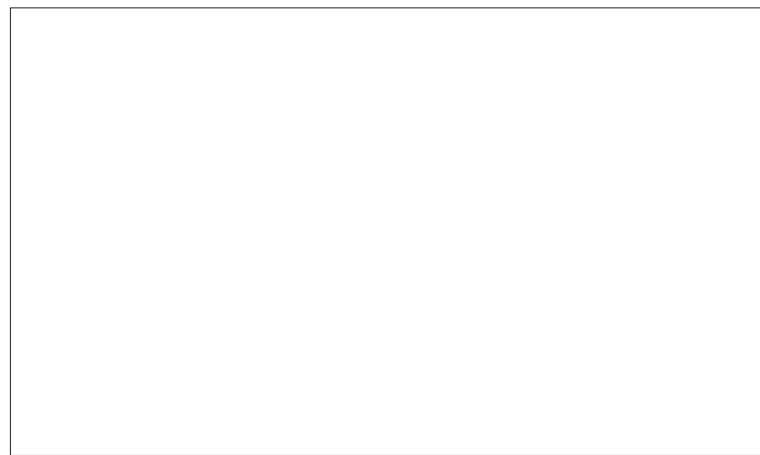


Chairman's Report

*I*t gives me great pleasure to report on the affairs of The Fraser Institute during the twenty-fourth year of its existence.

It has been quite a momentous year for the Institute during which our activities expanded in scope and number, and during which we left our home of 24 years to move to a new building. The move was prompted by the fact that nearly two years ago the building which we had occupied at 626 Bute Street was sold to a developer who intended to demolish the building to make way for a new hotel on the site. So, of course, we had to move.

But no story is as simple as that, and neither was the circumstance of our move. First, we had a very advantageous lease on the premises at 626 Bute Street—an operating-expenses-only lease negotiated at the time of the last major slump in commercial real estate markets in Vancouver. The original term of the lease was seven years, of which two years had expired; before the building could be sold our landlord had to secure from us an agreement terminating the lease and giving the new owner the possibility of vacant tenancy for demolition. Having assessed the costs to the Institute of adjusting back to a market rent on an unscheduled basis and observing the strategic positioning that the Institute had in the building, we negotiated a \$400,000 fee to be paid to the Institute in return for giving our then landlord the right to a six-month termination clause. It was our understanding that when the new owner took possession of the building, he would immediately invoke the demolition clause.



Kristin McCahon

The last meeting of The Fraser Institute Board of Trustees in the boardroom at 626 Bute Street. Trustees from left, standing: Greg Fleck, Art Grunder, Edward Dato, Ev Berg, Mark Mitchell, Fred Manix, Bob Lee, Ed Belzberg, Elizabeth Chaplin. Seated, from left: Pat Boyle, Ray Addington, Michael Walker, Allan Campney.

So, in 1997 we began to look for new space. We looked for both rental accommodation and for buildings to purchase, the latter at the suggestion of long-time Board member Mr. Robert Lee, who through his firm Prospero Realty International has had unparalleled experience with property markets in Vancouver and elsewhere. It was his opinion that the Institute's interest would be best served by a purchase rather than a rental arrangement. In fact, before we had been faced with the possibility of demolition, Mr. Lee had brought a prospective building to the Institute for our consideration.

The Fraser Institute has had money in a building fund since its inception, and by the time we had received the bad news about the demolition we had already accumulated \$380,000 in the fund. The added \$400,000 from the landlord made it possible to consider the purchase of premises if the economics justified that approach. Part of the consideration that had to be brought to bear on this decision was whether there would be money available for the building purchase which would not have been available in the ordinary course of events to fund programs.

We discovered that indeed, some funds were available from foundations and others that would only be available for a building project. Armed with this knowledge, and a determination to purchase a building only if the economics, including the original funding available for the purpose, would justify a purchase, the Institute began a determined search. With the help of John Harbottle and Martin Dohm of Prospero Realty, the Institute scoured the Vancouver area real estate market to assess the prospects. While many buildings were assessed, and offers placed on several of them, it soon became evident that the key to the success of our venture was to find a partner who would share the risk and assist with the equity capital required.

By the spring of 1998 it looked like we had found a suitable new home for the Institute. An Institute member agreed to sell half an interest in his own building to the Institute on preferential terms and with implied lease rates that would have been below the cost of any of the rental accommodation which your trustees regarded as suitable for the Institute. It was this proposal which your Board brought to the annual meeting of the Institute in May 1998. The key ingredient of this proposal was the fact that the Institute would earn net income from the building, since the lease rates paid into the joint partnership by the Institute would have been lower than the lease rates charged to the other occupants. On the basis of the economics contained in this proposed acquisition, the membership endorsed the purchase of a new building for the Institute and approved the borrowing of \$2 million for the purpose.

Regrettably, that deal collapsed because of the withdrawal by the proposed partner for reasons beyond his control. Meanwhile, the Institute had continued to look at other buildings. Institute Trustee Raymond Heung had proposed a building at 1770 Burrard Street as a very suitable home for the Institute, and we began to seriously consider it.

At this point, the new owner of the building at 626 Bute Street indicated to the Institute that he would not be triggering the six-month demolition clause in our lease because he

was waiting for the market to recover before undertaking his project. We calculated that if we waited until the landlord's timing was correct, the Institute would then be looking for new space during an upturn in the real estate market, so we decided to persist with our search, and if we found suitable premises, to occupy or purchase them.

Finally, in October 1998 it became clear that the building at 1770 Burrard Street was a very favourable option for the Institute. The rental space that the Institute would occupy had already been built by the previous tenant in a configuration almost exactly equivalent to the Institute's requirements, thus saving the estimated \$350,000 improvement cost. There were only two snags with this new opportunity. One was that we could not afford to purchase the whole building by ourselves, and second, the third floor of the building would be vacant, and the cost of carrying that vacant space would make that purchase uneconomic. Trustee Raymond Heung volunteered to solve both these problems by becoming our partner in the space, and by agreeing to assume the risk associated with leasing the third floor space.

To avoid any appearance of conflict, Mr. Heung's involvement with the purchase was made clear to the Institute's Trustees. I might note that Raymond Heung's association with the Institute dates back to 1975 when he was employed by the Institute as a researcher working on rent control and other aspects of housing markets. His book, *The Do's and Don'ts of Housing Policy*, was one of our early publications and it has continued to sell. Upon leaving the Institute, Raymond became a very successful developer and owner of industrial and residential properties in British Columbia—applying in practice what his book had discussed!

Relying on Mr. Heung's very considerable knowledge of real estate markets we were able to strike a very favourable price for the building; at the end of October, after a unanimous vote by your Board, the Institute purchased the new space. The occupancy cost for the new space is \$13.30 per square foot gross, and compares very favourably to the \$20 per square foot cost that we would face in a comparable rental building.

I should be quick to also say that while the Institute's new premises are good class B space, they are by no means luxurious, and are entirely in keeping with the Institute's long-standing practice of using members' resources in the most efficient manner possible. The new offices have made possible the establishment of a student centre and a general purpose meeting room which is also used for Board meetings and for teaching purposes. I hope that if your travels take you to Vancouver, you will take the opportunity to visit the new offices of the Institute.

While the acquisition of our new building was certainly an important feature of 1998, it is ancillary to the Institute's main purpose, which is to do research into how markets can be used to solve economic problems, and to use market insights to help Canadians understand the issues and the opportunities in other areas of policy. In this regard, 1998 was another record year for the Institute in every area of its activities. While it is impossible for me to highlight all of these in my brief report to you, I do encourage you to read the rest of the *Annual Report* for the information that it contains.

One of the most interesting projects in which the Institute engaged during 1998 was the work leading up to the creation of the Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services. This award, established by the Donner Canadian Foundation to recognize the enormous contribution made to Canadian life by non-profit organizations, was initiated by The Fraser Institute and is managed for the Donner Foundation by The Fraser Institute. It gave me great pleasure to chair an awards ceremony in Toronto on November 12, 1998, at which the Lieutenant Governor of Ontario, the Honourable Hilary Weston, and the Honourable Janet Ecker, Minister of Social Services for the Government of Ontario, presided over the awards ceremony at which Mrs. Weston made the presentation to the winners.

Six sector awards were presented, and the overall top award recipient was Sarnia-Lambton Rebound for Crisis Intervention/Counselling.

You may wonder why The Fraser Institute was a logical party to initiate and conduct the mechanics of this award. The reason is that one of the key bases for the awards is an index of non-profit organization performance which is derived from the extensive questionnaires which participating non-profit groups are asked to complete. The data so collected has provided, for the first time, an opportunity for non-profit organizations and the agencies which support them to analyze their affairs in a rigorous fashion and to see how they are organized by comparison with the best-practice organizations in their field.

And so, at the awards ceremony in Toronto, while it was gratifying to hear the enthusiastic comments of the recipients, even more important was to hear the remarks of the organizations not honoured. Uniformly these organizations noted how the questionnaire process and the feedback from it has caused them to think differently about their organizations and about how they can better organize themselves to be more effective in the pursuit of their non-profit objectives in their communities. Just a few of the comments will give you a flavour of the reaction.

Major Donors to The Fraser Institute Building Project

Anonymous	\$1,000,000
In Memory of Dr. Harold Walter Siebens	250,000
The John Dobson Foundation	100,000
Hollinger Inc.	99,000
Everett E. And Ruth A. Berg	50,000
IPSCO Inc.	25,000
Raymond Heung	20,000
Edward S. Belzberg	19,800
Paul Hill and Family	15,000
Robert H. Lee	10,000
George Weston Limited	10,000
D.A. Christopher and Family	10,000

Answering the questionnaires gave time for reflection on the program that we were delivering. It not only allowed us to look back at our successes and our stumbling blocks but also helped us to set a new goal of where we wanted to go in the future.—*Eunice Cameron, Principal, Cornwall Alternative School, Regina, Saskatchewan*

The Donner Canadian Foundation Awards are an honest and caring attempt by a well established foundation to contribute to the overall effectiveness of Canadian charities.—*David J. Smith, Executive Director, Evangel Hall, Toronto, Ontario*

This recognition has had a wonderful impact on our agency already. The Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services has served to be a profound acknowledgement to the hundreds of people who have given their hearts to this agency over the years as well as a spark ... to our envisioning process. The excitement is tangible around our agency.—*Mary-Ellen Blizzard, Executive Director, Sarnia-Lambton Rebound, SRAM, Ontario*

The award will enable us to increase our service to these young people both numerically and qualitatively ... It has encouraged us all and brought us recognition in our community and beyond.—*Dorothy Wheeler, Chairperson, Board of Directors, Welcome Baby Support Program, Etobicoke, Ontario*

The Institute's work in the area of measuring non-profit performance follows in a long tradition that the Institute has established of pressing for measurement of important issues related to public policy concerns. One of the earliest such measurements was the Institute's calculation of Tax Freedom Day. This statistic, which has become a household concept in Canada, and has been emulated in other countries, attempts to provide a very commonsense guide to the tax burdens which are being borne by Canadian taxpayers. During 1998, the Institute adopted a new model for the calculation of this magnitude, which is a combination of the complex social policy simulator built by Statistics Canada, and the previous model which has been used by the Institute for a decade.

This new model for calculating Tax Freedom Day will ensure that the very latest technology is being used to make this calculation. The calculation itself relies on data from 74,000 families and is the most comprehensive measurement of taxation undertaken in the country.

Another measurement which the Institute has undertaken for many years bore fruit in 1998—that is, the poverty line estimations done by Professor Chris Sarlo and first published by the Institute in 1992. The central focus of the poverty line research was to change the format of these calculations to base them on the actual requirement of the poor for food, shelter, and clothing, rather than simply relating them to the average level of income. The publication of Chris Sarlo's work touched off a national debate about the appropriateness of the widely used Low Income Cut-Off lines (or LICOs), which were calculated by Statistics Canada and misused by many people as poverty lines. I am very pleased to report to you that the end result of this debate is that the Human Resources Development Department of the Government of Canada, in an examination of the best measure of poverty to use, has come to the conclusion that a Fraser Institute-like poverty line gives the best opportunity to measure the existence of poverty.

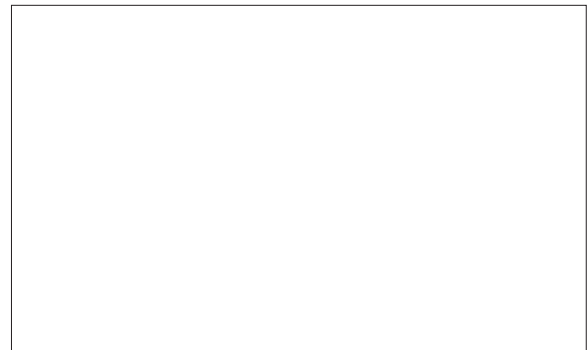
The implication is that we now have an opportunity to actually win the war on poverty. Previous measures of poverty simply moved the goal post as each year the average level of income increased. Fixing the poverty line in terms of the real needs of the poor will mean that we will have an opportunity to see progress on this front. It will also serve to disarm many of those who have used the LICO lines to fuel a political agenda.

Nineteen-ninety-eight was also a first for the Institute's attempt to measure the performance of Canada's high schools. In a pilot project conducted in British Columbia, the Institute created a five-part rating scheme which enabled us to measure the performance of the 257 high schools in BC. The resulting calculations not only provided a ranking of the schools, but also gave some insight as to why there were variations in the schools' performance.

The report card's publication drew a tremendous reaction from across the province and the country as, for the first time, parents and students had the opportunity to see how their school performed relative to others in their province. This work will be expanded in 1999 to include Alberta, and we hope other provinces, as data can be developed.

The Schools Report Card was undertaken by the new Social Affairs Centre at The Fraser Institute. This new centre will attempt to provide measurements in a wide range of social areas where discussion and debate at the moment is limited by a lack of carefully constructed empirical indicators. During 1998 work was completed on a new set of social indicators, and these will be published early in 1999.

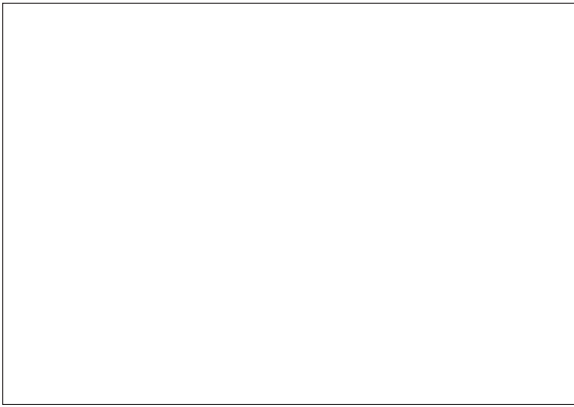
Measurements of an entirely different sort were undertaken in Quebec and British Columbia to rank the behaviour of the governments in those two provinces with respect to their achievement in a variety of policy areas. Applying its state-of-the-art methodology developed over a number of years, the Institute was able to assess in a detailed way the fiscal and



Chief Canadian trade negotiator for NAFTA, Mr. John Weekes (left), and Chief US trade negotiator for NAFTA, Mr. Julius Katz (centre), accept Adam Smith ties from Fraser Institute Chairman of the Board of Trustees, Raymond Addington, following the 13th Annual Dr. Harold Walter Siebens Lecture "The Canada/US Trade Pact: Ten Year Review and Future Prospects" at the 1998 Annual General Meeting Round Table Luncheon.

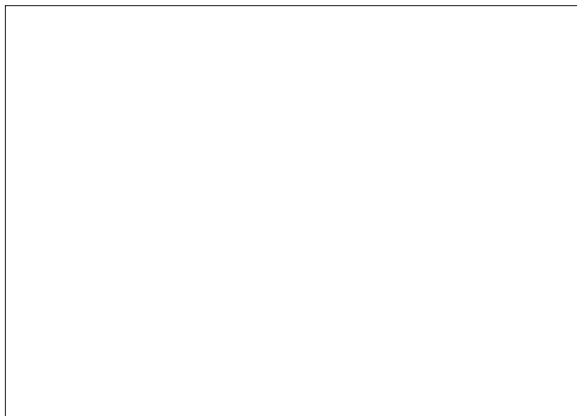
Kristin McCahon

Jennifer Beauchamp



Above: Final stages of packing up in the boardroom at our old building on Bute Street. Below: Some words at the "Hard Hat Tour" of our new premises on Burrard Street. From left: Fraser Institute Executive Director Michael Walker; Fraser Institute Director of the Social Affairs Centre, Patrick Basham; Roseway Travel representative Angela Bell; Fraser Institute founder and Board of Trustees Vice-Chairman T. Patrick Boyle.

Kristin McCahon



other policies of these two governments and to provide citizens in those provinces and elsewhere with an understanding of how policy is being developed in those jurisdictions.

A further victory was secured in 1998 from our hospital waiting lists measurements. The Institute began measuring hospital waiting lists in 1988. At that time, there were no other measurements of hospital waiting lists regularly constructed. In fact, there was a studied attempt to deny that waiting lists even existed. A decade later, several provincial governments began to release their own waiting list measurements and the federal government announced that it would spend more than \$2 million to study the problem of waiting lists across the country. From a position of denial just a few years ago, governments are now admitting that not only do they exist, but waiting lists for hospital services are an essential part of a system in which there is no pricing of scarce resources. This acknowledgement is the first step in the direction of beginning to construct a national health care policy which deals with the reality rather than the myth of the Canadian health care situation.

Work was also completed on the Institute's ground-breaking study of economic freedom in the provinces.

In the environment department, two important sets of measurements were completed in 1998. The environmental indicators project, which ranks environmental conditions in Canada and the United States, got enormous attention on both sides of the border for its unique compilation of the success which Canada and the United States have enjoyed in reducing environmental emissions. Increasingly, environmental motives initiate public policy activities, and it is important that these policies be undertaken on a sound basis. The environmental indicators project is a unique compilation of environmental conditions; during 1999 it will be expanded to include other countries.

On a very local level, the environment department published an evaluation of BC's vehicle emissions control program known as AirCare. In the report, AirCare, which Ontario is considering emulating, is subject to a cost-benefit analysis which suggests that the benefits of the emissions control program are greatly exceeded by the costs, and that in point of fact, the amount of environmental protection provided is negligible.

As you can see, the Institute's efforts have produced another bumper crop of output during the past year. Regrettably, in this brief report I can only mention a few accomplishments. They may not even be the most important ones that occurred during 1998, but I do endeavour from year to year to highlight a slightly different aspect of the Institute's operations so that you, the members, get a better feel and understanding for what exactly we do with the resources which you generously provide.

Speaking about the support that the Institute enjoys, 1998 was also a record year in every respect. Total donations during the year exceeded \$5 million and the Institute received the largest single donation in its history when an anonymous donor provided a \$2 million grant. This huge vote of confidence in the Institute's program helped make it possible for the Institute to secure its building; it also places the Institute on the soundest financial footing that it has enjoyed in its 24-year history.

Why did the Institute get this enormous endorsement of its work? Because your contributions and patient investments over the years have made The Fraser Institute an international-class institution—one which the *Ottawa Citizen* recently described as "Canada's most powerful think tank." It was referring to the power of the ideas which your generosity has funded and which are increasingly recognized as the correct ideas to guide nations toward greater benefits for their citizens. Your future contributions will ensure that this tradition of accomplishment will continue and multiply as it has in 1998.

On behalf of your trustees, I would like to thank you for your past support and invite you to join me in redoubling our effort in the coming year to ensure that the Institute's ambitious program of research and educational activities can grow and multiply.

R.J. Addington, O.B.E.
Chairman, The Fraser Institute

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.

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 Institute's programs are administered by the Executive Director, who draws advice from an Editorial Advisory Board comprised of leading international economists.

Research

The Institute's research agenda is decided by Institute staff at an annual planning session. Ongoing projects are reviewed for their continuing relevance, and potential new projects assessed on the basis of importance and timeliness. Institute trustees are not involved in this planning process.

The fundamental objective of Institute research programs is to provide an alternative to well-intentioned but misguided and conventional views about the appropriate role of government in the economy. The Institute's research is carried out by Institute staff and by associated scholars from nearly 200 universities and other academic institutions around the world. Over 300 people have contributed to the Institute's work, including Nobel Laureates Gary Becker, James Buchanan, Milton Friedman, and Douglass North.

Funding and Independence

In the policy planning process, decisions are taken on which projects will go forward, and which will require additional funding. 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. Revenue also is generated from the sale of publications, from Institute events, and from interest on invested endowment funds. 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

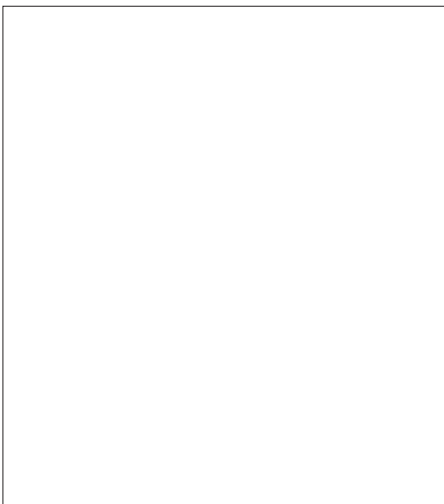
The Institute's products—its ideas—are packaged in a number of different formats, to reach different audiences. The Institute's monthly magazine *Fraser Forum*, its periodic *Critical Issues Bulletins* and *Public Policy Sources*, and its books are distributed to Institute members, the media, academics, policy makers, and politicians from all parties across Canada. Institute staff also regularly make submissions to parliamentary committees.

Institute publications have been sold in 47 countries, translated into some 20 languages, and nearly 200 titles are required reading in universities throughout North America and in Europe. The Institute makes a particular effort to reach students through seminars, *The Canadian Student Review* newsletter, and internships. Institute publications since 1991 are also available on our internet 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 radio talk show hosts. The Institute's National Media Archive also monitors the media for balance in news and public affairs reporting. Finally, the Institute holds conferences and lunches in major Canadian cities, and Institute staff make speeches and participate in public forums on a regular basis.

Results

The Fraser Institute's efforts over the years 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.



Professor Zhuangjun Hu, Director, DRC Institute, Beijing (left), Fraser Institute Executive Director Michael Walker, and Anthony Yanzheng Lü, Assistant to Professor Hu (right), tour the distinguished guest compound at the DRC Institute's headquarters in Beijing during Michael Walker's trip to China in January 1998.

The National Media Archive

In 1998, the National Media Archive entered its second decade of monitoring, assessing, and critically examining Canadian media coverage of public policy issues. The Archive's monthly publication *On Balance* looked at media coverage of political parties in the new parliament, private health care, global warming, the Vriend decision in Alberta, illicit drugs, and unionization at McDonald's. In September, "On Balance" became a feature of the Institute's monthly magazine *Fraser Forum*. In *Fraser Forum*, the Archive's research examined homicide in Canada, and media attention to risk and poverty. The Archive's comprehensive, scientifically-based research revealed the limitations, imbalances, and one-sided nature of many of these media reports.

In 1998, the Archive continued to investigate local television news programming, the principal source of news and political information for the greatest number of Canadians. To examine Canadian news values, local TV news programs from 29 cities across Canada were divided into three broad news categories: "civil," "chaos," (that is, crime, accidents, and natural disasters) and "entertainment." There were significant differences between Canadian and American local TV news programming. The biggest difference between Canadian and American local TV news programming was the amount of time dedicated to reporting chaos news. On Canadian stations, civil news accounted for over 50 percent of news reports, compared to less than 40 percent in the US. The National Media Archive gives special thanks to Bowdens Media Monitoring Ltd. for their support of the local TV news project.

The National Media Archive reported the findings of its one-year project that tracked CBC's and CTV's national tele-

vision news reports throughout 1997. This project showed which institutions, lobby groups, and personalities had the greatest presence on national television news and how they influenced public policy development. The raw data set was donated to the Sing Tao School of Journalism at the University of British Columbia.

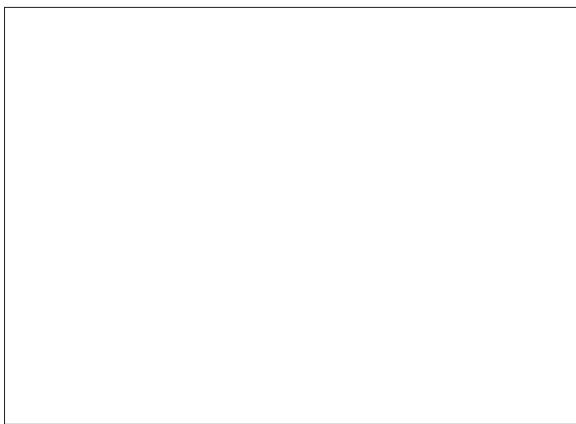
In 1998, the Institute of Public Affairs (IPA) in Melbourne, Australia, established a Media Monitoring Unit modelled after The Fraser Institute's National Media Archive.

The Archive's Kate Morrison travelled to Melbourne to assist with the new unit and its first project—an analysis of the Australian federal election. Using content analysis techniques developed by the NMA, the IPA's Media Unit assessed how four TV news programs covered the policies of Australia's three main political parties: Liberal, Labour, and National.

The Archive maintains a video and text library of CBC's "The National" and "Sunday Report," and CTV's "CTV News," and the text of all major Canadian daily newspapers. These resources are made available to academics, students, and the general public in Canada and throughout the world for research purposes. The Archive is a member of the International Media Monitoring Association (IMMA), an organization dedicated to sharing research findings and methods and conducting comparative studies. National Media Archive Director Lydia Miljan and Co-ordinator Kate Morrison presented the findings of the Archive on a wide variety of television and talk radio programs. Archive studies were reported in newspapers throughout Canada.

Director Lydia Miljan continued work on her Ph.D. at the University of Calgary. Ms. Miljan resumed her full-time duties at the Archive in September. Kate Morrison continues to work at the IPA in Australia.

Kristin McCahon



The Honourable Winston R. Peters, Deputy Prime Minister and Treasurer, Government of New Zealand, talks to the media in Vancouver following his speech to a Fraser Institute Round Table Luncheon on "Economic Reform and Prospects in New Zealand."



The Fraser Institute moved to its new premises at 1770 Burrard Street in Vancouver in December. At that time, the National Media Archive moved its office to Calgary.

Kristin McCahon

Fiscal Studies Program

The most widely recognized work of any public policy institute in Canada is “Tax Freedom Day”—the day in the year when the average family has earned enough income to pay the total tax bill levied by the various levels of government.

This calculation, which The Fraser Institute has been making for 21 years, is an important fixture in the debate about government spending and taxation in Canada. The Fiscal Studies program determines Tax Freedom Day for Canada and each province by the middle of June of every year. The model used to calculate Tax Freedom Day has undergone several improvements since 1997. The microdata file which provides the tax and income information on families and individuals now comes from Statistics Canada’s Social Policy Simulation Database and Model (SPSD/M). The SPSD/M uses the information from the Survey of Consumer Finances, our previous microdata source, augmented with Revenue Canada tax data. Some of the improvements to the model include increased detail on personal income and payroll taxes, increased coverage of investment income, and a correction for sample under-representation by those earning over \$110,000 per year.

The program researches many other important issues affecting Canadians. *Canadian Government Debt: A Guide to the Indebtedness of Canada and the Provinces, 1998 Edition* provides the background information to help Canadians understand the true size and nature of the nation’s public debt and obligations. This comprehensive measure of Canada’s obligations includes: the direct and indirect debt of Canada and the provinces, the debt of taxpayer-supported Crown Corporations, total program obligations for the Canada and Quebec Pension Plans, the Old Age Security program, and the health care system. A thorough list of statistics such as interest burdens and foreign currency exposure by province is included. In addition, the report compiles the Severely Indebted Country list for 139 countries, along with the 10 Canadian provinces and two territories.

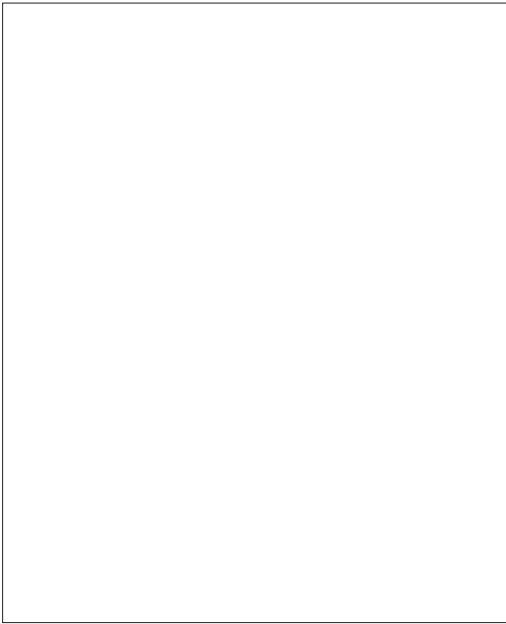
Another focus is on the implications of the size of the government sector in Canada and the provinces, and the related questions of how surpluses should be used and what the optimal size of the government sector is. The papers from a 1997 international symposium were published as a book, *How To Use the Fiscal Surplus*, to raise awareness of these issues. Contributors to the book include academics from several countries, the leaders of the main opposition parties in the federal government, and Finance Ministers from Alberta, Ontario, and Saskatchewan.

In addition, the program provides basic background information on issues ranging from public sector employment to agricultural subsidies to international unemployment rates for *Fraser Forum* readers, and compiles the Fiscal Performance Index and the Budget Performance Index.

The Fiscal Performance Index, which is compiled every two years, follows a model constructed by the Cato Institute in Washington, DC. This index compares the performances of the provincial and state governments, relative to each other, on key taxation and spending measures from election through to the current year.

The Budget Performance Index compares the recent taxation and spending behaviour of the provinces and the federal government.

The future work of the program will continue to focus on cultivating awareness of how and why tax and debt burdens differ substantially among provinces, and how Canadian governments spend and tax relative to each other, the United States, and other nations, and what policy options will ensure a sound fiscal future for Canada.



Roy Bricker (left), Acting Chief Executive Officer and Executive Director, Licensing Division, Alberta Gaming and Liquor Commission, explains how Alberta privatized its retail liquor sales to an audience in Toronto (right) in March 1998.



Lorena Baran (both)

Non-Profit Studies

Nineteen-ninety-eight was the first full year of studies dedicated to the non-profit sector in The Fraser Institute's newly established Non-Profit Division. The year witnessed a number of breakthroughs and firsts, among them, the awarding of the first annual *Donner Canadian Foundation Awards* and the development of the *Provincial Generosity Index*.

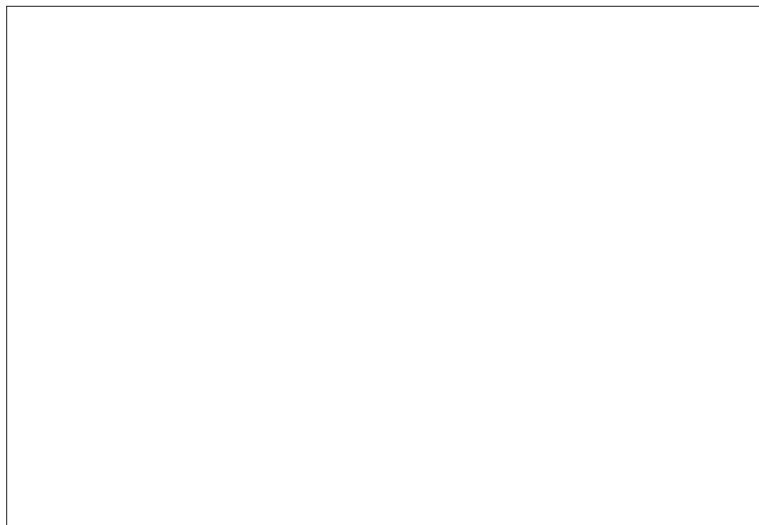
The first annual *Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services* were presented by the Lieutenant Governor of Ontario, the Honourable Hilary M. Weston at a luncheon ceremony in Toronto. In all, seven agencies were awarded a total of \$55,000 and formal recognition for exemplifying excellence in their particular service category, such as services to seniors, child care, and education. The awards were national in scope with recipients located in Alberta, Saskatchewan, and Ontario, and additional finalists from British Columbia and Nova Scotia.

The *Donner Canadian Foundation Awards* also represented a major step forward in the objective performance measurement of non-profit organizations. The Fraser Institute, as part of the larger *Donner Canadian Foundation Awards* process, developed a comprehensive system to measure, calculate, and report the performance of non-profit organizations in ten areas, including program cost, staff productivity, volunteer usage, innovation, and financial management.

In addition to developing an objective performance measurement system, the Non-Profit Division also created the *Provincial Generosity Index* which measures differences in individual generosity across provinces. The report was widely reported in both print and electronic media. The department is currently working with the National Center for Policy Alternatives in Dallas to construct a US-Canadian Generosity Index to be released in 1999.

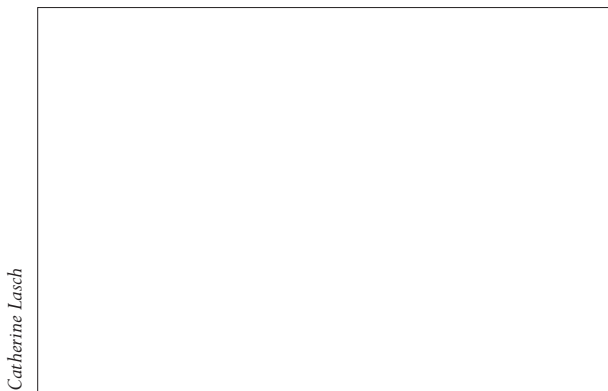
A number of other reports on the non-profit sector were completed during the year and featured in *Fraser Forum*, including pieces on the value of volunteering and the nature and structure of the charitable sector in Canada.

The coming year offers a number of exciting opportunities including the 2nd Annual *Donner Canadian Foundation Awards*, the revised 1999 Provincial Generosity Index and US comparison, the June 1999 *Fraser Forum* which will focus on charities, and the continuation of studies within this growing and important sector of society.



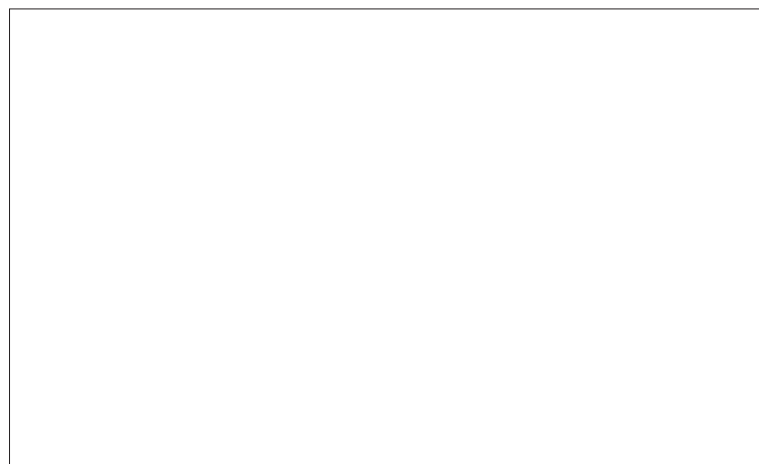
Above: Award recipients and honoured guests of the *Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services*, from left, back row: Mr. Norrad, Alberta Northern Lights Basketball Society (Services to the Disabled); Mr. Raymond Addington, Chairman of The Fraser Institute Board of Trustees; Mr. Allan Gotlieb, Donner Canadian Foundation; the Honourable Janet Ecker, Minister of Social Services, Ontario; Ms. Malicki, Welcome Baby Support Program (Child Care); and Ms. Blizzard, Sarnia-Lambton Rebound (Crisis Intervention/Counselling, and Overall Award Recipient). Front row, from left: Mr. Lenihan, Simon House Residence Society (Prevention and Treatment of Substance Abuse); Mr. Grant, Dorothy Ley Hospice (Services to Seniors); the Honourable Hilary Weston, Lieutenant Governor of Ontario; Ms. Cameron, Cornwall Alternative School (Education); and Ms. Reed, Family Crisis Shelter (Provision of Basic Necessities). Below: At the Awards luncheon, from left: Ms. Chandra Hardeen, Program Director, Big Brothers, Big Sisters Canada; Judge Margaret Fietz, President, Family Services Canada; Mr. Michael McKnight, Executive Director, Big Brothers, Big Sisters Canada.

Catherine Lasch



Catherine Lasch

From left to right: the Honourable Hilary M. Weston, Lieutenant Governor of Ontario, Fraser Institute Chairman Mr. R.J. Addington, and Ms. Mary-Ellen Blizzard, Executive Director, Sarnia-Lambton Rebound, recipient of the *Donner Canadian Foundation Award for Excellence in the Delivery of Crisis Intervention/Counselling*, and Overall Award recipient.



Catherine Lasch

Environmental Studies

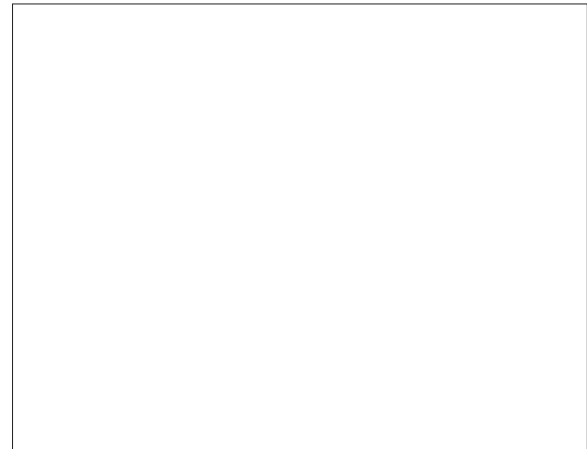
In 1998 the Fraser Institute continued to expand its environmental studies program. In addition to continuing work in the areas of environmental education, natural resource studies, and global warming, the environment department studied how best to protect Canada's endangered species, and the effectiveness of vehicle emissions testing programs.

The release of the second edition of the Environmental Indicators Critical Issues Bulletin in April helped focus Earth Day (April 22) debates on trends in environmental quality. The study examines trends in the areas of air quality, water quality, natural resource use, land use, and solid waste disposal. Contrary to popular public opinion, the indicators study shows that in many of these areas, environmental quality has improved significantly over the past 20 years. The third edition of this report, which will be published in April 1999, has been expanded to include the United Kingdom and Mexico. Other environmental education projects undertaken in 1998 include conducting a survey of student perceptions about environmental quality, and completing the "Canadianization" of a book on how environmental topics are taught in the classroom. The book, *Facts, Not Fear*, will be published in 1999.

The Fraser Institute held the conference *Protecting Endangered Species: Alternatives to Legislation* in April to launch its investigation into how best to protect endangered species. The conference brought together a group of experts from Canada and the United States to address important questions regarding the effectiveness of endangered species legislation and to discuss alternatives to legislation. To further our presence in this area, a Critical Issues Bulletin on how best to protect endangered species will be published in the spring of 1999.

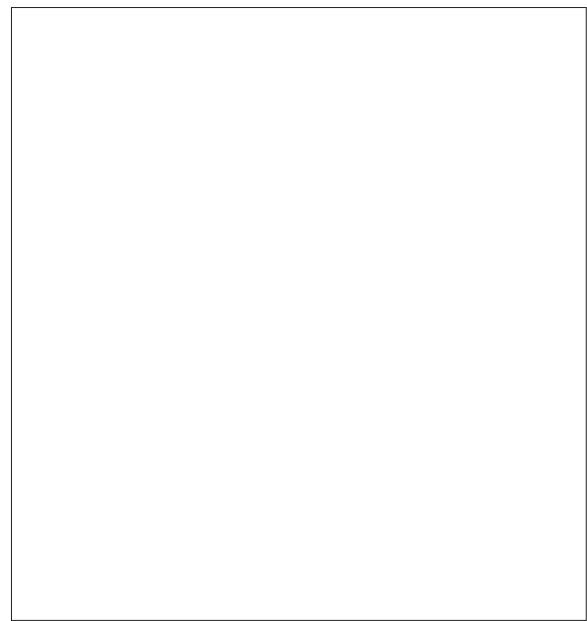
The second new area that the environment department focused on in 1998 was the effectiveness of vehicle emissions testing programs. In August, the Institute published a Critical Issues Bulletin critical of emissions testing programs such as British Columbia's AirCare and Ontario's Drive Clean. The Bulletin reports that the programs deliver very few environmental benefits relative to their costs.

The problems facing the mining industry were once again highlighted in *The Fraser Institute Survey of Mining Companies Operating in North America*. This survey, which was expanded in 1998 to include 17 US states, Mexico, and Chile, asks companies to reveal how policy factors such as taxation, regulation, and uncertainty concerning land use affect their investment decisions. It will be conducted on an annual basis.

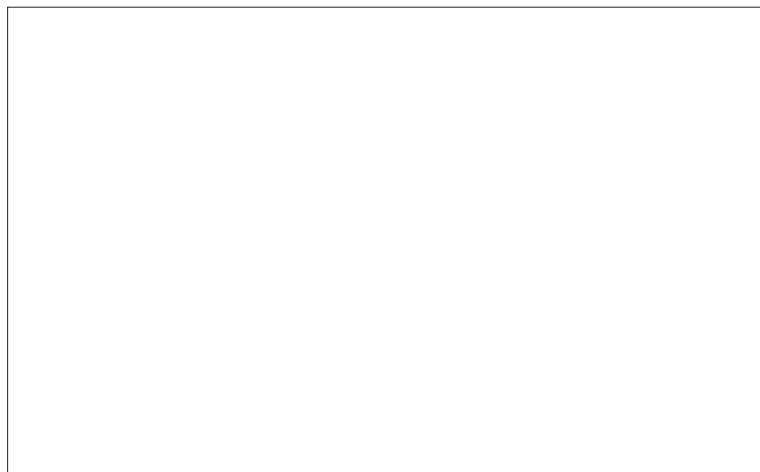


Kristin McCahon

Panellists Professor Glenn Fox (left), Department of Agricultural Economics and Business, University of Guelph, and Richard Mitchell, a wildlife consultant from Virginia, answer questions from the audience at The Fraser Institute/Canadian Property Rights Research Institute conference "Protecting Endangered Species: Alternatives to Legislation" in Vancouver.



Kristin McCahon



Kristin McCahon

Fraser Institute Director of Environmental Studies, Laura Jones (right) speaks with Washington-based Grant Madsen, Communications Director, Defenders of Property Rights, at The Fraser Institute/Canadian Property Rights Research Institute conference "Protecting Endangered Species: Alternatives to Legislation" held in Vancouver in April 1998.

Becky Norton Dunlop, Former Secretary of Natural Resources, Commonwealth of Virginia, warns Canadians about the damaging effects of the US endangered species legislation, which actually contributes to the destruction of species habitat, at the conference "Protecting Endangered Species."

Student Program

It was in 1988 that The Fraser Institute began organizing one-day seminars designed for university students. Since then, our student programming has expanded to include seminars, colloquia, student newsletters, essay contests, and internships. Over the years, particular attention has been paid to the development of the student program as the Institute and its supporters recognize the importance of encouraging the study of competitive markets among students and young people.

Student Seminars on Public Policy Issues

In 1998 the Institute added a new seminar to the program, expanding the number of seminars to a total of nine. The seminars were held in Vancouver, Victoria, Prince George, Kelowna, Calgary, Regina, Toronto, and Montreal, and attracted nearly 1,000 registrants.

The objective of the student seminar program is to expose university, college, and senior high school students to 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. Some of the topics tackled in 1998 included health care reform, education reform, government regulation, and the state of the environment. The seminar programs attracted a diverse group of students from various backgrounds ranging from economics, political science, and business administration, to genetics, journalism, engineering and law, to name a few. The success of the Institute's seminar program is made possible by the support of a network of students and professors across Canada. One professor provides the following encouragement:

I feel keenly that, as university professors, we should be exposing our students to a variety of points of view, in the "marketplace" of ideas. And I can't think of a better place for students to learn of the market-oriented approach to economic problems than The Fraser Institute. So, on behalf of my students, past and future, who have benefited (or will benefit) from your seminars and the generous terms on which they are available, many thanks.
—Ronald Bodkin, Professor of Economics, University of Ottawa

Of course we also receive many encouraging comments from students attending the seminars:

An excellent showcase of realistic economic concepts and solutions for the 21st century.—Lars Ormberg

This seminar was excellent. I would love to come to another one.—Kelly Plant

Superb, informative seminar.—Anonymous

As a senior high school student I was extremely impressed with the seminar.—Daniel Mustard

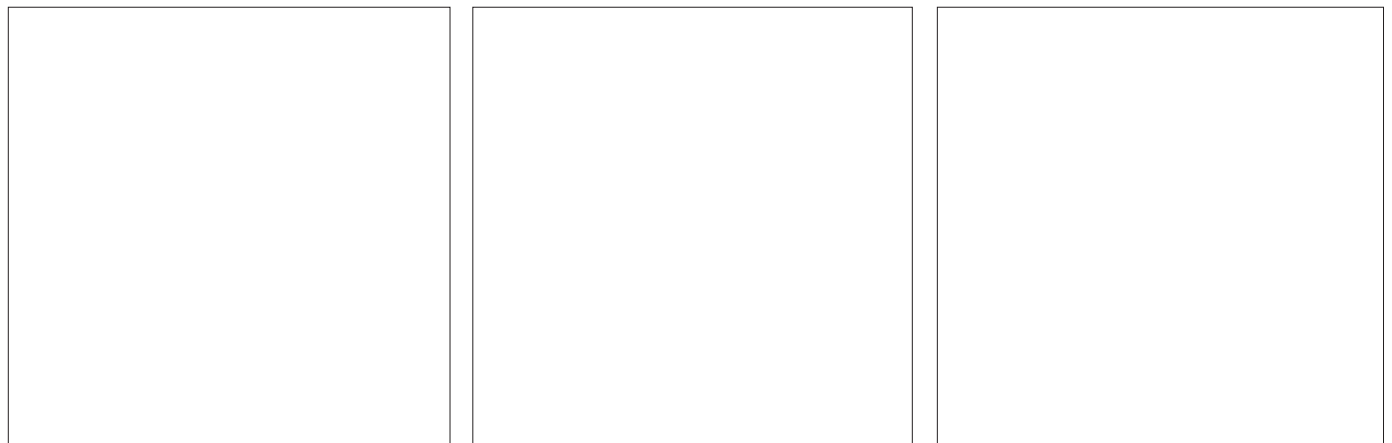
I was extremely impressed with the format, content and opinions expressed.—Andrew Dooner

Thank you for a great seminar, it was my first and it had a very positive impact on me. —Amanda Laqacé

I enjoyed the speakers' willingness to mingle with students and I appreciated the encouragement that was exhibited for the expression of individual views.—Chad Robertson

A breath of fresh air amidst the birthplace of Canadian socialism.—Jonathan Denis

Vanessa Schneider



Three speakers address a Fraser Institute Student Seminar on Public Policy Issues in Vancouver on October 24. From left, Ronald Jones, Professor of Economics, University of Rochester, speaks on "Globalization and the Challenge to National Governments"; Mel Smith, Q.C., constitutional lawyer and author of *Our Home or Native Land?* talks about "The Implications of Native Self-Government"; and Jock Finlayson, Vice President, Policy Business Council of British Columbia, explains "The BC Economy: Performance, Outlook and Some Key Issues Affecting the Business Climate."

1998 Student Events Calendar

Saturday, January 31, Calgary, Alberta
Student Seminar on Public Policy Issues

Saturday, February 14, Montreal, Quebec
Student Seminar on Public Policy Issues

Saturday, March 7, Regina, Saskatchewan
Student Seminar on Public Policy Issues

May 9-10, Vancouver, British Columbia
Seventh Annual Student Leaders' Colloquium

June 12-13, Vancouver, British Columbia
Student Leaders' Colloquium Alumni Program

Friday, October 16, Kelowna, British Columbia
Student Seminar on Public Policy Issues sponsored by the Lotte & John Hecht Memorial Foundation

Saturday, October 17, Prince George, British Columbia
Student Seminar on Public Policy Issues sponsored by the Lotte & John Hecht Memorial Foundation

Saturday, October 24, Vancouver, British Columbia
Student Seminar on Public Policy Issues sponsored by the Lotte & John Hecht Memorial Foundation

Saturday, November 7, Toronto, Ontario
Student Seminar on Public Policy Issues sponsored by the W. Garfield Weston Foundation

Saturday, November 11, Victoria, British Columbia
Student Seminar on Public Policy Issues sponsored by the Lotte & John Hecht Memorial Foundation

Saturday, November 21, Calgary, Alberta
Student Seminar on Public Policy Issues

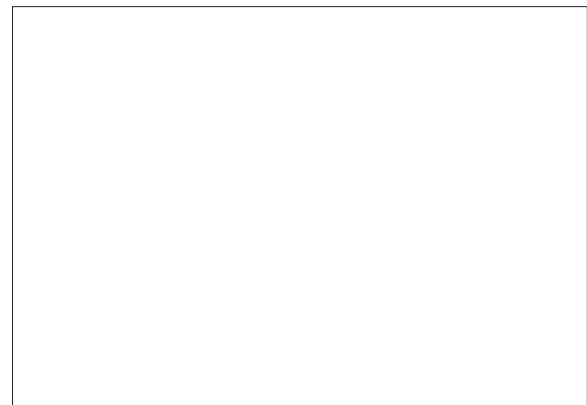
Student Leaders' Colloquium Alumni Program

In 1998 the Institute launched its first program for alumni of the Student Leaders' Colloquium Program. This group of 27 participants represented a diverse group of business people, academics, politicians, lawyers, journalists, students, and public policy analysts. The program presented a wonderful opportunity for these young people from across Canada to network and share their knowledge. Here's what some of the participants said:

The part of the seminar that was the most worthwhile was the great people in attendance, debating ideological values of capitalism, and practical ideas on how to implement market solutions.—*Howard Markowitz, Toronto*

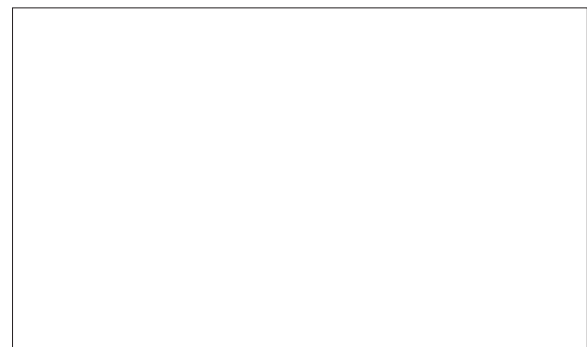
I have a new respect for incremental change and for intelligent members of other parties i.e., NDP, Bloc Quebecois.—*Jason Ford, Ottawa*

Working in politics full-time is so demanding that we don't find any time to think about what we really think and why we are doing it. Fortunately, The Fraser Institute's seminars give us a unique opportunity.—*Eric Duhaime, Quebec*



Annabel Addington

Above: student participants and Fraser Institute staff at the 1998 Student Leaders' Colloquium held in Vancouver from May 9 to 10. Below: Some of the 1998 Fraser Institute interns. From left: Jared Alexander, Andrei Krepitul, David Harriman, Peter Molloy, Kelly Torrance, Satinder Chera, and Kevin Lacey.



Annabel Addington

Student Leaders' Colloquium

Having been identified by the seminar discussion leaders at the one-day seminars, over 100 bright and articulate students were invited to submit an application to attend the Seventh Annual Student Leaders' Colloquium held in May. From the entries, 20 applicants from across Canada were selected to participate in the weekend of in-depth discussion and debate on economic policy issues.

Colloquium participants offer the following comments:

My faith in the future of Canada has been renewed as a result of meeting these great future leaders. —*Sheila Handler, LLB, Law, Queen's University*

I loved the colloquium. These last two days have provided the intense intellectual debate I have really thirsted for! —*Elizabeth Kalbfleish, Economics, McMaster University*

Three of the many successful Fraser Institute Student Seminar alumni: Rob Anders, MP, Calgary West, Alberta; Danielle Smith, Managing Director, Canadian Property Rights Research Institute; and Dominic Cardy, Constituency Assistant to Michelle Dockrill, MP, Bras D'Or, Nova Scotia.

The colloquium has added a new dimension to my view of political and philosophical thought. I was impressed by the debate and now feel more equipped to articulate the positions of liberty and freedom.—*Ricki Johnston, Edmonton*

Canadian Student Review

This quarterly newsletter, which contains articles written for and by students, was sponsored in 1998 by the Lotte & John Hecht Memorial Foundation. Each edition contained hard-hitting articles on various economic issues. The 44,000 copies printed annually were distributed free of charge on Canadian campuses through a network of professors and student organizations.

Student Essay Competition

The topic for our annual student essay competition in 1998 was "How Can the Market Increase Freedom of Choice in Health Care?" The three prizewinners were:

1st place (\$1,000): **Jason Brooks**, Journalism & History, Carleton University

2nd place (\$500): **Jared Alexander**, Economics, Simon Fraser University

3rd place (\$250): **Jeff Boddez**, Education, University of Alberta

Student Internship Program

In 1998 The Fraser Institute hired ten university students and recent graduates to join its office for training as junior policy

analysts. The interns worked on research projects ranging from an analysis of medical technologies available in Canada to a comparison of welfare levels between Canada and the United States. 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 over 150 applicants from across Canada. Each student was responsible for producing a particular research study under the direction of a policy supervisor. The 1998 interns, who were sponsored in part by the Donner Canadian Foundation, were:

Jared Alexander, BA Hons, Economics & Geography, Simon Fraser University

Project: Medical technologies available in Canada and the United States

Satinder Chera, BA, Hons, Political Science, University of Toronto

Project: A report card on the Clark government

Johanna Francis, MA, Economics, McGill University

Project: Analysis of the non-profit sector

David Harriman, MD, MBA, University of British Columbia

Project: Medical technologies available in Canada and the United States

Andrei Kreptul, BComm, University of Alberta

Project: A study of welfare rates in Canada and the United States & a study of provincial and federal debt levels

Kevin Lacey, BA, History, Dalhousie University

Project: A multinational comparison of environmental indicators

Andreas Migone, MA, Political Science, Simon Fraser University

Project: An analysis of social indicators

Pete Molloy, LLB, Law, University of British Columbia/Christian Studies, Regent College *Project:* An analysis of the Canadian judiciary

Sharon Prager, MA, Stanford University

Project: Survey of Mining Companies Operating in North America

Kelly Torrance, BA Hons, University of Alberta

Project: An examination of health and science news

The interns offer enthusiastic comments about their experiences at the Institute:

I learned an incredible amount and got to work with talented, interesting people. I liked the combination of direction from policy analysts and freedom to pursue ideas on my own. Working at The Fraser Institute, I improved so many of my skills—writing, researching, critical thinking. I can't think of many other places in Canada that offer students such great opportunities.—*Kelly Torrance*

In almost 16 years of schooling, I have not learned nearly as much as I have in four months at the Fraser Institute.—*Satinder Chera*

My work at the Fraser Institute will do more to advance my career in public policy than my seven years of university training.—*Pete Molloy*

Student Bursaries

It is the Institute's aim to expose students to as many of our policy events as possible. To this end, at each of our round table luncheons and policy conferences we routinely offer student bursaries to local scholars who might otherwise find the registration fees prohibitive. In 1998, bursaries were awarded to 79 students across Canada with a total value of nearly \$7,000. Institute members who recognize the benefit of exposing students to these important policy events sponsored many of these students.

I wanted to thank the Fraser Institute for providing me with the bursary to attend the recent Nils Lundgren luncheon. The Fraser Institute has been so helpful in providing opportunities for me to attend these functions. These events provide students such as myself with a good chance to network. It also provides opportunities to learn about how things work outside of the academic setting. Thank you for your support.

—*Brad Corbett, MEd, Brock University*

It was a welcome change to hear market oriented solutions to societal problems instead of the bigger government solutions that are always proposed at university.

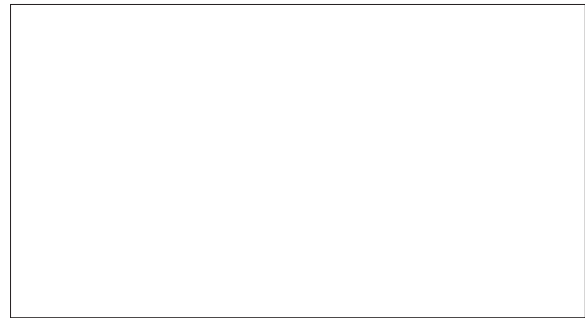
—*Christopher Huckla, Political Science, Brock University*

Staff

In 1998 a new permanent staff member was added to the student programs department. Ms. Vanessa Schneider was hired in February to assist Annabel Addington, the Director of Student Programs, with all aspects of the student program. In particular, Ms. Schneider took on the role of editing the Fraser Institute's student newsletter, the *Canadian Student Review*.

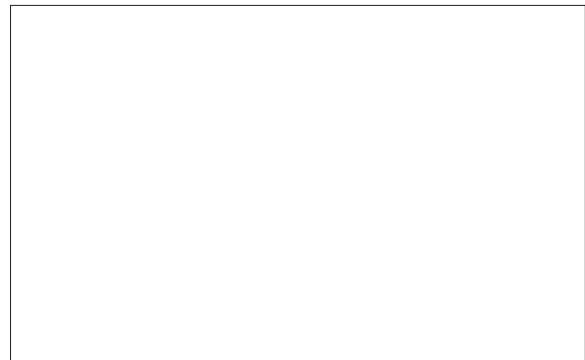
New Premises

In December 1998 the Fraser Institute moved to its new premises at 2nd Avenue and Burrard Street in Vancouver. The expanded facilities will allow the Institute to hire additional student interns and to further expand its educational programs. We look forward to the support of our members in achieving this goal.



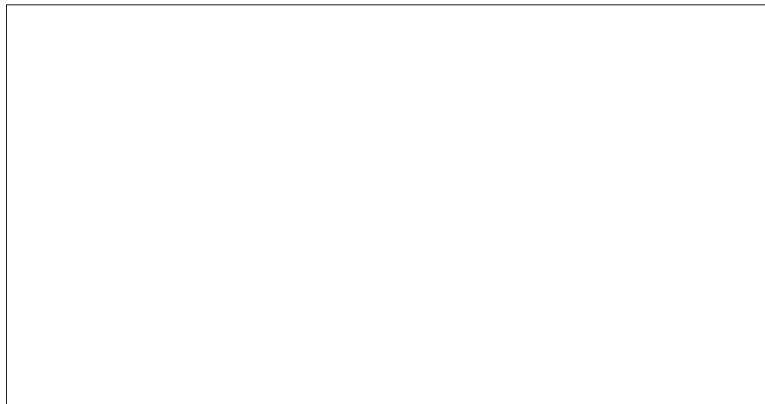
Annabel Addington

Above: Fraser Institute staff member Laura Jones; Eric Duhaime, Political Advisor to the leader of the Bloc Québécois, Mr. Gilles Duceppe; and Sonia Arrison, Program Officer, Donner Canadian Foundation, participate in the 1998 Student Leaders' Alumni Colloquium, as do (below, from left), Ph.D. Candidate Craig Yirush; Dr. Jason Ford; and Matthew Johnston, Executive Assistant to Rahim Jaffer, Reform MP for Edmonton Strathcona.



Annabel Addington

Mark Weller



Student participants and Fraser Institute staff at the 1998 Student Leaders' Alumni Colloquium held in Vancouver from June 12 to 13.

Canada Project

The Canada Project continues to make important contributions to Canadian unity through its research of federalism, national unity, and the quality of governance provided to Canadians. Gordon Gibson, Senior Fellow in Canadian Studies at the Institute, visits frequently with senior policy makers across the country. These ongoing meetings, phone calls, and correspondence with key leaders at all levels of government have produced important insights in intergovernmental relations, including the idea of a small, provincially appointed “thinkers’ task force” to provide intellectual feedstock for politicians.

The findings have been consistent and twofold: (1) The need for substantive reform in the institutions of the Canadian federation (Parliament, the Supreme Court, the First Ministers’ Conference, the Annual Premiers’ Conference, etc.) to answer the needs and aspirations of all the provinces, and be an acceptable solution for the vast majority of Quebecers, and (2) The need for provincial governments to develop their own vision of the future of federation.

During the year Mr. Gibson continued to push for a redefinition of the roles of federal and provincial governments and for creative solutions to resolving Quebec’s distinct society issue. Mr. Gibson monitored and analyzed the “framework” negotiations agreed to by First Ministers in December 1997 in terms of new cooperation between the federal and provincial governments on social policy, and has commented extensively on the final Social Union agreement.

The Parti Quebecois’ return to power in the 1998 Quebec election is a reminder that separation is still a real possibility

and that the rest of Canada must be proactive and public on continuing issues involved with reforming the federation if Canada is to survive intact. Mr. Gibson’s article in the November issue of *Fraser Forum* was a response to the Supreme Court’s ruling which, in effect, legitimized Quebec’s separation plan provided that it can obtain the necessary support, with a pre-condition requiring a clear majority for a clear question.

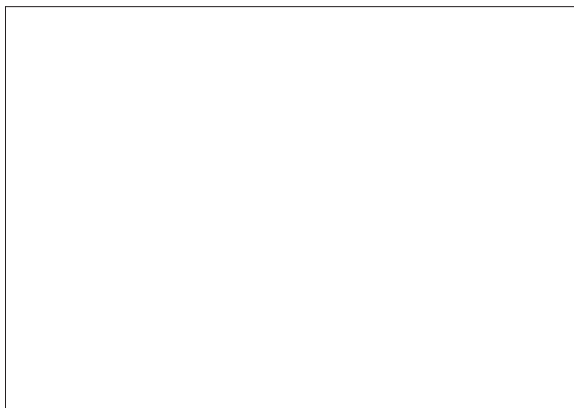
Perhaps one of the most significant outcomes in 1998 on the unity issue was the Institute’s *Winter 1998-99 Survey of Senior Investment Managers* which indicated a high probability for another referendum and a substantial increase in the number of respondents who felt separation was plausible in the next five years.

The study indicates that with major uncertainty about the future, Quebec investment and the Canadian dollar would be under extreme pressure until the uncertainty was resolved. Quebec would be the bigger loser in terms of significant rise in interest rates, downgrading of Quebec bonds and a lower rate of economic growth than the other provinces. Getting this message out widely to all regions of French Quebec continued to be a challenge. Throughout the year Mr. Gibson monitored francophone and anglophone press to stay informed about the trends and opportunities, and continued to publish informed insights on unity developments in *Fraser Forum* and other venues, including his column in the *Globe and Mail*.

The Institute’s *Canada Clock* continued to achieve high visibility in 1998, reminding Canadians that the separation of Quebec and the breakup of Canada is still a very real threat.

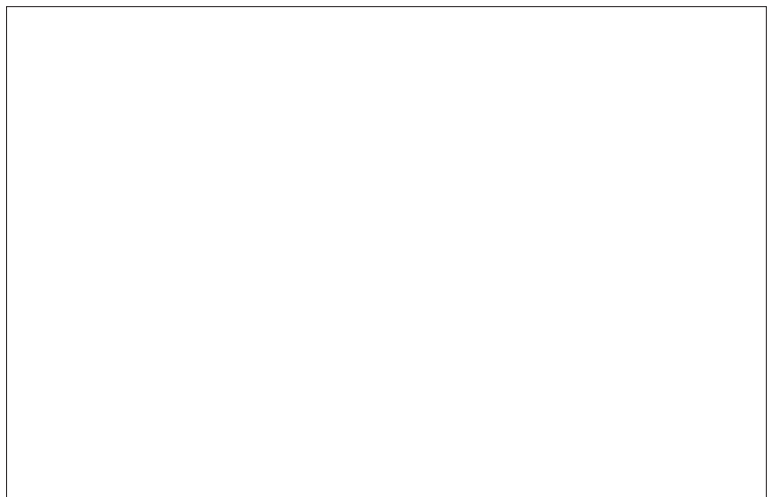
On the public side, Mr. Gibson appears regularly on television, radio, and in print media; he often addresses federalist issues in his *Globe and Mail* column.

Kristin McCahon



Helen Raham, Executive Director, Society for the Advancement of Excellence in Education, presents Nils Lundgren, Founding Chairman, National Association of Private Schools, Stockholm, Sweden, with an Adam Smith tie following his speech “The Dramatic Success of School Vouchers in Sweden” to an Executive Advisory Luncheon in Vancouver in April.

Jennifer Beauchamp



Gordon Gibson (seated at front) and Michael Walker (standing) address a Fraser Institute Policy Briefings breakfast at the Institute’s former head office in Vancouver.

The Social Affairs Centre

The launch of the Social Affairs Centre in late 1997 recognized that, increasingly, the problem areas of government are those associated with social policy. The problems, for example, of a failing education system and a growing dependency culture, have been acknowledged but unsuccessfully addressed by government.

Therefore, the central question investigated by the Centre is whether or not government control of social policy is a better, more efficient, or fairer basis for meeting popular aspirations than the competitive market model.

During 1998, attention was primarily devoted to the issues of education and drug policy reform. In the spring, through widespread parental interest and extensive media coverage, the publication of *A Secondary Schools Report Card for British Columbia*, written by education policy researcher Peter Cowley and Fraser Institute Senior Fellow Prof. Steve Easton, launched a public debate over the respective merits of the measurement of school performance. Such was the institutional and grassroots influence of this publication that, during the second half of the year, the research data was refined and updated in order that the Institute can produce, in early 1999, a second British Columbia report card and an inaugural *Secondary Schools Report Card for Alberta*.

Education policy analyst Claudia Rebanks Hepburn travelled to New Zealand, Sweden, Denmark, and the United States in order to research education policy reforms. Her comprehensive report, *New Paradigms for Public Schooling: An Evaluation of School Choice in Four Countries*, will be published in the spring of 1999.

In late April, the Centre organized a drug policy reform conference held in Vancouver. Featuring an international array of leading academic, law enforcement, and public health experts, this ground-breaking conference successfully publicized the economic, health, legal, and philosophical arguments against the continuation of current drug laws. In late October, a follow-up conference was held

in Toronto, featuring the leading American drug policy authority, Dr. Ethan Nadelmann. The papers presented at both conferences are to be published in the spring of 1999 in an edited volume entitled, *Sensible Solutions to the Urban Drug Problem*.

During the summer months, two empirical studies addressed the issues of crime and the standard of living, respectively. In June, criminology professor Paul Brantingham's and Steve Easton's 1998 up-date of the report, *The Costs of Crime: Who Pays and How Much?* concluded that crime costs Canadians up to \$17 billion a year and soars to over \$40 billion when indirect costs associated with pain and suffering are included. Like their victims, criminal offenders tend to be young, low-income males.

In July, Fraser Institute Adjunct Scholar Prof. Christopher Sarlo, Canada's leading expert on the measurement of poverty, published the report *Canadian Living Standards*. For the first time, this carefully compiled index of living standards provided researchers the ability to discern what has been happening over an extended period to the conditions of life that Canadians enjoy.

During the second half of the year, extensive research was undertaken toward the compilation of *State of the Nation: Canada's 100 Leading Social Indicators*. This publication, to be published in mid-1999, brings a comprehensive, empirical analysis to the much-debated, often controversial, and usually interwoven issues of crime, education, environment, equality, ethnicity, family, health, lifestyle, religion, and wealth.

Building upon these and other research projects, during 1999 the Centre will endeavour to provide a vigorous critique of problematic current and proposed social policies while attempting to educate Canadians of the merits of a shift toward private, individual, and family-based solutions to social problems.

Participants in The Fraser Institute conference, "Sensible Solutions to the Urban Drug Problem," held in Vancouver on April 21, and in Toronto on October 27, 1998. Speakers from top left, clockwise are: Dr. Jeffrey Singer, Surgeon, and Medical Spokesman for Arizonans for Drug Policy Reform; Constable Gil Puder, Vancouver Police Department; Dr. Michael Trace, Deputy Anti-Drugs Coordinator, UK Government; and Dr. Ueli Minder, Drug Policy Coordination, Swiss Federal Office of Public Health, Switzerland.

Health Policy Research

Nineteen-ninety-eight was a year of great activity amidst change for the Institute's health policy research department. Throughout the year, Dr. William McArthur carried out many projects in furtherance of the department's endeavour to improve the functioning of the Canadian medical system. The highlight of Dr. McArthur's agenda was his invited appearance to present a paper at a select conference on reference-based pricing in Barcelona in December. This paper reflected the current limited information available on the effect of reference-based pricing on

patients. Dr. McArthur is in the process of rectifying this deficit by virtue of the clinical project investigating patient effects, which he is undertaking with a group of international scholars.

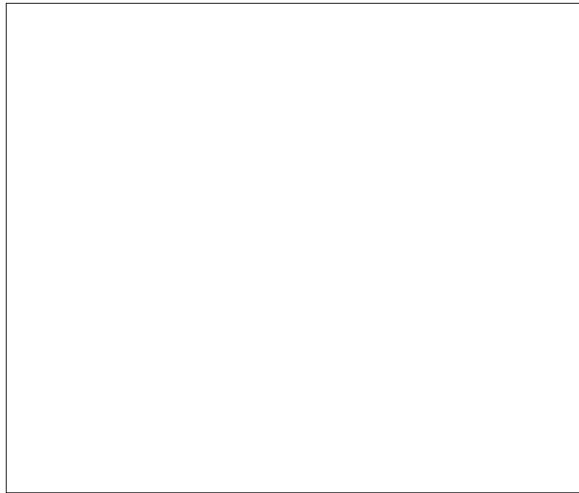
The major Institute publications in health policy research in 1998 were two Critical Issues Bulletins, *Waiting Your Turn: Hospital Waiting Lists in Canada (8th ed.)*, and *Medical Savings Accounts: Universal, Accessible, Portable, Comprehensive Health Care for Canadians*. The waiting list survey, as usual, illustrated the profound restrictions on medical care access imposed by governmental rationing of care. In particular, the 1997 waiting times were higher on average in 7 out of 10 provinces compared to 1996. *Waiting Your Turn* continues to attract vast public attention to the problem of state-run medical care in Canada.

To address the symptoms depicted in *Waiting Your Turn*, the Institute issued *Medical Savings Accounts*, which described how allowing these personal medical expense accounts (Canada does not) can repair those symptoms. In particular, medical savings accounts are shown to provide the features regarded most central to Canadian health care: universality, accessibility, portability, and comprehensiveness. In addition, such accounts have the potential to reduce health spending by a substantial amount without impairing health outcomes.

Both *Waiting Your Turn (8th ed.)* (co-authored by Michael Walker) and *Medical Savings Accounts* were written by Cynthia Ramsay, who completed her tenure as the Institute's health economist in April 1998. Replacing Cynthia after her five years of excellent work was new Institute Director of Health Policy Research Martin Zelder, who came to the Institute after ten years as an academic economist in Australia and the United States.

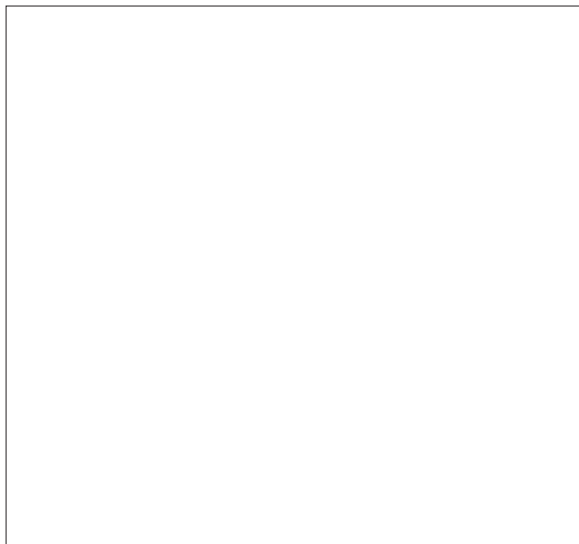
Among the projects forthcoming in health policy research in 1999 are a survey of Canadian alternative medicine use and an international comparison of Canadian medical technology, as well as the 9th edition of *Waiting Your Turn*.

Jennifer Beauchamp



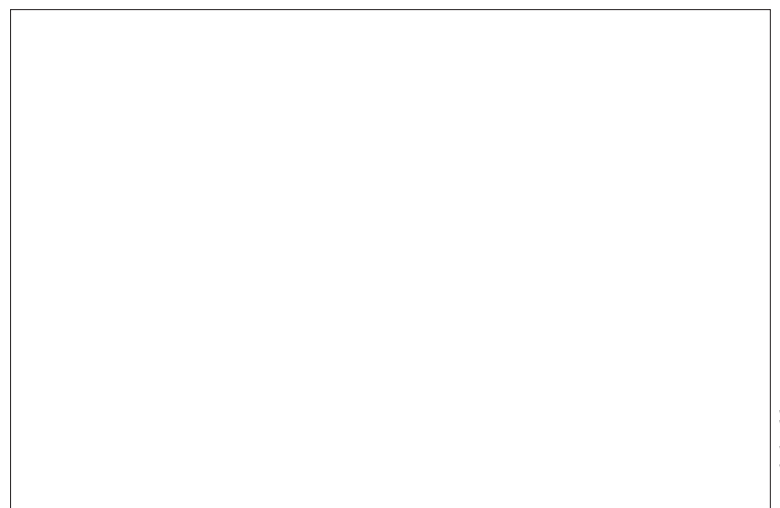
Former Fraser Institute Senior Health Economist Cynthia Ramsay helps Dr. Jim Lane, president of the British Columbia Medical Association, select the 1998 winner of the \$2,000 draw for respondents to the Hospital Waiting Lists survey, conducted by the Institute each year.

Vanessa Schneider



John Turvey of Vancouver's Downtown Eastside Residents' Association asks a question of panellists at The Fraser Institute conference, "Sensible Solutions to the Urban Drug Problem."

Annabel Addington



On air! Former Fraser Institute Senior Health Economist Cynthia Ramsay hosts The Fraser Institute's one-hour Wednesday morning call-in radio talk show, "Fraser Forum On Air" on AM1040 in Vancouver. The show features Fraser Institute authors and guests who respond to questions from listeners around the province.

Law and Markets Project

The Law and Markets Project, begun formally in 1996, focused its activities in 1998 on intellectual property, securities law, judicial reform, and aboriginal land claims.

Dr. Owen Lippert, project director, presented papers on international intellectual property protection at the Fourth Annual Business Forum of the Free Trade Area of the Americas (FTAA) in San Jose, Costa Rica and at a conference sponsored by the Atlas Economic Research Foundation in Buenos Aires, Argentina. He presented a paper on patent litigation to the inaugural conference of the Canadian Property Rights Research Institute (CanPRRI) held in Calgary, Alberta. A scholarly article on intellectual property and the FTAA written in 1998 will appear in the forthcoming issue of the *Fordham Intellectual Property, Media & Entertainment Law Journal*.

In 1998, Dr. Lippert and Professor Steven Gliberman began a detailed economic analysis of proposed changes to Ontario's securities laws. Their submission to the Ontario Securities Commission will be published in March 1999.

To advance an understanding of Canada's judiciary, the Law and Markets Project secured access to the press releases and biographical backgrounders of the 1,000 or so federally appointed judges. Peter Molloy, a summer intern, entered all the data, and analysis is now being undertaken by Moin Yahya, a University of Toronto graduate student in Law and Economics.

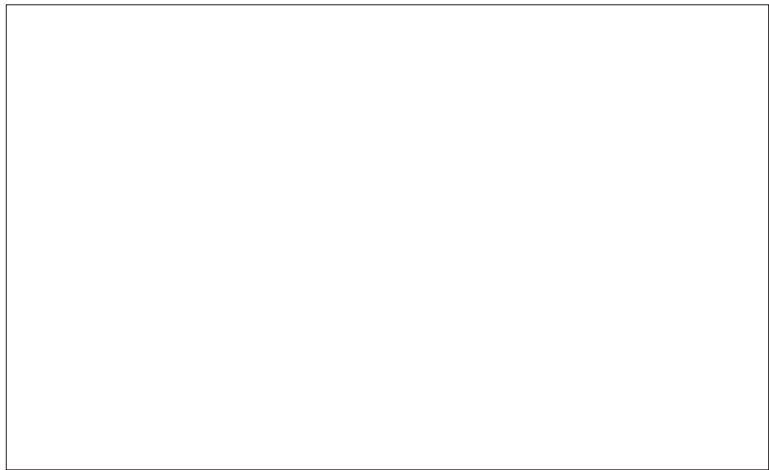
In response to the Supreme Court of Canada's *Delgamuukw* decision of 1997, Dr. Lippert prepared papers for conferences held by the Pacific Business and Law Institute and the Civitas Society. A successful conference on the economic implications of aboriginal land claims was held in July 1998. A highlight of the program was the exchange between Chief Satsan (Herb George) and Gordon Gibson. Danielle Smith, Executive Director of CanPRRI, helped organize the event.

On these and other topics (notably the Multilateral Agreement on Investment (MAI)), Dr. Lippert has appeared on the CBC Journal, CBC Newsworld, CBC

Radio, CTV News, TV Ontario (French and English), CPAC, and the PBS Border Consortium stations. In 1998, his articles appeared in the *Wall Street Journal*, *The Globe and Mail*, *The Financial Post*, *The National Post*, *The Vancouver Sun*, *The Ottawa Citizen* and the *Canadian Lawyer* magazine, as well as in syndication in regional papers throughout Canada and South America.

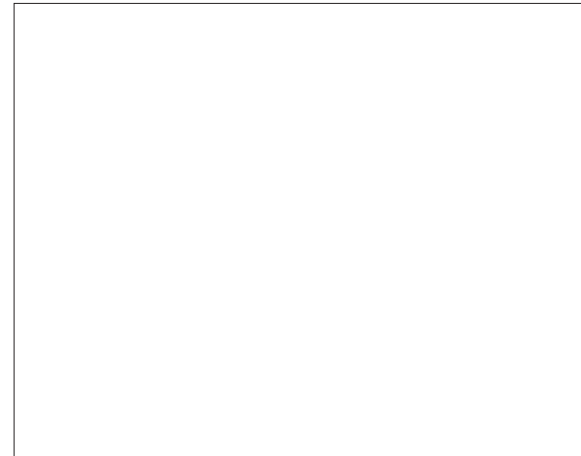
He appeared before the House of Commons committees of Finance, Industry, Health, and International Trade. He participated in the public consultation process of the Patent Medicine Prices Review Board and the Alternative Budget Consortium. He gave speeches in Vancouver, Winnipeg and Toronto.

Projects for the coming year for the division include Fraser Institute conferences on intellectual property and trade to be conducted in Santiago, Chile, and Buenos Aires, Argentina, and on the regional implications of the *Delgamuukw* decision to be held in Ottawa.



Kristin McCahon

Fraser Institute Senior Fellow in Canadian Studies, Gordon Gibson (left), in a lunch time debate with Satsan, the Wet'suwet'en Hereditary Chief, and BC Regional Vice Chief, Assembly of First Nations, at the Fraser Institute colloquium, "The Delgamuukw Case: Questions of Compensation," held on July 20 in Vancouver.



Kristin McCahon

Above: Geoff Plant, MLA for Richmond-Stevenson speaks while Fraser Institute Director of Law and Markets Project Owen Lippert looks on at the Fraser Institute colloquium, "The Delgamuukw Case: Questions of Compensation." Below: At the same colloquium, Alec Robertson, QC, Former Chief Commissioner, BC Treaty Commission, makes a point.



Kristin McCahon

Centre for Regulatory and Labour Market Studies

In 1998, the Centre for Regulatory and Labour Market Studies continued its research on labour market issues. A report entitled, *Is There a Youth Unemployment Crisis in Canada?* was published. As well, a paper was submitted to the House of Commons Standing Committee on Human Resources Development and the Status of Persons with Disabilities on the proposed changes to the Canada Labour Code, Part 1.

In keeping with the Institute's mandate, two papers on the consequences of government intervention in broadcasting were published. Professor Bill Stanbury of the University of British Columbia wrote both papers: *Canadian Content Regulations: The Intrusive State at Work*, and *Overweening Ambition: Assessing the CRTC's Plans to Regulate the Internet*. The year also saw the publication of the 1998 edition of *The Cost of Regulation in Canada*.

In addition, a study on the impact of the proposed bank mergers, *Bank Mergers: The Rational Consolidation of Banking in Canada* was published. The media, including television, radio, and print covered this study extensively including in the *National Post*, the *Vancouver Sun*, and the *Ottawa Citizen*.

In part, due to the extensive media, bureaucratic, and political interest in the study, Institute analysts were invited to appear before the House of Commons Finance Committee and the Senate Banking and Commerce Committee to respond to the Task Force of the Future of the Canadian Financial Services Sector. Moreover, they appeared before the House of Commons Industry Committee as expert witnesses to react to Bill C-53, the Small Business Financing Act.

In 1998, as part of its on-going program, the Centre also released two report cards that evaluated the economic performances of the provinces of Quebec and British Columbia. The reports, *The Government of British Columbia, 1991-98: An Assessment of Performance and a Blueprint for Economic Recovery*, and *Évaluation de la Performance du Parti Québécois* received wide media attention.

In November 1998, the Institute, along with co-host Vancouver Centre for Excellence: Immigration, convened a conference, *The Brain Drain: Causes, Consequences and Policy Response* in Vancouver, British Columbia. The conference brought together experts to explore questions such as: Does Canada have a serious brain drain problem? If so, who is leaving for "greener pastures" and why? How can Canada keep its best and brightest at home to contribute to our economic prosperity?

The Keynote Luncheon Speaker, Columnist Jeffrey Simpson at the *Globe and Mail*, addressed the question of "Why Are Canadians Leaving for Greener Pastures?" This conference, too, received widespread media attention.

The Fraser Institute/ Financial Post Economy in Government Competition

The Seventh Annual Fraser Institute/*Financial Post* Economy in Government Competition, with its goal of eliciting suggestions from the public on how to improve the delivery of public services at the least cost, was a resounding success. As in 1997, the competition focused on the efficient delivery of local government programs.

The 1998 overall grand prize winners were Umendra Mital, Gerry McKinnon, Don Hunter, Owen Croy, Mark Damm, and Connie Yee of Surrey, British Columbia, for their proposal, "A Continuous Improvement Approach for Municipal Infrastructure Management"; the first runner-up was Len Garis of Pitt Meadows, British Columbia, for his proposal "Communications in the Fire Service"; and the second runner-up was Vern Hartwell of Sherwood Park, Alberta, for his proposal "Collaborating Through Risk Taking and Learning."

Over the last seven years, many of the money-saving proposals from the competition have been implemented by governments across the country. Our hope is that local governments will take advantage of these ready-made proposals and implement them in their jurisdictions.

Survey of Senior Investment Managers in Canada

The Survey of Senior Investment Managers has twin objectives: to obtain the views of Canada's largest institutional investors on key public policy issues that affect financial markets, and to ensure that policy makers have a clear understanding of how policy decisions may be viewed from the financial community.

The survey is published quarterly and focuses on investment managers' views on issues such as derivatives trading, public debt, taxation, bank mergers, the relative attractiveness of provinces for investors, and Quebec sovereignty. It also contains the investment managers' key financial forecasts. The results of the survey have appeared in major Canadian newspapers.

Jennifer Beauchamp

Globe and Mail National Affairs columnist Jeffrey Simpson, gives the luncheon speech at The Fraser Institute conference, "The Brain Drain: Causes, Consequences, and Policy Response," held in Vancouver in November.

Economic Freedom Project

The economic freedom project at The Fraser Institute started over a decade ago after Institute analysts realized that little empirical work had been done exploring the relationship between economic and political freedoms. Lacking was a quantifiable measure of economic freedom. From initial discussions at a meeting of the Mont Pelèrin Society in 1984, the project grew into a number of symposia, and eventually a number of publications. The work of over 60 academics and researchers culminated in the first release of the *Economic Freedom of the World* publication in 1996. By examining 17 components in 115 countries over the period 1975 to 1995, this volume measured the extent to which governments impinge on the economic freedoms of their citizens. Each subsequent year the data set is update. In 1998, the project was expanded to include eight new components, securing this work's reputation as the most comprehensive and objective index of its kind.

Economic Freedom of the World is truly a global work, not only by virtue of the number of countries profiled in the index, but also due to the number of countries that play a role in its creation. Members of the Economic Freedom Network actively participate in the development of the index by providing data for this research, and critically reviewing the book before publication. Currently, 53 institutes in as many nations are members of this network, and The Fraser Institute hopes to add more countries and institutes in the future. The eventual goal is to have a collaborating institute in every country of the world.

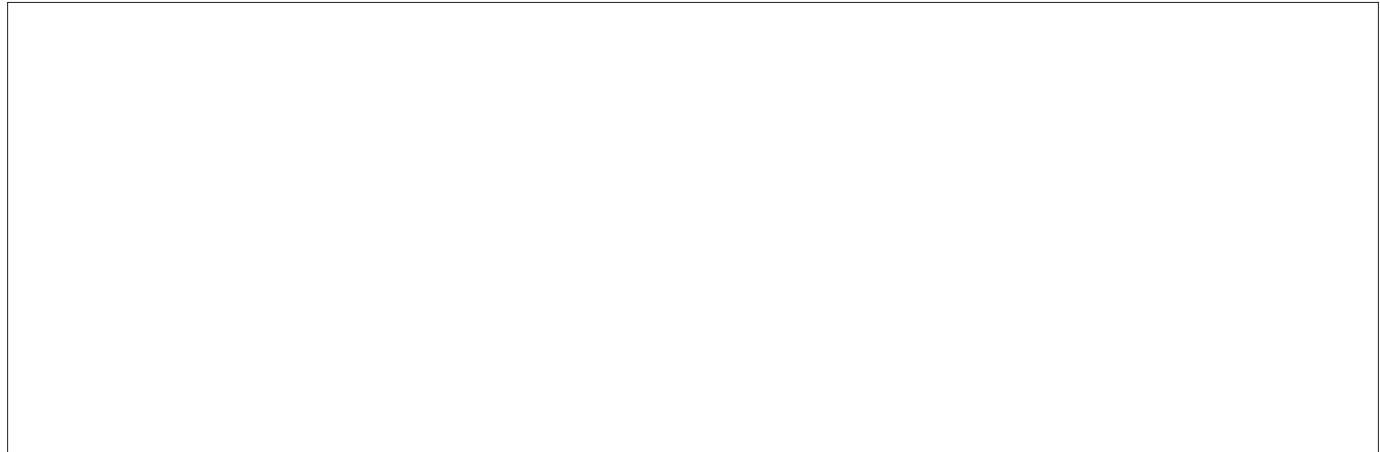
In 1998 the Economic Freedom Network held its annual conference in Manila, Philippines. The host of this successful event was the Center for Communication and Research, Philippines. Friedrich Naumann Stiftung, the Atlas Foundation, and The Fraser Institute. The 1999 meeting will be held on October 20th and 21st in Vancouver.

This project has received wide media attention from newspapers and media outlets around the world including: *La Repubblica*, *Reason Magazine*, *Il Giornal*, *La Stampa*, *China Economic Times*, *The Economist Magazine*, *Industry Week*, *24 yara*, *Pràra*, *Der Standard*, *Christian Science Monitor*, *Národná obroda*, *Nassau Guardian*, *The Financial Express*, *La Tercera*, and *El Mercurio*. Academics and researchers are encouraged to use the data from this project in their independent research. So far, the Index has been featured in prominent journals such as the *American Economic Review*, *Public Choice*, the *Journal of World Business*, and the *Journal of World Trade*.

In order to further assist those interested in this project, 1998 saw the founding of an online presence of the Economic Freedom Network in the form of a web site, www.freetheworld.com. This web site enables interested parties to examine the three *Economic Freedom of the World* publications, read the books that preceded the release of the Index, and download the entire data set, among other features. In the last month-and-a-half of 1998 alone, [Freetheworld.com](http://www.freetheworld.com) received over 2,000 hits from countries all over the world.

While *Economic Freedom of the World* has focused on measuring economic freedom on a country-by-country basis, research generously sponsored by the Hecht Foundation in 1998 focused on exploring economic freedom within Canada. The publication based on the research, *Provincial Economic Freedom in Canada 1981-1998*, was released in 1999. This research will be extended in 1999 to include the American states.

Courtesy, Center for Research and Communication, Philippines



Participants in the 1998 Economic Freedom Network Conference, held in Manila, Philippines. Standing, rear, from left: John Byars, US; Yushi Mao, China; Alexis Ferreyra, Bolivia; Rizal Ramli, Indonesia; Rigoberto Stewart, Costa Rica; Josef Sima, Czech Republic; Ian Vásquez, US; Dexter Samida, Canada; Robert Lawson, US; Andrei Illarionov, Russia; James Gwartney, US; Chao-Jen Huang, Taiwan; Somiat Tangkitvanich, Thailand. Middle row, from left: Sung-No Choi, South Korea; Hu Zhuangjun, China; Mahar Mangahas, Philippines; Paikiasothy Saravanmuttu, Sri Lanka; Dr. Mario Lamberte, Philippines; Temba Nolutshungu, South Africa; Anton Hermanto Gunaman, Indonesia; Fernando Diego Alvarez, Argentina; Arno Weckbecker, Thailand; Parth Shah, India; Ambassador Jose V. Romero, Philippines; Subhash Kumar Sengupta, Bangladesh; Rainer Adam, Indonesia; Andrzej Kondratowicz, Poland; Nipon Poapongsakorn, Thailand; Wang Xiaolu, China; Roberto Blum, Mexico; Detmar Doering, Germany; Hasir Mahpodz, Malaysia. Front row, from left: Svetlana Alexandrova, Bulgaria; Linda Low, Singapore; Linda Luz B. Guerrero, Philippines; Uwe Johannsen, Singapore; Alejandro Chafuen, US; Michael Walker, Canada; Enrico Basilio, Philippines; Rotija Kmet, Slovenia; Carmen Urizar, Guatemala; Dora Ampuero, Ecuador.

Events & Conferences

Our 1998 events examined topics of local, national, and international economic concern at 21 programs held in Vancouver and Toronto. At seven conferences, international and local speakers addressed issues such as urban drugs, liquor privatization, endangered species regulation, the brain drain, and electronic commerce. Speaking in our luncheon programs were several respected opinion leaders including John Greenwood, Chancellor LGT Asset Management, San Francisco, addressing Asia's Financial Crisis, Mayor Stephen Goldsmith of Indianapolis speaking on civic government, and

John Weekes and Julius Katz, Chief Negotiators in the NAFTA negotiations, who jointly gave the 13th Annual Dr. Harold W. Siebens Lecture at our Annual General Meeting Luncheon. Other issues examined at Institute events included native land claims, school vouchers, Canadian dollar, bank mergers, and internet regulation. A new breakfast and after-five program, Policy Briefings, was introduced to brief business people on the underlying issues driving current economic trends. Reports on the issues discussed at Institute events regularly appear in media across the country.

1998 EVENT CALENDAR

March 3, Vancouver

Round Table Luncheon: John G. Greenwood, Chancellor LGT Asset Management, San Francisco, CA, speaking on *Asia's Financial Crisis—Causes, Cure, and Outlook*

March 20, Toronto

Conference: *Liquor Retailing: Options for the Province of Ontario*

March 30, Vancouver

Economic Advisory Luncheon: Nils Lundgren, Founding Chairman, National Association of Private Schools Stockholm, Sweden speaking on *The Dramatic Success of School Vouchers in Sweden*

April 2, Toronto

Evening Lecture with Nils Lundgren, Founding Chairman, National Association of Private Schools Stockholm, Sweden speaking on *The Dramatic Success of School Vouchers in Sweden*

April 15, Vancouver

Conference: *Protecting Endangered Species: Alternatives to Legislation.* (Co-hosted by Canadian Property Rights Research Institute)

April 21, Vancouver

Conference: *Sensible Solutions to the Urban Drug Problem*

April 28, Toronto

Round Table Luncheon: Stephen Goldsmith, Mayor of Indianapolis, Indiana, USA speaking on *Smaller Government Prescriptions for Big City Problems*

May 1, Vancouver

Economic Advisory Luncheon: Peter Brimelow, Senior Editor, Forbes Magazine speaking on *The United States, Ninevah & Tyre? The Threats to Continued U.S. Expansion*

May 1-3, Vancouver

Conference: *Civitas Second Annual National Conference*

May 5, Vancouver

Annual General Meeting Round Table Luncheon: 13th Annual Dr. Harold Walter Siebens Lecture with Julius Katz and John Weekes, Chief Negotiators for U.S. and Canada in the NAFTA Negotiations on *The Canada/U.S. Trade Pact: Ten Year Review and Future Prospects*

May 25, Vancouver

Round Table Luncheon: The Honourable Winston R. Peters, Deputy Prime Minister and Treasurer, Government of New Zealand speaking on *Economic Reform and Prospects in New Zealand*

June 24, Vancouver

Conference: *Electronic Commerce: Free Markets in Cyberspace.* (Co-hosted by Business in Vancouver)

July 20, Vancouver

Colloquium: *The Delgamuukw Case; Questions of Compensation.* (Co-hosted by the Canadian Property Rights Research Institute)

September 15, Vancouver

Policy Briefing: Michael Walker, Fraser Institute, on *The Slide of the Canadian Dollar*

October 14, Vancouver

Economic Advisory Luncheon: Lawrence Tapp, Dean, Richard Ivey School of Business speaking on *The Innovation Gap*

October 21, Vancouver

Policy Briefing: Jason Clemens, Policy Analyst, The Fraser Institute, speaking on *Restructuring the Financial Services Sector in Canada*

October 27, Toronto

Conference: *Sensible Solutions to the Urban Drug Problem*

November 2, Vancouver

Round Table Luncheon: The Honourable Stockwell Day, Provincial Treasurer, Government of Alberta speaking on *Fiscal Lessons from Alberta*

November 13, Vancouver

Conference: *The Brain Drain: Causes, Consequences and Policy Responses*

November 17, Vancouver

Policy Briefing: Gordon Gibson, Senior Fellow in Canadian Studies, The Fraser Institute on *Ramifications of the Nisga'a Treaty*

December 16, Vancouver

Policy Briefing: Paul Kedrosky, Information Technology, Faculty of Commerce, UBC speaking on *If the CRTC Attempts to Regulate the Internet, Press the Delete Key*

Publications

Under the direction of Kristin McCahon, and with assistance from Lindsey Martin, the Publications department continues to edit, design, typeset, and prepare for printing all of The Fraser Institute's written material.

Books

The Fraser Institute published four books in 1998. They are:

Privatizing Correctional Services

edited by **Stephen T. Easton**

Prison populations around the world have increased substantially during the past few decades and, with them, the cost of incarceration. However, only recently have private entrepreneurs begun to plan, staff, and operate prisons, notably in Australia, New Zealand, the United Kingdom, and the United States. This book considers both sides in the privatizing debate. The privatization of correctional services is not without its flaws, but governments would be unwise to disregard the obvious benefits of privatization, such as lower costs and better safety for prisoners.

Home on the Urban Range: An Idea Map for Reforming the City

by **Filip Palda**

This book suggests that cities are in a crisis created by a lack of respect for property. Real estate taxes and subsidies from higher levels of government provide citizens with city services free of direct charge. This system of finance hides the true cost of city services and turns the city into a common pasture where citizens graze without restraint. Home on the Urban Range suggests that by charging user fees for most city services, citizens would be forced to think about how best to use city property.

Economic Freedom of the World: 1998/99 Interim Report

by **James Gwartney and Robert Lawson**

Economic Freedom of the World: 1998/99 Interim Report builds on the findings of the ground-breaking *Economic Freedom of the World: 1975-1995* and *Economic Freedom of the World: 1997 Annual Report*. This project has been hailed as the most complete survey of economic freedom yet produced, and as the only one to measure governmental performance over time. *Economic Freedom of the World: 1998/99 Interim Report*, published in conjunction with 52 other institutes from around the world, gives updated figures for each country, and adds 8 new variables to the index.

How to Use the Fiscal Surplus: What is the Optimal Size of Government?

edited by **Herbert Grubel**

As Canada heads into the next century, the central issue of fiscal policy is what we should do with the surplus. There are three possibilities: increase spending, reduce taxes, or pay off the debt. This book examines the options and provides an economic analysis of alternative outcomes. The choice that government makes will have direct implications for the comparative size of the government and private sectors, which in turn will have implications for growth, employment, and future economic stability.

The innovative Mayor of Indianapolis, Indiana, Stephen Goldsmith (left), explains to a Fraser Institute Round Table Luncheon audience in Toronto in April how to make a city successful by cutting taxes and making government services competitive in his talk, "Smaller Government Prescriptions for Big City Problems." In May, Peter Brimelow, Senior Editor, Forbes Magazine, talks to a Vancouver Economic Advisory luncheon on "The United States, Ninevah & Tyre? The Threats to Continued US Expansion."

Fraser Forum

New and insightful research continues to be published in our monthly magazine *Fraser Forum*. Our marquee vehicle for disseminating market-based solutions to public policy problems, *Fraser Forum* was the focus of a face-lift in 1998 thanks to a generous grant from the Lotte and John Hecht Memorial Foundation. We intend to make *Fraser Forum* available on news stands in the near future, so to give the publication “shelf-appeal,” we devoted some time and resources in 1998 to adding graphics, changing the typeface, improving the graphs and charts, and bringing colour to the magazine’s cover. The remake has garnered praise for the Institute, and has encouraged even more high-quality writers to send their material to us for consideration.

Critical Issues Bulletins

Ten of these single-issue, 30- to 84-page monographs were released in 1998.

Environmental Indicators for Canada and the United States by Steven Hayward and Laura Jones

The Costs of Crime: Who Pays and How Much? 1998 Update by Paul Brantingham and Stephen T. Easton

Medical Savings Accounts: Universal, Accessible, Portable, Comprehensive Health Care for Canadians by Cynthia Ramsay

Canadian Living Standards: 1998 Report by Chris Sarlo

Waiting Your Turn: Hospital Waiting Lists in Canada (8th ed.) by Cynthia Ramsay and Michael Walker

Bank Mergers: The Rational Consolidation of Banking in Canada by Jason Clemens, Marc T. Law, and Fazil Mihlar

Canadian Government Debt: A Guide to the Indebtedness of Canada and the Provinces by Jared Alexander and Joel Emes

Vehicle Emissions Testing: AirCare, Drive Clean, and the Potential of Inspection and Maintenance Programs in Canada by Paul Coninx

The Government of British Columbia, 1991-1998: An Assessment of Performance and a Blueprint for Recovery by Satinder Chera and Fazil Mihlar

Évaluation de la performance du gouvernement du Parti québécois 1994-1998 par Michel Boucher

Public Policy Sources

The Fraser Institute continued developing its newest product in 1998: *Public Policy Sources*. These are short research or position papers. Eight PPSs were released in 1998:

“Is There a Youth Unemployment Crisis?” by Marc T. Law and Fazil Mihlar

“A Secondary Schools Report Card for British Columbia” by Peter Cowley, Stephen Easton, and Michael Walker

“The Delgamuukw Case: What Does it Mean and What Do We Do Now?” by Melvin H. Smith, QC

“Debunking the Myths: A Review of the Canada-US Free Trade Agreement and the North American Free Trade Agreement” by Fazil Mihlar

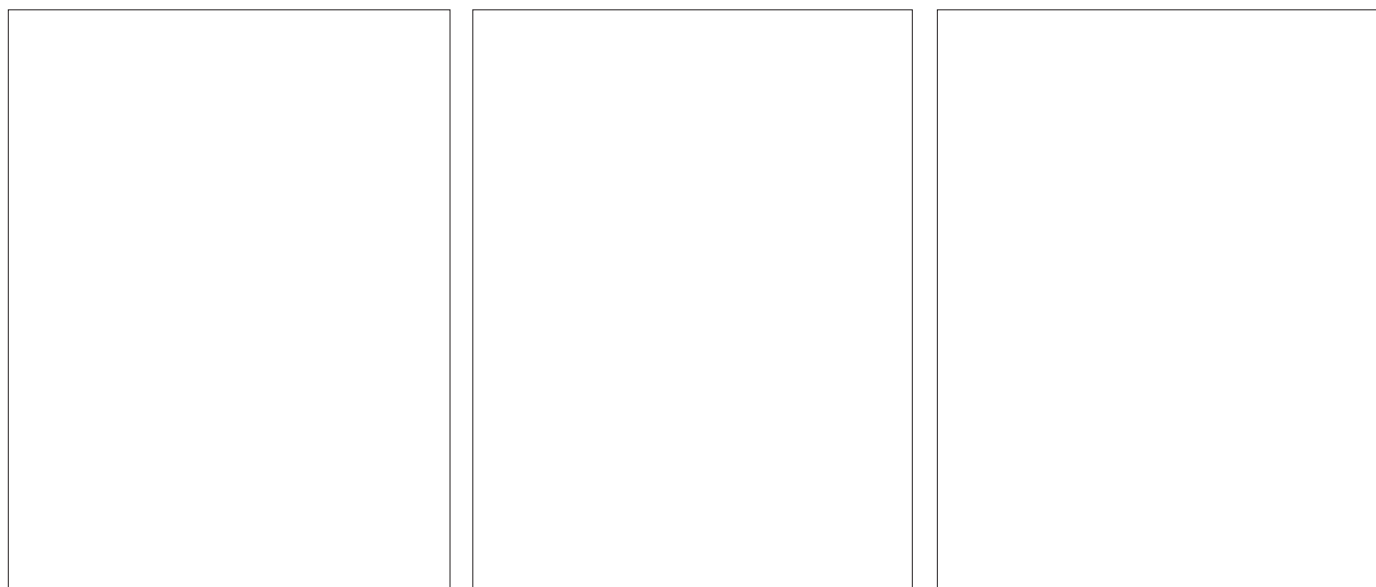
“The Cost of Regulation in Canada” by Fazil Mihlar

“The Economics of Minimum Wage Laws” by Marc Law

“Overweening Ambition: Assessing the CRTC’s Plans to Regulate the Internet” by W.T. Stanbury

“Aboriginal Land Claims in British Columbia: Serious Concerns About the Nisga’a Deal” by Melvin H. Smith, QC

Courtesy, Center for Research and Communication, Philippines (all)



Participants in the 1998 Economic Freedom Network Conference, held in Manila, Philippines. From left: Carmen Urizar, Director of Economics, Center for Research on the National Economy, Guatemala; Temba Nolutshungu, Director, Free Market Foundation of Southern Africa, South Africa; Dora Ampuero, Executive Director, Instituto Ecuatoriano de Economía Política, Ecuador.

Communications

The communications department continues to be focused on developing a positive media profile and ensuring that all of the Institute's excellent research publications, student programs, and events are promoted to as wide an audience as possible. The department itself saw a change as Suzanne Walters took over from David Hanley as Director of Communications in August 1998.

Building on past successes, the Institute retains its position as the preeminent think tank in Canada, particularly in terms of media profile. By way of example, a recent article in the *Montreal Gazette* noted that the Institute had over 200 mentions in the *Financial Post* in a two-year period, while the Canadian Centre for Policy Analysis only managed six mentions. In terms of sheer numbers, our media profile becomes greater every year; 1998 saw a nine percent increase in the amount of coverage over the previous year.

Recent research reports, such as the *1998/99 Survey of Mining Companies Operating in North America* and the *Critical Issues Bulletin Vehicle Emissions Testing* have received extensive coverage across the United States. The annual *Waiting Your Turn* survey of hospital waiting lists in Canada received coverage in no less august a journal than the *Financial Times of London*.

A particularly stellar piece of coverage was the *Ottawa Citizen's* four-page story in its Sunday supplement. Aside from the cheeky title "The Fraser Institute Wants Your Children," writer Charley Gordon (who is very rarely on our side of an issue) provided an in-depth look at what he called "Canada's most powerful think tank."

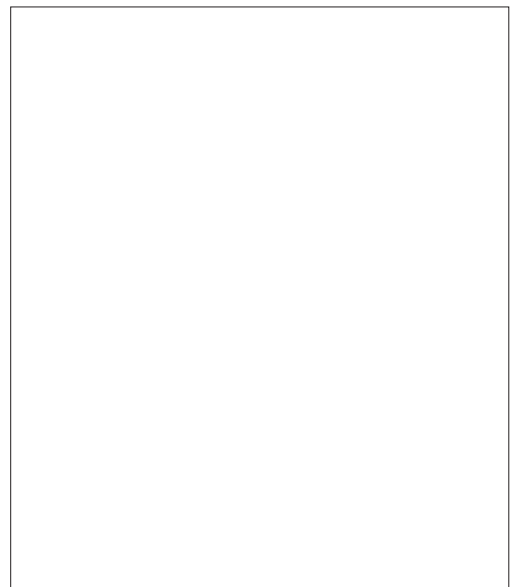
In terms of our other communications vehicles, the weekly newsletter *Fraser Folio* continues to be received by over 300 radio stations across the country, providing a steady flow of segment ideas and guests. In 1999, a similar product will be developed for television news producers across Canada.

An increasingly important vehicle for the Institute is our Internet presence. Throughout 1998 we strove to ensure that the content on the Institute's web site was as current as possible and that new research and media releases were available on the web site as soon as they were released to the media. This attention to timeliness has paid off in the steady increase in site visits—up to 1,000 a day during key periods, such as the Federal Budget. Working in concert with our new Manager of Information Technology, Ryan McBride, we hope to make the web site's presence even stronger in 1999.

The Institute's weekly opinion pieces, sent via e-mail to over 72 outlets across Canada, continue to be picked up by newspapers across the country. Circulation of those opinion pieces has been extended to include specialty journals such as *The Medical Post* and *Investors Business Daily*, and to select US publications. Also in the United States, the NCPA's *Policy Digest*, distributed daily to over 2,700 media, legislators, and public policy researchers, now includes summaries of Fraser Institute research on a regular basis.

In 1999 the Institute will continue to extend its media coverage and profile further, particularly on the international stage.

Below: Lawrence Tapp, Dean of the Richard Ivey School of Business, listens to an audience member following his Economic Advisory Luncheon speech, "The Innovation Gap" at The Fraser Institute's head office on Bute Street in October 1998.



Kristin McCahon

Left: Raymond Addington, Chairman of the Fraser Institute Board of Trustees (left), thanks John G. Greenwood, Chancellor LGT Asset Management, San Francisco, with an Adam Smith tie following his Fraser Institute Round Table Luncheon speech, "Asia's Financial Crisis—Causes, Cure, and Outlook" to a Vancouver audience in March.

Kristin McCahon

Information Systems

In 1998, Ryan McBride replaced Mark Weller as the Manager of Information Systems at The Fraser Institute. He brings with him eight years of experience in the computer industry, and is currently studying Cognitive Science part time at Simon Fraser University.

Web Site

The Fraser Institute web site at *www.fraserinstitute.ca* continues to grow by leaps and bounds, with the number of visitors per day tripling over the course of the year. Media visits to the site are playing a large role in this surge of web surfers, as our complete electronic library of all Fraser Institute publications since 1991 provides the media with an easily searchable reference.

We have begun to plan for a further redesign of the web site, which will allow us to provide even more services and reach a wider audience of members and non-members. Plans include: secure online ordering, conference registration and membership application, interactive tools for calculating indexes, such as your own personal tax freedom day, and automatic notification via e-mail of new articles and publications being posted to the site.

Relocation

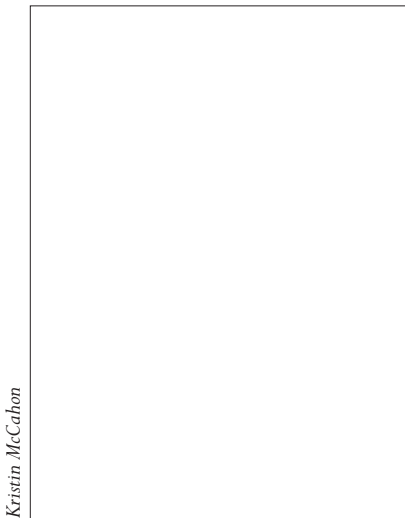
The Fraser Institute's relocation to the new premises on Burrard Street provided us with an opportunity to re-examine some aspects of our information systems infrastructure. New network cabling was installed, and a single shared high-speed Internet connection was set up to replace the old dial-up connections. The result is an Internet connection nearly 200 times faster, which is available instantly, is more secure, and is less expensive than the old system! We also set up our own e-mail server, migrating from the various e-mail addresses to

a standardized system of first-name-last-initial@fraserinstitute.ca. (e.g., ryanm@fraserinstitute.ca).

The relocation also saw the installation of a new telephone system with the expandability required to accommodate our new office space. People calling in to our office may notice that the connection is much clearer; this is the result of the fact that our connection to the phone company is digital, rather than analogue.

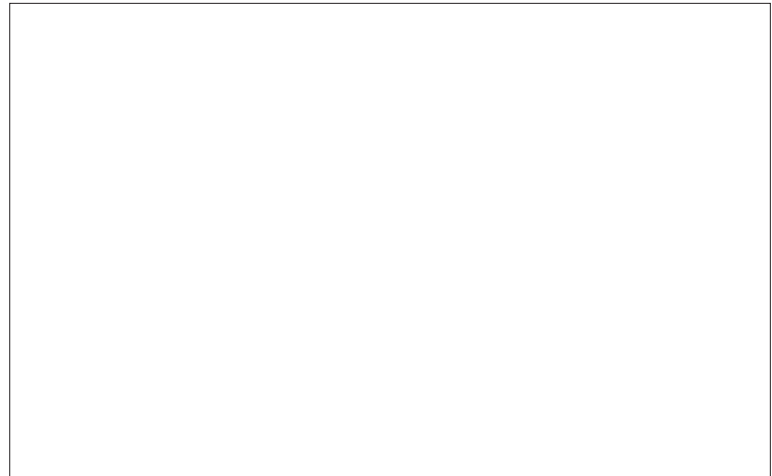
Y2K Compliance

With the replacement of our phone system, The Fraser Institute's information systems infrastructure is completely Year 2000 (Y2K) compliant. Final investigations into the Y2K compliance of our various partners and suppliers will be conducted in the first half of 1999.



Kristin McCahon

Ezra Levant, Special Assistant to Preston Manning, Leader of the Federal Opposition, took part in the 1998 Student Leaders' Alumni Colloquium Program.



Top: Executive Director Michael Walker (standing), delivers the opening remarks while Fraser Institute Manager of Information Systems, Mark Weller, and Solveig Singleton, Director of Information Studies at the Washington-based Cato Institute, listen at The Fraser Institute conference, "Electronic Commerce: Free Markets in Cyberspace" held in Vancouver in June 1998. Bottom: One of the highlights of the conference was a luncheon debate on "Is Anti-Trust Legislation Necessary to Preserve Competitive Markets in Information Technology?" between Mr. Kenneth Wasch (right), President of the Software Publishers Association, and Robert Levy (centre), Senior Fellow in Constitutional Studies, Cato Institute. Mark Weller acted as moderator.

Jennifer Beauchamp (both)

Development

The Fraser Institute is an independent, non-political organization neither requesting nor accepting any funds from governments. The Institute is totally dependent on the voluntary contributions of its members, foundations, and corporations who support the Institute's research on key economic and social issues. By supporting the Institute through membership and/or contributions to specific projects and educational events, you are helping to maintain and expand an exemplary educational program which will ensure that all Canadians are constantly exposed to the ideas upon which our free society depends.

Fundraising on behalf of the Institute takes several forms, the most fundamental of which is membership. As well, throughout the year the Institute solicits contributions for specific projects, conferences and speaker luncheons, special events, and student seminars. Other income is derived from the sale of books and other publications, as well as of the Institute's popular Adam Smith ties. The Institute also benefits from gifts-in-kind such as travel, accommodation, printing, etc.

In 1998, the Institute launched a Building Campaign to raise funds for the new Burrard Street offices. This campaign has been most successful thanks to the generosity of our many supporters. Limited opportunities still remain to purchase rooms, arches, and chairs, each of which will be appropriately acknowledged with a plaque.

Nineteen-ninety-eight was financially a record year for the Institute. Contributions from members and others reached new heights and the Institute's building program has been so successful that already 85 percent of the cost of the new premises has been raised. During the year, plans were made to revamp the contribution levels for each Institute membership category to give greater access for potential participants in the Institute's work. In 1999, this new structure will be adopted.

Financial Position, 1998

In 1998, the net assets of The Fraser Institute increased by \$1,995,407 to \$5,714,591.

Gross revenues amounted to \$3,425,771, representing an increase of 5.3% over 1997. Gross expenditures amounted to \$3,422,014, representing an increase of 12.5% over 1997. The net operating surplus, before appropriations, amounted to \$3,757. The Institute's financial position is summarized as follows:

Statement of Operations for the Year Ending 1998

Income

Donations, Sales of Publications, Interest and Other Income	3,425,771
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Expenses

Salaries, Office Costs, Projects and Publications	<u>3,422,014</u>
Increase in Unrestricted Net Assets from operations	3,757

Statement of Financial Position as at December 31, 1998

Current Assets	3,108,733
Investments	1,005,000
Capital Assets	<u>1,600,858</u>
	5,714,591
Current Liabilities	1,642,987
Net Assets	<u>4,071,604</u>
	5,714,591

Complete audited financial statements for the year ended December 31, 1998, are available on request.

Fraser Faces

Changes to the Board of Trustees

There were a number of changes to the Board during 1998.

Conrad Sanford Riley, Sr., MBE, a long-time member of the Institute, retired from the Board during the year and, sadly, passed away in March of 1999. His support and encouragement of the Institute, particularly during its formative years, will be greatly missed by his many friends at the Institute.

Sherry Cooper of Nesbitt Burns and **Ken Benson** of Calgary both left the Board in 1998. **Mr. R.J. Currie**, retired from The Loblaw Companies Ltd., of Toronto, also left the Board in 1998.

The Institute welcomed two new people to the Board in 1998: **Edward Belzberg**, of Jayberg Enterprises in Vancouver, and **Conrad Riley, Jr.**, of Dominion Tanners, and residing in North York, who replaces his late father, C.S. Riley, Sr.

Institute Staff Changes

In 1998 four staff members left the Institute to pursue other ventures: **Cynthia Ramsay**, Director of Health Studies; **Mark Weller**, Information Technology Manager; **David Hanley**, Director of Communications; and **Marc Law**, Researcher.

Seven people joined the Institute in 1998.

Vanessa Schneider, Assistant Director of Student Programs, comes to the Institute from Carleton University in Ottawa where she received a BA in Political Science and Canadian Studies.

Dexter Samida, an analyst working on the Economic Freedom Project, serves as Administrative Coordinator for the Economic Freedom Network and oversees the Provincial Economic Freedom Index. Dexter received a Bachelor of Commerce (High Honours) and Great Distinction, from the University of Saskatchewan, and a Master of Arts (Economics) from the University of Toronto.

Martin Zelder, Director of Health Policy Research, holds a Ph.D. in Economics from the University of Chicago and comes to the Institute from Australia, where he was a lecturer in economics at The Australian National University.

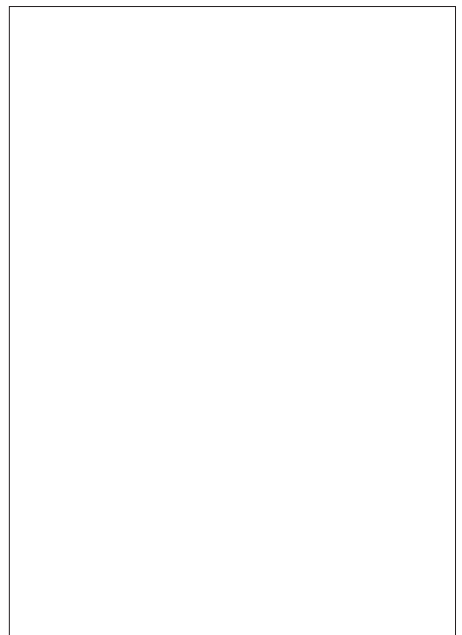
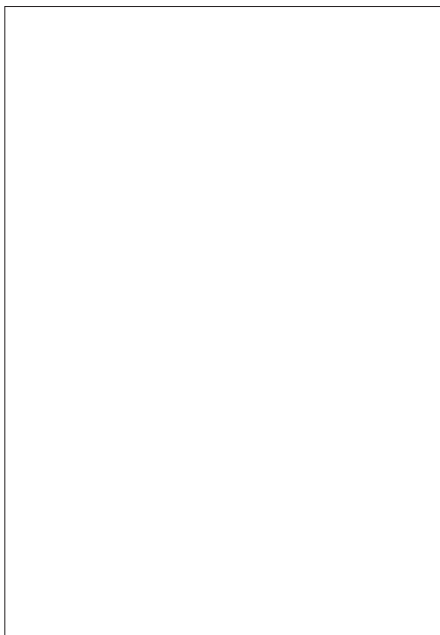
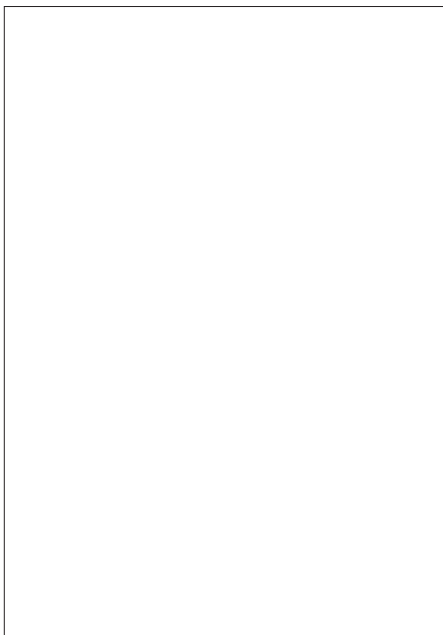
Karen Morgan, Associate Director of Development with primary responsibility for the Institute's Building Campaign, has a Master's Degree in Business Administration combined with extensive marketing experience.

Chris Howey joined the Institute as Book Sales Coordinator.

Suzanne Walters, Director of Communications, previously Communications Director at the Vancouver Film School, has a B.A. in International Relations from the University of British Columbia.

Ryan McBride joined the Institute as Information Technology Manager.

Kristin McCahon (left)



Lorena Baran (right)

The Fraser Institute's events program encourages a wide range of speakers from around the globe to share their views and ideas. Among the 1998 speakers were, from left: Mr. Stockwell Day, Provincial Treasurer, Government of Alberta, who spoke to a Vancouver audience on November 2 about "Fiscal Lessons from Alberta"; Dr. Rigoberto Stewart, President, Institute for Liberty and Public Policy Analysis, Costa Rica, who spoke at the 1998 Economic Freedom Network Conference in Manila, Philippines; and Dr. Ethan Nadelmann, Director, the Lindesmith Center, New York, who spoke on "Common Sense Drug Policy" to the Fraser Institute Sensible Solutions to the Urban Drug Problem conference in Toronto on October 27.

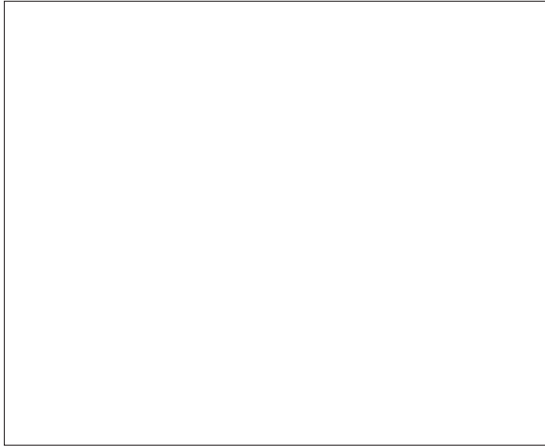
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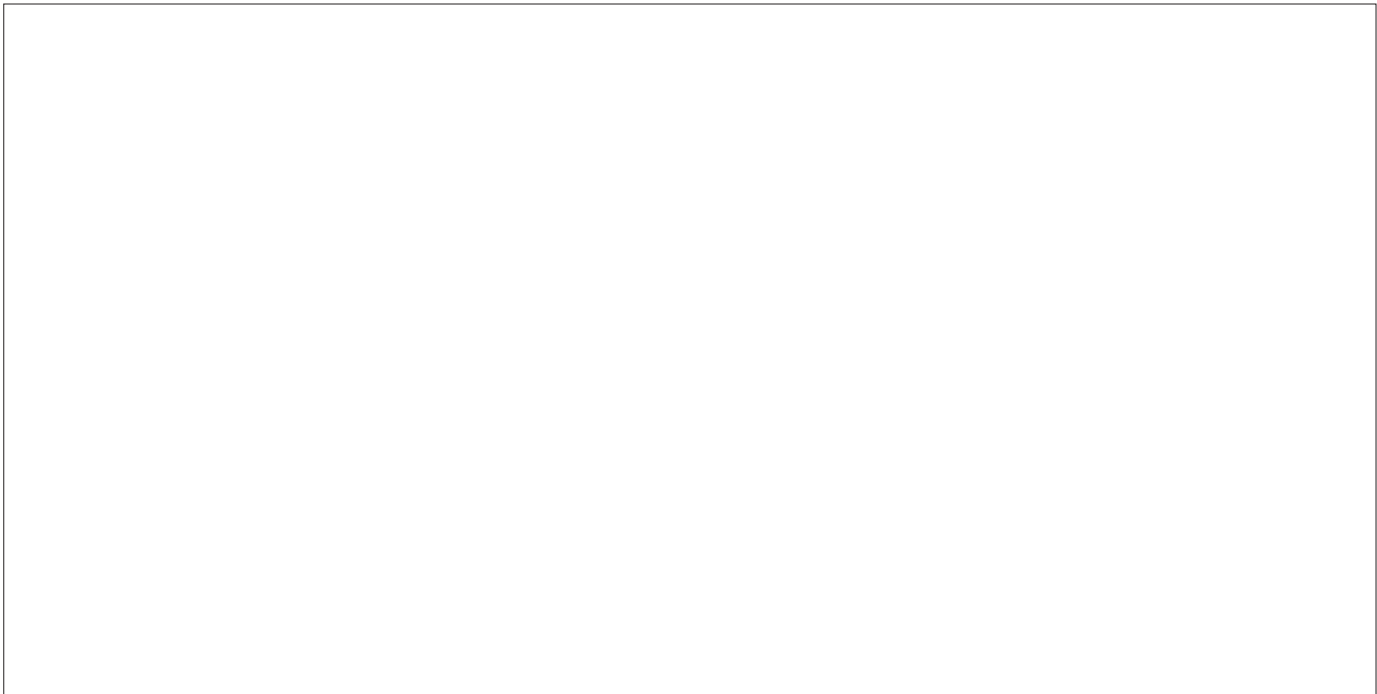
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- Director of Environmental Studies*, Laura Jones
- Director of Charitable Studies*, Jason Clemens
- David Somerville Chair in Taxation and Finance*, Herbert Grubel
- Manager of Information Systems*, Ryan McBride

It's official! Signing the documents for the purchase of the Fraser Institute's new premises on Burrard Street in Vancouver on October 29 are, standing, from left: Richard Benmore, T.Pat Boyle, and Michael Hopkins. Seated from left: Raymond Heung, Michael Walker.



Kristin McCahon



Fraser Institute staff. Back row, from left: Michael Hopkins, Patrick Basham, Peter Cowley, Claudia Rebanks Hepburn, Joel Emes, Dexter Samida, Martin Zelder, and Ryan McBride. Middle row from left: Debbie Chan, Lindsey Martin, Jennifer Beauchamp, Laura Jones, Vanessa Schneider, Courtney Hodgins, Margaret Kerr, Suzanne Walters, Sherry Stein, Karen Morgan, and Marie Morris. Front row from left: Jason Clemens, Annabel Addington, William McArthur, Lorena Baran, Michael Walker, Kristin McCahon, Herbert Grubel, Pauline Collyer, and Gordon Gibson.

Gary Wildman

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