Defence and Foreign Policy

The Institute launched a new series in 2002 to accompany work by the new Centre for Studies in Defence and Foreign Policy. One publication in the series, *Unholy Terror: The Origin and Significance of Contemporary, Religion-based Terrorism* by Barry Cooper, was released in 2002; more are planned for 2003 and beyond.

## Studies in Education Policy

The Institute's much-read and discussed school report cards are published under the banner of Studies in Education Policy. In 2002, four Studies in Education Policy were released:



Fraser Institute Senior Fellow and former leader of the Reform Party of Canada, Preston Manning (right), speaks with a student following his presentation to a student seminar in Toronto on November 1.

Annabel Addington

- *Report Card on British Columbia's Secondary Schools: 2002 edition* by Peter Cowley and Stephen Easton
- *Report Card on Alberta's Elementary Schools: 2002 edition* by Peter Cowley and Stephen Easton
- *Report Card on Alberta's High Schools: 2002 edition* by Peter Cowley and Stephen Easton
- *Report Card on Quebec's Secondary Schools: 2002 edition (English) and Bulletin des écoles secondaires du Québec: édition 2002 (French)* by Richard Marceau and Peter Cowley with Sylvain Bernier

## Digital Publications

The Fraser Institute introduced the new Digital Publications series in 2001. These shorter research papers are designed specifically to be read on-screen; the typeface and the layout were both developed with our growing web site audience in mind. While the material is very accessible on the desktop, the publications can also be printed from people's own computers and read in hard-copy format. Three digital publications were produced and posted on The Fraser Institute web site ([www.fraserinstitute.ca](http://www.fraserinstitute.ca)) in 2002:

- *Gambling With Our Future* by Patrick Basham and Karen White
- *Collegial Models for Enhancing the Performance of University Professors* by Rodney Clifton and Hymie Rubenstein
- *The Politics of Milk in Canada* by William Stanbury

Other studies planned for this form of distribution in 2003 include an update on the privatization of liquor retailing in Alberta, a study on aboriginal fishing licences, and a paper on the Westminster model of government.



## Communications

It was an unbelievably productive year for The Fraser Institute in 2002. Overall, the Institute produced 105 events and publications, amounting to a 38 percent increase in production over 2001.

### Media coverage

Two-thousand-and-two was another successful year for the Fraser Institute's media coverage. The communications department recorded over 4,000 media stories on The Fraser Institute, which totalled over 135,000 column inches of print coverage and translated into over \$9 million in advertising equivalency. Advertising equivalency is a measure used in the communications field to assess the relative impact of editorial coverage compared to what it would cost to purchase equivalent space in newspapers or in broadcast media.

Overall, the reach of the Institute's media coverage continues to increase in the United States, and broaden within Canada. Chinese-language media such as Fairchild TV, and Ming Pao and Sing Tao newspapers have shown tremendous interest in Fraser Institute events and research.

We continue to analyze the content of our media, which involves examining each story mentioning the Institute for a number of different variables such as the tone of the coverage—positive, negative, or balanced—and the impact of the coverage. Overall, 55 percent of our coverage was considered to be “high impact.” Furthermore, 68 percent of it was balanced in tone, 19 percent positive in tone, and 13 percent negative. Interestingly, descriptors for The Fraser Institute in the media stories were overwhelmingly neutral in character: 89 percent of coverage identified the Institute with such unbiased descriptions as “think tank” or “public policy organization.”

### Key projects

A number of research studies garnered particular attention in 2002. Senior Fellow Martin Collacott's paper *Canada's Immigration Policy: The Need for Major Reform* created a provocative debate and translated into 187 stories across the country. The August special edition of *Fraser Forum*, “How Good is Canadian Health Care?” which compared the health care systems of OECD countries that provide universal access to care, generated 140 stories. On a smaller scale, a series of papers on Saskatchewan were released in conjunction with Chamber of Commerce speeches and editorial board meetings and engendered tremendous debate in the province.

Tax Freedom Day, designed to provide Canadians with a true picture of their total tax burden, continues to generate tremen-



Kristin McCahon

*Alberta Premier Ralph Klein in a media scrum following the T. Patrick Boyle Founder's Award presentation in Vancouver on November 15.*

dous public interest. The amount of media coverage has continued to increase steadily over the past few years, but in 2002 we recorded a spectacular 24 percent increase in coverage over 2001, jumping from 249 media stories to 310.

### www.fraserinstitute.ca

A redesigned Fraser Institute web site was launched in February 2002. The site attracts an average of 20,000 unique visitors a month, who make over 40,000 monthly visits to the site and download an average of 200,000 pages. The site also enables users to sign up for e-mail updates that send a brief e-mail notification when the Institute releases new research. That list has now grown to over 1,800 subscribers. Both members and non-members are encouraged to sign up at [www.fraserinstitute.ca/subscribe.asp](http://www.fraserinstitute.ca/subscribe.asp).

In addition, a new site was launched in November for the Institute's CANSTATS project. That site, [www.canstats.org](http://www.canstats.org), features regular bulletins on CANSTATS research.



Gary Wildman

*Following his dynamic presentation to The Fraser Institute's AGM audience on April 19 in Vancouver, Steve Forbes, Editor-in-Chief of Forbes Magazine, took part in a media scrum.*

## Development

The Fraser Institute is non-partisan and non-political, receiving no support from government and having no links with any political group. It does not engage in political or lobbying activity. The Institute enjoys registered charitable status in both Canada and the United States, and is funded entirely by the tax-deductible contributions of its individual members, foundations, and corporations, as well as by sales of publications, and revenue from events.

Fundraising on behalf of the Institute takes several forms, the most fundamental of which is membership, which is offered in six categories:

- Fraser Friend: \$25-\$99
- Research Circle: \$100-\$349
- Scholars Circle: \$350-\$999
- Executive Circle: \$1,000-\$4,999
- Chairman's Circle: \$5,000-\$9,999
- Founder's Circle: \$10,000 and more

Levels of contribution in each category incorporate the “true costs” of all benefits offered, and guarantee the funds necessary to support the Institute’s expanding program of research and education on key economic and social issues. Benefits, depending on contribution level, include the monthly magazine *Fraser Forum*; *Frontline*; books and monographs; discounts on Institute events, publications and other products; and invitations to Institute conferences, luncheons, and other events across the country.

To further expand our outreach and ensure that as many people as possible have access to the Institute’s cutting-edge policy research, all Institute publications are available free of charge on our web site at: [www.fraserinstitute.ca](http://www.fraserinstitute.ca). While maintaining the web site is costly, the Institute presently provides unrestricted free access so that individuals worldwide can benefit from our work.

It is the Institute’s belief that only through public education can lasting improvements to public policy be made and sustained. This necessarily requires patient, painstaking effort, for millions of individual minds must be convinced of the validity of our arguments. Institute analysts can only continue this never-ending process of public education thanks to the generous support of Institute supporters.



Annabel Addington

*There was a great deal of media interest in Mike Harris following his presentation, A New Policy Vision for Canada, to a Fraser Institute audience in Calgary.*



Gary Wildman

*Steve Forbes delivers a memorable presentation at the Institute’s AGM in Vancouver in April.*



Annabel Addington

*Students take part in a group exercise at the 2002 Student Leaders Colloquium in Vancouver in May.*



Magelle's Photographics

*At the W. Garfield Weston Outstanding Principals Awards in Calgary and Vancouver, in October, guest speaker Kimberley Fonteno, an elementary school principal from Houston, Texas, gave an inspirational account of the success that her school and district have had in ensuring that disadvantaged students are able to succeed.*

## The 2002 Fundraising Program

Total income for The Fraser Institute including donations, sales of publications, interest, and other income for the year 2002 amounted to \$5,329,281.

### Membership

Individuals and organizations are invited to support the Institute's work through tax-receiptable contributions in one of six membership categories.

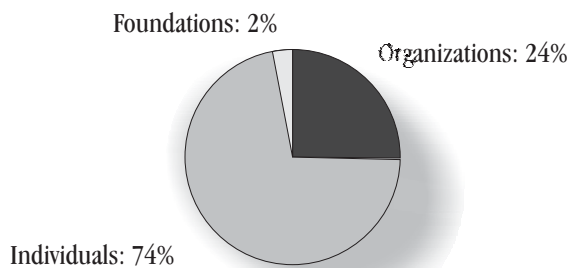
### Special Projects

During the year the Institute approached prospective donors to support over 50 specific projects including student seminars, the provincial secondary school report cards, the cost of regulation, teachers' workshops, environmental studies, aboriginal/non-aboriginal relationships, measurement of aboriginal student education quality, capital gains tax, globalization studies, health care studies, global warming, the Kyoto Protocol, fiscal studies, economic freedom, managing risk and regulation, pharmaceutical policy research, CANSTATS, welfare reform, and democratic reform.

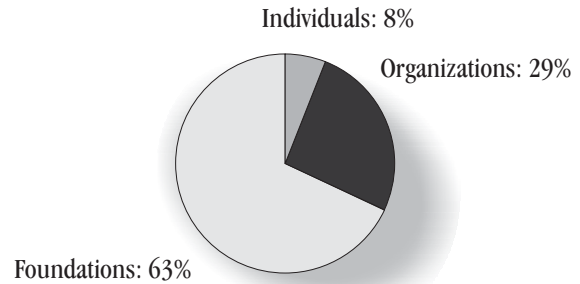
### Sponsorships

Thanks to generous sponsors, the Institute was able to present prominent speakers at round table luncheons and conferences across the country in 2002. Sponsors and advertisers are invited to support both special Institute events and *Fraser Forum*.

### Fraser Institute Members (December 31, 2002)



### Fraser Institute Dollar Contributions (December 31, 2002)



### Publications Sales

All Institute publications are available for purchase; these revenues go towards further research. Institute members enjoy a 40 percent discount on all books and monographs.

### Direct Mail Campaign

In 2002, the Institute launched a successful direct mail campaign for new member acquisition. This ongoing national campaign resulted in 1,130 new members in 2002.

### Frontline

In 2002, the Institute introduced *Fraser Frontline*, a periodic members' newsletter about Fraser Institute people, projects, media coverage, and presentations. *Frontline* is designed to demonstrate the impact of members' support in helping to improve public policy in Canada and around the world.

### Bequests

Although the Institute has no formal Bequests program, several long-time supporters have notified the Institute that they have made provision for the Institute in their wills. Institute supporters are encouraged to remember the Institute in their estate planning through remainder trusts, life insurance, or bequests.

For information on how you can support the Institute's research, please call Sherry Stein, Director of Development at (604) 714-4590, or Barry McNamar, National Membership Manager, at (403) 216-7175 or 1-866-716-7175.

## Financial Position, 2002

In 2002, the net assets of The Fraser Institute increased by \$85,585 to \$4,911,666.

Gross revenues amounted to \$5,329,281, representing an increase of 7% over 2001. Gross expenditures amounted to \$5,289,659, representing an increase of 4% over 2001. The net operating surplus amounted to \$39,622. The Institute's financial position is summarized as follows:

<b>Statement of Operations for the Year Ending 2002</b>	<b>\$</b>
<i>Income</i>	
Donations, Sales of Publications, Interest and Other Income	5,329,281
<i>Departmental Expenditures including Salaries, Research, and Publications Costs</i>	
Risk and Environment Policy	362,058
Fiscal Policy, Non-Profit, and Social Studies	886,878
Globalization, Trade, and Economic Freedom	451,196
Outreach	556,434
High School and University Student Seminars	576,710
Health Policy	298,320
Pharmaceutical Policy	204,045
Canadian Statistical Assessment Service	398,577
Senior Fellows and Common Sense Vision for Canada Project	477,816
School Report Cards	453,354
Education Policy	101,922
Governance, Defence, and Foreign Policy	<u>522,349</u>
Total Expenditures	<u>\$5,289,659</u>
 Increase in Unrestricted Net Assets from Operations	 <u><u>39,622</u></u>

### Statement of Financial Position as at December 31, 2002

Current Assets	3,459,875
Investments	3,454,531
Capital Assets	<u>1,609,537</u>
<b>Total</b>	<b><u>8,523,943</u></b>
 Current Liabilities	 3,612,277
Net Assets	<u>4,911,666</u>
<b>Total</b>	<b><u>8,523,943</u></b>

*Complete audited financial statements for the year ended December 31, 2002, are available on request.*

### Staff Changes in 2002

In 2002 the Institute bid farewell to six staff members who went on to pursue other ventures: **Joel Emes, Jason Hayes, Laura Jones, Neil Mohindra, Adele Waters, and Karina Wood.** Laura Jones will be continuing her relationship with the Institute as an Adjunct Scholar writing on regulatory and environmental issues.

In 2002 the Institute welcomed new staff and senior fellows:

### Fraser Institute Full-time Staff

- **Kenneth Green**, Chief Scientist and Director of the Risk and Environment Policy Centre at The Fraser Institute received his MSc in Biology from the University of San Diego and a Doctorate in Environmental Science and Engineering from the University of California at Los Angeles (UCLA). He has testified before the US House and Senate, state legislatures, and regulatory agencies in California and Texas, and is the author of *Global Warming: Understanding the Debate*, published by Enslow Publishers.
- **Niels Veldhuis**, Senior Research Economist in Fiscal Studies, received his Bachelors of Business Administration and MA in Economics from Simon Fraser University. He takes over as the primary researcher for Tax Freedom Day, the *Tax Facts* book series, the Institute's provincial fiscal and state-provincial fiscal comparisons, the Budget Performance Index, and the Fiscal Performance Index.
- **Virginia (Ginny) Gentles**, Program Director, Children First School Choice Trust, brings a wealth of experience to her new position having served as a senior policy advisor at the Ontario Ministry of Education and in education policy in the US House of Representatives. Ginny has a BA in Political Science from Wake Forest University and a Master of Public Administration from Syracuse University.
- **Neil Seeman** is Director of the CANSTATS project, which scrutinizes the misuse of data in the media. He also writes on legal issues for the Institute. He earned a BA (Hons.) from Queen's University, a Juris Doctor from the University of Toronto Law School, and a Master's degree in public health sciences from Harvard University. Prior to joining The Fraser Institute in 2002, he worked as a journalist and lawyer with the *National Post* and the National Citizens Coalition respectively.

### Fraser Institute Senior Fellows

- **Mike Harris**, former Ontario premier, joined The Fraser Institute as a Senior Fellow to work on "A Common Sense Policy Vision for Canada." Mike Harris was the twenty-second premier of Ontario, serving from June 1995 until 2002. His plan to revitalize Ontario—the Common Sense Revolution—struck a chord with people tired of big government, wasteful spending, rising welfare rolls, and rising unemployment.
- **Preston Manning**, former leader of the Reform Party and a Fraser Institute Senior Fellow, has played an historical role in shaping Canada's future by helping to found both the Reform Party of Canada and the Canadian Alliance. Under his leadership, the Reform Party grew from a western-based protest party to become the Official Opposition in Parliament in just 10 years. He is one of Canada's best known advocates for fundamental policy reform and the Institute will benefit immeasurably from his participation as a Senior Fellow and his research related to key national public policy issues.
- **Ross McKittrick**, Fraser Institute Senior Fellow and Associate Professor in the Department of Economics at the University of Guelph, holds a PhD in Economics from the University of British Columbia. He has published widely on environmental economics and policy analysis in newspapers and scholarly journals including *The Journal of Environmental Economics and Management*, *Economic Modeling*, *The Canadian Journal of Economics*, and *Environmental and Resource Economics*. Most recently he co-authored *Taken By Storm*.

### Former Institute Health Policy Analyst Passes Away

It was with deep sadness that Fraser Institute staff, trustees, and supporters acknowledged the sudden loss of good friend and former Fraser Institute health policy analyst, **Dr. William McArthur**, who passed away at age 68 on November 8, 2002. "Dr. Bill," as he was affectionately known at The Fraser Institute, was recognized for his broad experience as a physician, as BC's first Chief Coroner, as a Canadian Air Force fighter pilot, and for his various provincial and federal political activities.

### Long Service Awards

In the Institute's Annual Long Service Award program, which recognizes staff with 5 years of service or more for their loyalty and commitment to The Fraser Institute, seven staff were inducted into service clubs. **Pauline Collyer** was inducted into the 15 Year Club. In addition, **Brian April, Jason Clemens, Liv Fredricksen, Michael Hopkins, Lindsey Martin,** and **Sherry Stein** joined the 5 Year Club.

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Director of Education Programs, Annabel Addington  
Senior Research Economist, Niels Veldhuis  
Manager of Information Systems, Mark Peel



Gary Wildman

*Fraser Institute Vancouver staff. Front row, seated, from left: Kristin McCabon, Martin Collacott, Sherry Stein, Herbert Grubel, Margaret Kerr, Michael Walker, Suzanne Walters, Gordon Gibson, and Vanessa Schneider. Middle row, standing, from left: Annabel Addington, Darlene Savoy, Debbie Chan, Amela Karabegović, Chris Howey, Liv Fredricksen, Cheryl Rutledge, Peter Cowley, Lindsey Martin, Raeann Co, Pauline Collyer, Leab Costello, and Dawn Bensmiller. Back row, standing, from left: Jason Clemens, Kenneth Green, Nadeem Esmail, Niels Veldhuis, Evan Rodwell, John R. Graham, Fred McMahon, Mark Peel, and Brian April. Missing: Marie Morris and Michael Hopkins.*

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