

THE FRASER  
INSTITUTE



Improving  
economic  
and social  
well-being

THE FRASER INSTITUTE IS AN INDEPENDENT CANADIAN ECONOMIC AND SOCIAL RESEARCH AND EDUCATIONAL ORGANIZATION. IT HAS AS ITS OBJECTIVE THE REDIRECTION OF PUBLIC ATTENTION TO THE ROLE OF COMPETITIVE MARKETS IN PROVIDING FOR THE WELL-BEING OF CANADIANS. WHERE MARKETS WORK, THE INSTITUTE'S INTEREST LIES IN TRYING TO DISCOVER PROSPECTS FOR IMPROVEMENT. WHERE MARKETS DO NOT WORK, ITS INTEREST LIES IN FINDING THE REASONS. WHERE COMPETITIVE MARKETS HAVE BEEN REPLACED BY GOVERNMENT CONTROL, THE INTEREST OF THE INSTITUTE LIES IN DOCUMENTING OBJECTIVELY THE NATURE OF THE IMPROVEMENT OR DETERIORATION RESULTING FROM GOVERNMENT INTERVENTION. THE WORK OF THE INSTITUTE IS ASSISTED BY AN EDITORIAL ADVISORY BOARD OF INTERNATIONALLY RENOWNED ECONOMISTS. THE FRASER INSTITUTE IS A NATIONAL, FEDERALLY CHARTERED NON-PROFIT ORGANIZATION FINANCED BY THE SALE OF ITS PUBLICATIONS AND THE TAX-DEDUCTIBLE CONTRIBUTIONS OF ITS MEMBERS, FOUNDATIONS, AND OTHER SUPPORTERS.

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IT IS A GREAT PLEASURE TO REPORT ON THE ACTIVITIES OF THE FRASER INSTITUTE DURING ITS 26TH YEAR OF OPERATION. EVEN MORE THAN USUAL, THE EXTENT OF THOSE ACTIVITIES IS SUCH THAT I CAN DO LITTLE MORE, IN MY MESSAGE, THAN WHET YOUR APPETITE FOR THE FULL CONTENTS OF THE ANNUAL REPORT. AS IT HAS DONE IN PREVIOUS YEARS, MY REPORT WILL FOCUS ON ONE ACTIVITY WHICH ROSE TO PROMINENCE DURING THE YEAR.

When he spoke to The Fraser Institute's Annual Meeting in 1994, Nobel Laureate Professor Milton Friedman noted that we were in the grip of a second industrial revolution, a revolution based on the intensive use of knowledge. Those nations that best used their intellectual capacities would dominate the future industrial landscape. Thus, Professor Friedman noted, the crucial industry for every country in the world is its education industry. Those countries that had an effective education industry infrastructure would sooner or later come to dominate those that did not.

Of course, educational capacity is not the only determinant of industrial success. Indeed, Professor Friedman has been at the forefront of advancing the importance of property rights and an infrastructure of rule by law in setting the stage for economic development. But there can be no doubt that the effectiveness of a nation's educational infrastructure must be a key determinant of its future success in an information-dominated world. In respecting the importance of education, The Fraser Institute has long had a focus on the educational sector. More than 15 years ago, the Institute undertook a comprehensive overview of Canada's elementary, secondary, and post-secondary educational apparatus to examine the incentives that its participants faced, and how these incentives would impel the education system forward.

One of the things that those studies noted, particularly in the primary and secondary schools, was the lack of systematic attention to the issue of value adding. That is, the

extent to which the considerable effort expended in the education system actually produces an increase in the knowledge output from the system. One of the difficulties in this regard was the lack of a focus on performance measurement and the comparative assessment of how schools were actually succeeding in adding value to the student intake.

### Developing the Department of School Performance Studies

In 1997, The Fraser Institute determined to remedy this perceived deficiency. We set as our first objective the measurement of the performance of all of Canada's high schools. In this endeavour we were very fortunate to attract the interests of two researchers who have proved to be crucial in the project's overall success. Professor Stephen Easton had written our 1988 book, *Education in Canada*, which articulated some of the difficulties with the primary and secondary education system. It was natural for him to have an interest in the project.

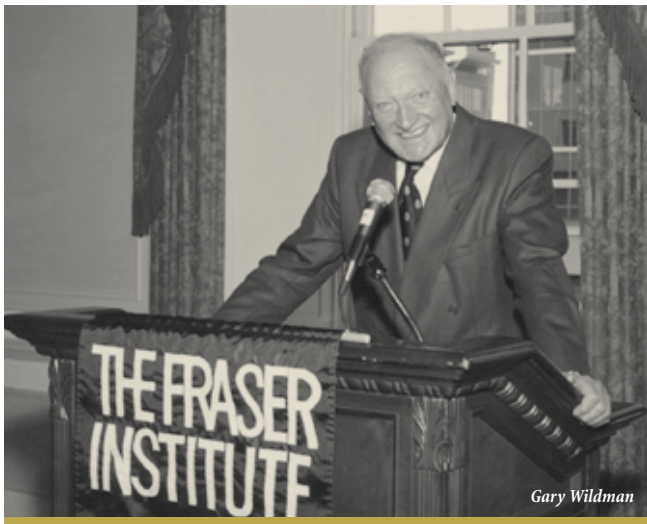
The other person who would prove to be key to the development of this project was Mr. Peter Cowley. Peter was first attracted to the issue of high school performance assessment by observing his own child's experience with the system. He also had a curiosity about performance measurement stemming from his involvement in industrial sales and marketing.

The technology for the project came from the international Economic Freedom of the World project, which had, over many years, researched and devised a method for measuring and comparing the performance of national governments.

The most important obstacle which the project would have to overcome was the attitude of the participants in the educational process. The most prevalent attitude is that a child's performance in high school is predominantly and overwhelmingly determined by socio-economics, not by the school's performance as a value-adding enterprise. The typical story goes something like this: "A child's performance is determined almost entirely by the luck of their socio-economic draw in life. People of a particular socio-economic type tend to cluster in the catchment area for particular schools, and there is no point in drawing attention to the fact that these schools under-perform because they are drawing from under-performing populations."

I had a personal experience early last year which demonstrated to me very clearly that this attitude is entirely incorrect. On the contrary, a school and the teachers who run it can have a profound impact on the achievement of children. During a trip to England, I chanced upon a newspaper account of the spectacular impact which one woman, Sharon Hollows (now Dame Sharon Hollows), had on the success of a school that draws its children from one of the least advantaged areas in Britain.

Five years previously, as the recently-appointed principal of Calverton Primary School in London's East End, Sharon Hollows found that her school had just been ranked as one of the lowest-performing elementary schools in Britain. She was embarrassed and humiliated by the poor showing, but was determined to change it. And what a magnificent job she did! Currently, Calverton School is a "Beacon School" in Britain,



Fraser Institute Chairman of the Board of Trustees, Mr. Raymond Addington, O.B.E., prepares to address members at The Fraser Institute Annual General Meeting on April 3, 2000.

## Chairman's Report

which means that the government encourages teachers from across the country to go there to see how a truly successful school is organized. From the bottom of the heap to the top in four short years—and all the while working with children from broken homes, racial minorities, other languages, hostile parents, 50 percent unemployment, etcetera.

As Dame Hollows herself has said, the measurement of school performance and the resulting rankings that showed how poorly her school was doing was an essential ingredient in her ultimate success since it motivated her to implement the changes which have produced the dramatic turn around.

The intent of The Fraser Institute Department of School Performance Studies is to improve the educational outcomes of our schools by providing to every educator, every parent, and every child in the country, documentation of how well they are doing relative to their peers. While much remains to be done to achieve that goal, a surprisingly large amount has already been accomplished.

An annual report card on secondary schools was introduced in British Columbia, where some 280 high schools have now been ranked four times. Using data reaching back eight years, the Report Cards give a comprehensive view of the academic performance of schools relative to each other, and relative to their own past

performance. Early editions of the Report Card also provided an opportunity to perfect both the research methodology and the dissemination of the results.

The distribution has been a critical factor, since we want to ensure that every educator, parent, and child in the province has access to the results. Accordingly, in each province we have chosen to partner with a widely-distributed newspaper or magazine. In British Columbia, we chose the *Province*, the newspaper with the largest circulation in BC, and readership demographics appropriate to our goal.

The *Province* devoted some seventeen pages over four days to presenting the first edition of *A Secondary Schools Report Card for British Columbia*, including results for almost every school in the province. Community newspapers were quick to respond with their own coverage. The impact could not have been more dramatic as principals, teachers, politicians, students, radio talk show hosts, journalists, and especially parents, reacted strongly to the ranking of their schools.

The Chairman of a newly-formed private school threatened legal action because of the effect the low ranking would have on his school's ability to retain the students whose fees were necessary to fund their outstanding debt. Subsequently he extolled the virtues of the ranking program since it caused his school to assess and change some of the school's key personnel.



1999 Nobel Laureate in Economics Dr. Robert Mundell (centre) joins some members of The Fraser Institute Board of Trustees at the Institute's Annual General Meeting on April 3, 2000 in Vancouver. In photo from left: Mr. Bob Lee, Dr. Michael Walker, Mr. Brandt Louie, Mr. Herb Pinder, Jr., Dr. Robert Mundell, Mr. Michael Hopkins, Mr. Raymond Addington, O.B.E., Mr. T. Patrick Boyle, Mr. John R. Graham (staff), Mr. Ev Berg, Mr. Paul Hill, Mr. Bill Korol, and Mr. Arthur Grunder.

Gary Wildman

The “educational establishment” in government schools was generally less receptive to the idea of performance assessment than those in independent schools. In fact, there was a determined effort in the former to denigrate the report, deny its importance, or simply ignore it—that is, until the reaction of parents and students had become fully evident. Once it became clear that there was widespread public interest, that parents wanted answers for poor performance, and that we were intent on doing this sort of measurement every year, the attitude changed. After publication of the second *Report Card on British Columbia's Secondary Schools*, the principal of the lowest-ranked school in the province thanked us, “in the way a patient thanks a dentist for a root canal” and went on to note that the Report Card “was the greatest leadership experience of my life.”

The performance measurement project has come a long way since that first report card was released in BC in 1998. To date, Alberta, Quebec, and BC secondary schools are now annually assessed and ranked. In 2001, Ontario will be added. In Alberta we partnered with the *Calgary Herald* and the *Edmonton Sun*. In Quebec, *L'Actualité* magazine worked with us and our Quebec-based sister organization, L'Institut Économique de Montréal along with *Le Journal de Montréal* and the *Montréal Gazette*, to blanket that province. In 2001 in Ontario, the *National Post* will run a special section in each of their four separate regional editions with the results of the schools in those regions.

In all, almost 1,000 high schools have been rated and ranked. Our major media partners alone have devoted over 200 pages to the reports—coverage which would have cost almost \$2,500,000 had we to purchase it as advertising copy. And, there is an increased interest in doing more with the reports.

In Quebec, for example, *L'Actualité* plans, in the Fall of 2001, to print and distribute with its magazine a separate publication containing the detailed Quebec results. It is easy to understand their interest in doing so since parental response in that province has been profound. One indicator of the interest is the extent to which the Report Card has caused parents to seek alternatives to the public schools their children now attend.

In a front page story, *Le Devoir* newspaper reported that the requests for admission to private schools were increasing dramatically. The reason given for the surge in applications was the recently-released Fraser Institute Report Card on the performance of Quebec's high schools. Parents were seeking private schools for their children because they had discovered that the government schools their children had been attending were under-performing.

From the point of view of what the Department of School Performance Studies is trying to accomplish, increased enrolment in private schools is only one possible outcome. The most widely felt outcome will undoubtedly be an improvement in the conduct of government-controlled schools. Certainly there are already indications of that effect in the form of invitations from school districts to make presentations to superintendents and principals about the performance measurement system.



*Principal Sharon Hollows from Calverton, one of London's tougher primary schools, gave a stirring keynote address at the W. Garfield Weston Outstanding Principals Awards ceremony held in both Calgary and Vancouver in October 2000.*

The most direct evidence that the Report Cards are making a difference, however, is in the changing attitude of the principals themselves. In conjunction with the recent release of the 2001 *Report Card on British Columbia's Secondary Schools*, the *Province* newspaper made a point of talking with the principals of some of the province's schools. In particular, reporters interviewed the principals of two schools, David Thompson Secondary and John Oliver School, which draw their students from the same city centre population, but which have radically different performances. On average, over the past five years, David Thompson ranked 51st while John Oliver ranked very poorly at 229th. Ian McKay, the principal of John Oliver, told the reporter that the school “treated its poor performance ratings as a wake-up call: ‘It was a call to us to look at the kinds of kids we were serving and what we need to do for them.’”

The comparative performance of these two schools in Vancouver echoes the Sharon Hollows story, and indeed the results of our research on the performance of schools across Canada. That is, school performance is not pre-determined by the population from which the students are drawn. A school and its educators can make a very significant difference in pupils' lives—the difference between being on the bottom of the pile, or on the top.

Of course, all of the people who work at a successful school contribute to its success. But the CEO is in a position to make the difference, and for that reason it is often the school's principal who deserves the recognition when a school does well. In recognition of that fact, and as a natural complement to the performance-rating program, the Institute has also launched, in conjunction with the W. Garfield Weston Foundation, the W. Garfield Weston Outstanding Principals Awards Program.

Initially, this program has rewarded outstanding principals in British Columbia and Alberta, but it is hoped eventually to extend the program to include the other provinces in which we are able to measure the performance of schools. It gave me enormous pleasure to be able, at the inaugural award ceremony in Calgary, to introduce Dame Sharon Hollows, who gave the keynote address at the event.

## Chairman's Report

The Garfield Weston Outstanding Principals Awards recognize three sorts of accomplishment by principals: the top scoring school, the most improved school, and perhaps most importantly, the school which does best relative to its expected performance given the socio-economic characteristics of the students who attend. The characterization of the schools is possible because, with the assistance of Statistics Canada's census data, we have been able to create a micro socio-economic context for each school. We have the postal code for every student who attends school; a cross-match between these postal codes and the census information produces the data we need, from family income to the language spoken in the home, to establish the schools' socio-economic composition.

On the wall of the Institute's boardroom there is a plaque given to the Institute by long-time Trustee Mr. Fred Mannix. The plaque says, "If it matters, measure it."

In some sense, this sentence conveys the spirit of the work of The Fraser Institute, which is to change the climate of opinion by disseminating research results based on a careful measurement of things that matter. The School Performance Studies Department is a particularly good example of how the Institute uses measurement to change the world.

Of course, the School Performance Studies Department is not the only department at the Institute, and I want to mention a few other areas where the Institute has been making effective use of measurements to pursue its goals.

### Health Care

One subject that has surged to public attention during the last year is the decay of the health care system. A centrepiece of the discussions has been the Institute's annual survey of hospital waiting lists. Since this 12-year long project provides the only nationally comparable source of information on waiting in the provinces, it is understandable that it has been much mused about and abused during the year.

In 2000, for the first time, it was possible for the Institute to relate these measurements of waiting to the amount of money spent in the provinces. The results were quite astounding since they showed that there is no connection between the amount of money a province spends on health care and the length of time a province's resident has to wait for that care. In fact, there isn't even a connection between the money spent and the quantity of health care services produced.

The results of this study have been seized upon across Canada and there is now widespread acknowledgement that the problems of our health care system do not emerge primarily from a lack of money. In fact, Michael Decter, Chairman of the Board of the Canadian Institute for Health Information, a long time advocate of the Canadian health care system, noted upon the release of Dr. Martin Zelder's study that everyone knew that more money would not produce solutions to the health care problems. Rather, the structure of incentives would have to change. We can only wonder were he might have got such a sensible idea.



Gary Wildman

*Giving the fifteenth annual Dr. Harold Walter Siebens Lecture: Nobel Laureate Dr. Robert Mundell tells a packed house about "Exchange Rates & Monetary Unions and their Relevance to Canada" at The Fraser Institute's Annual General Meeting in April 2000.*



Nobel Laureate Dr. Robert Mundell (right) listens to Fraser Institute Trustee Mr. Ey Berg (centre) and Mr. Bill Korol prior to The Fraser Institute's Annual General Meeting in April, 2000.

### Capital Gains Taxation

Another measurement activity during the year proved quite influential. The annual Dobson Foundation Conference on Taxation under the leadership of Sommerville Chair Dr. Herbert Grubel focused this year on the topic of capital gains taxation. The representatives of 10 countries in which there are no, or very modest, capital gains taxes participated. The upshot of the private conference, which was well attended by senior government officials, was that there do not appear to be any adverse side effects from eliminating capital gains taxes altogether. We were pleased to see that the message was not lost on the federal Finance Department as it formulated the content of the mini-budget in October.

### Survey of Senior Investment Managers

One of the influential products under the direction of Mr. Jason Clemens, which the Centre for Fiscal Studies has been producing for the past 7 years, received an interesting endorsement during the year. The quarterly *Survey of Senior Investment Managers* collects the opinions of money managers managing nearly \$200 billion in assets. The opinions of these managers about the policies of provincial and federal governments are quite influential; these people are the most important purchasers of government bonds and have the power to reward and punish governments—particularly sub-national governments—when they approve or disapprove of those governments' actions. In 2000, the Investment Dealers Association joined with the Institute to sponsor the survey and to work with us to increase the number of managers responding to the survey.

### Centre for the Study of Risk and Regulation

One of the most important foundational developments during the year was the establishment of the Centre for the Study of Risk and Regulation. This new centre combines some of the work which was done in the Social Affairs Centre with that done in the Environment Department, and adds a specific focus on the issue of how society handles risk. Included in the ambit of this new activity will be topics ranging from global warming to genetically-modified food. Under the direction of Ms. Laura Jones, this new centre will become one of the Institute's core programs as the topics it deals with come to dominate the policy agenda.

### Alberta Initiative

The Fraser Institute's Alberta Initiative took shape during 2000 as we greatly expanded the scope and function of the Institute's Calgary office. Dr. Lydia Miljan has spearheaded this expansion which has amplified the ability of the Institute to deal with issues of particular relevance to Albertans. It has also expanded our capacity to deal with issues of political economy as we have been able to encourage the members of the "Calgary School" of Political Science to join with our efforts. We are delighted to have Senior Fellows Professor Barry Cooper, Professor Tom Flanagan, Professor Ted Morton, Professor Rainer Knopff, Professor Ken Mackenzie, Professor Ron Kneebone, Professor Herb Emery and Professor Eugene Beaulieu working on a variety of projects. We have already seen the impact of this involvement in the area of environmentalism and the Alberta Advantage Surveys.

### Fraser Forum

This year also saw some important changes in our flagship monthly publication, *Fraser Forum*. Under the direction of Ms. Kristin McCahon, our Director of Publication Production, *Fraser Forum* has been transformed, and is now poised to become a broad circulation periodical replete with advertising, glossy stock, and superlative content. We have every reason to be extremely proud of this widely-read magazine.

### Head Office

One of the most pleasant developments during the year has been the expanded use of our new head office building for a variety of meetings, special guest speakers, and training sessions. During the year we hosted some 20 events in our meeting room which would otherwise have been held in hotels. The meeting room has also been used for our weekly Policy Lunch.

The overall experience with our new premises has been very positive and staff productivity has increased appreciably. In addition, a recent real estate appraisal indicates that market rents have increased 38 percent since October 1998 when we purchased the building. This implies a 30 percent increase in the value of the building as leases expire over the next few years.

All in all, 2000 was a wonderful year for the Institute as an increasing number of our ideas came to dominate the policy agendas of government. We have been able to use the resources you, the members, have provided to great effect in changing the country—and changing the world. I hope you will join with us during the forthcoming year to make the Institute even more productive and effective in achieving our mutual goals.

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

## Introducing The Fraser Institute

THE FRASER INSTITUTE WAS FOUNDED IN 1974 TO REDIRECT THE ATTENTION OF CANADIANS TO THE ROLE OF MARKETS IN PROVIDING FOR THEIR WELL BEING. OVER THE LONG TERM, IDEAS ARE THE MOST POWERFUL INFLUENCE ON PUBLIC POLICY. THE INSTITUTE, THEREFORE, STIMULATES DEMAND FOR ECONOMICALLY SOUND PUBLIC POLICY BY CONDUCTING RESEARCH AND DISSEMINATING ITS FINDINGS TO THE GENERAL PUBLIC AND TO POLICY MAKERS.

The Institute is headquartered in Vancouver, but also has satellite offices in Calgary, Toronto, and Ottawa. The Institute has active research ties with similar independent organizations in 54 countries from around the world.

### 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, and the Institute's performance is monitored monthly by an Executive Advisory Board drawn primarily from the Board of Trustees.

### Research

The objective of Institute research programs is to provide alternatives to well-intentioned but misguided views about the appropriate roles of government. 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. Research is reviewed internally by an editorial committee, and, where appropriate, by associated policy experts or an Editorial Advisory Board of leading international economists.

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



### Funding and Independence

Throughout the year, funding is sought both for specific projects and for the Institute's overall activities. The majority of the Institute's revenues are derived from the donations of its members, and from research foundations. 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, students, academics, policy makers, and politicians from all parties, across Canada and abroad.

Institute publications have been sold in over 50 countries and translated into 20 languages. Many titles are required reading in North American and European universities. The Institute makes a particular effort to reach students through seminars, *The Canadian Student Review* newsletter, and internships. Institute publications since 1996 are also available on our web site.

The Institute reaches a wide audience through the mass media. Institute staff write news releases, editorials, and articles, and conduct print, radio, and television interviews.

The Institute also offers a fax broadcasting service to over 200 radio talk show hosts nationwide. Further, the Institute's National Media Archive monitors the media for balance in news and public affairs reporting.

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

### 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.



## The National Media Archive, the Alberta Initiative and the Governance Department



ON FEBRUARY 11, 2000, THE FRASER INSTITUTE OPENED ITS ALBERTA OFFICE, LOCATED IN DOWNTOWN CALGARY. THE OFFICE HOUSES THE RESEARCH OF THE NATIONAL MEDIA ARCHIVE, THE ALBERTA INITIATIVE, AND THE GOVERNANCE DEPARTMENTS. THE MAIN FOCUS OF THE ALBERTA OFFICE IS TO EXAMINE PUBLIC POLICY ISSUES EMANATING FROM ALBERTA AND THE PRAIRIE WEST THAT HAVE A NATIONAL PERSPECTIVE.

To fulfil this task, The Fraser Institute has teamed up with eminent University of Calgary scholars Barry Cooper, Tom Flanagan, Rainer Knopff, and Ted Morton from the political science department, and Ken Mackenzie, Ron Kneebone, Herb Emery and Eugene Beaulieu from the economics department.

LeRoy received extensive media coverage and have initiated real debate on the future of our national parks. Subsequent studies will critically examine the science used to make policy decisions in our national parks.

The second study released through the Alberta office was the Alberta Advantage Survey conducted in the fall of 2000. This survey, written by University of Calgary Ph.D. candidate Mebs Kanji, together with Barry Cooper, was based on polling of 1,000 Albertans. The questionnaire provided a comprehensive survey of public attitudes towards government policies. It critically examined the changes and effectiveness of the Alberta government policies since 1993. The initial overview of the survey will be released in February 2001.



Kristin McCahon

Professor Tom Flanagan from the McGill Institute for the Study of Canada explains the premise of his book, *First Nations, Second Thoughts*, to an attentive audience in The Fraser Institute's meeting room on May 25, 2000.

These scholars are working on various projects that are outlined below.

The first study released from the Alberta office was the Public Policy Source, *Off Limits: How Radical Environmentalists are Shutting Down Canada's National Parks*. This study examined how the ideology of environmentalism has influenced the policy process in Banff National Park. This study closely reviewed Parks Canada documents and showed the links between the department and the environmental lobby. Upon the release of the path-breaking research, study authors Barry Cooper and Sylvia

## The National Media Archive, the Alberta Initiative and the Governance Department



*Professor Tom Flanagan answers questions on his book, **First Nations, Second Thoughts** at an Executive Advisory Luncheon at The Fraser Institute's head office on May 25, 2000.*

*Kristin McCahon*



*Magelle's Photography*

*Fraser Institute staff in the Calgary office. Back row, from left: Dr. Ken McKenzie, Senior Fellow; Dr. Eugene Beaulieu, Senior Fellow; Ms. Connie Embreus, Research Assistant; Executive Director Dr. Michael Walker, Dr. Rainer Knopff, Senior Fellow; Dr. Barry Cooper, Senior Fellow. Front row (left to right): Ms. Sylvia LeRoy, Policy Analyst; Mr. Mischa Kowell, Research Assistant; Mr. Mebs Kanji, Research Associate; Ms. Pauline Hughes, Fundraising Associate. Missing: Dr. Lydia Miljan, Director of the Alberta Initiative.*

Other studies slated for research and release in 2001 include:

- *The Cost of Judicial Decisions* (under the guidance of constitutional scholars Rainer Knopff and Ted Morton). This study will provide an economic analysis of the cost of judge-made laws. The first part of this study will examine the direct costs incurred by governments when the courts rule that they must pay damages or costs. Subsequent analysis will examine the potential costs of judicial decisions.
- *Public Land Use in Alberta* is an analysis of changes in legislation that will affect the management of leased grazing land in Alberta. The project will also examine the role of regulations in the green space within the province.
- The rules involved in conducting research and development (headed by Ken Mackenzie) is a project that will examine the differences between Canada and other countries with respect to the rules and definitions of R&D.
- *Obsolete Monopoly* is an analysis of the operations of the Canadian Wheat Board and a recommendation of market alternatives. This study examines material in the National Archives dealing with the Canadian Wheat Board over the last 60 years. The goal is to provide a narrative history of this government body, to evaluate its performance, and to indicate the attractiveness of the “dual marketing” alternative.
- Preliminary research is being conducted on the feasibility of a study to examine the connection between property, civil society, and markets on aboriginal reserves.

With the National Media Archive, Lydia Miljan continues to examine contentious issues and their coverage in the national media. During 2001 we will be publishing the results of a study that examines the relationship between journalists' personal opinions and news coverage.

ONE OF THE MOST WIDELY-RECOGNIZED REPORTS FROM ANY PUBLIC POLICY INSTITUTE IN CANADA IS “TAX FREEDOM DAY”—THE DAY IN THE YEAR WHEN THE AVERAGE FAMILY HAS EARNED ENOUGH MONEY TO PAY THE TOTAL TAX BILL LEVIED ON IT BY ALL LEVELS OF GOVERNMENT. THIS CALCULATION, WHICH THE FRASER INSTITUTE HAS BEEN MAKING FOR 23 YEARS, IS AN IMPORTANT FIXTURE IN THE DEBATE REGARDING GOVERNMENT SPENDING AND TAXATION IN CANADA. THE FISCAL STUDIES DEPARTMENT CALCULATES TAX FREEDOM DAY FOR CANADA AND THE PROVINCES EACH YEAR; IN 1999 IT BEGAN OFFERING AN AUTOMATED, WEB-BASED CALCULATOR SO THAT ANYONE INTERESTED COULD DETERMINE THEIR OWN PERSONAL TAX FREEDOM DAY.

During 2000, The Fraser Institute hosted the second in a series of symposia on capital gains taxation. It was attended by experts from around the world, including Australia, New Zealand, Ireland, the Netherlands, the United Kingdom, Mexico, and the United States. In addition, Senior Fellow and holder of the David Somerville Chair in Fiscal Studies, Dr. Herbert Grubel, published the first volume in a series on capital gains taxation based on papers submitted to the previous year’s symposium. Both the symposia and book have had a significant impact on the country’s capital gains tax regime; the inclusion rate for capital gains tax has been reduced from 75 percent to 50 percent since the series of symposia began.

Major revisions to the Budget Performance Index were completed in 2000 under the stewardship of Senior Research Economist Joel Emes. The changes vastly improved the quality and usefulness of this budget summary document, the findings of which were highlighted in a number of prominent newspapers and radio shows.

In addition to the Budget Performance Index, another occasional paper was completed in 2000 by former intern and current doctoral candidate, Marc Law. Entitled *Productivity and Economic Performance*, the paper summarizes issues relating to productivity and provides performance data for Canada relative to our competitors.



Participants in the 2000 Symposium on Capital Gains Taxation held in Vancouver on September 15-17, 2000 were: Dr. Barry Bracewell-Milnes, Mr. Jason Clemens, Professor Sijbren Cnossen, Mr. John Dobson, Professor Steve Easton, Professor John Freebairn, Mr. Francisco Gil Diaz, Dr. Herbert G. Grubel, Professor Jonathan Kesselman, Mr. Peter Kugler, Professor Moore McDowell, Mr. Fred McMahon, Mr. Robin Oliver, Dr. Alan Reynolds, Mr. Mumin A. Sheikh, Mr. David Somerville, Professor Zane Spindler, Dr. Ruul P. van den Dool, Dr. Michael A. Walker, Professor Thomas Wilson, Professor Chi-Wa Yuen.



Mr. Donald Tsang, Financial Secretary, Hong Kong Special Administrative Region, briefs Institute staff and members about “The Free Market Economy: Maintaining the Momentum” on June 8, 2000, in Vancouver.

Four surveys of senior investment managers were produced in 2000. They paid critical attention to both the provincial investment climates and the federal budget. The surveys are based on the responses of senior investment officers who collectively manage over \$190 billion worth of assets. The surveys received the support of the Investment Dealers Association (IDA) which became a partial sponsor of the project in 2000.

The Fiscal Studies department completed background and response papers for both the federal and British Columbia budgets in addition to commenting on other provincial budgets including those of Alberta, Ontario, and Saskatchewan. The responses were prominently featured in such newspapers as the *National Post* and the *Vancouver Sun*.

Throughout the year, the department completed articles on a wide range of fiscal issues including government support for innovation, corporate subsidies, international efforts to harmonize taxes, budget summaries, and the federal government’s year-end spending spree. In addition to the articles appearing in *Fraser Forum*, the department also completed a series of question-and-answer pieces that provide empirical information on a range of subjects including government spending priorities, the public sector, agricultural support, per capita incomes and government spending, and the changing tax mix. A number of these pieces were covered by major papers including the *National Post*, the *Globe and Mail*, the *Vancouver Sun*, the *Calgary Herald*, and the *Ottawa Citizen*.

A number of important initiatives were begun in 2000 that will be completed in 2001. For instance, two major research studies, *Returning British Columbia to Prosperity* and *Flat Tax: Issues and Principles* were both started in 2000 and will be released in early 2001. Also, major revisions and improvements were also begun to our study of Canada’s debt, particularly the manner in which unfunded liabilities are calculated.

In the coming year, the Fiscal Studies department will continue to take a broad view of fiscal issues, including not only the *amount* government spends and taxes, but also *how* government spends and taxes. The department will continue to examine international, national, and sub-national issues, particularly the benefits of economic growth.

## Non-Profit Studies

LAST YEAR MARKED THE THIRD FULL YEAR OF STUDIES DEDICATED TO THE NON-PROFIT SECTOR. A NUMBER OF IMPORTANT UNDERTAKINGS WERE COMPLETED DURING THE YEAR, INCLUDING THE THIRD ANNUAL DONNER CANADIAN FOUNDATION AWARDS AND THE THIRD INSTALMENT OF THE GENEROSITY INDEX.

In 2000, the Donner Canadian Foundation Awards were hosted and presented by the Lieutenant Governor of Ontario, the Honourable Hilary M. Weston, at a ceremony held at Queen's Park. Nine agencies were awarded a total of \$65,000 and were formally recognized for their high performance standards in providing social services. Finalists and recipients of these national awards came from across Canada, including British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and Newfoundland. The Donner Canadian Foundation Awards were pleased to co-host the event with the Drucker Canadian Foundation.

In 2000, the third instalment of the Generosity Index, which measures the extent of financial generosity across Canadian provinces and US states, was completed. The study continues to receive prominent newspaper, radio, and television coverage. In the coming year, the Non-Profit Studies Department will endeavour to improve the measurement, and will seek a US Institute to co-publish the results for even greater media exposure.

A number of initiatives are planned for 2001, including expansion of the Donner Canadian Foundation Awards and more research into the non-profit sector. The addition of Karina Wood in October 2000 as the co-ordinator for the Donner Canadian Foundation Awards provides great promise not only for the Donner

Awards, but for the whole department. As governments of all stripes look for new and innovative ways to provide social services, the non-profit sector's visibility and importance will continue to increase. The Non-Profit Studies department will continue to update past studies and provide additional new information on this unique and vital component of society.



Stephanie Lake

The joint winners of the 2000 Donner Canadian Foundation Award for Excellence in the Delivery of Social Services. Left, Mary-Ellen Blizzard representing Sarnia-Lambton Rebound (Crisis Intervention category winner) and right, Mark Wolff representing the Multiple Sclerosis Society of Canada, Calgary Chapter (Services to the Disabled category winner), with the Honourable Hilary M. Weston, Lieutenant Governor of Ontario.



Charles Kochman

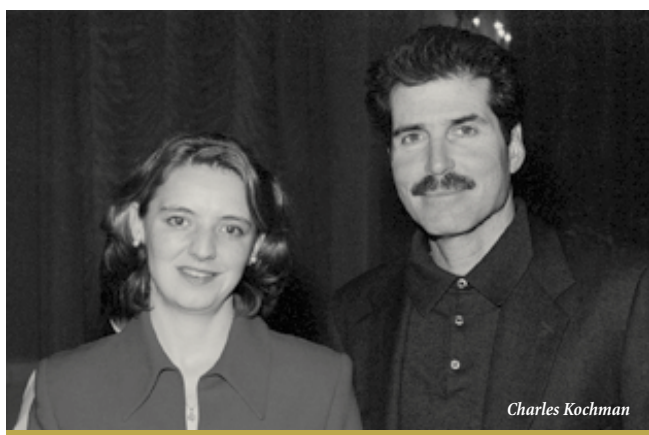
The third annual Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services were presented at a ceremony hosted by the Lieutenant Governor of Ontario, the Honourable Hilary M. Weston, on Oct. 13, 2000. From left to right, top: Ruthann Tucker (FIFE House), Mary-Ellen Blizzard (Sarnia-Lambton Rebound), Mark Wolff (Multiple Sclerosis Society of Canada, Calgary Chapter), Paul O'Krafka (St. Joseph's Villa), Brenda Thorlakson (Vernon & District Hospice Society), Eunice Cameron (Cornwall Alternative School). From left to right, bottom: Grace Wood (Julien House Society), Lynn Huizer (York Region Abuse Program), R.J. Addington, O.B.E. (Chairman, The Fraser Institute), the Honourable Hilary Weston, Allan Gottlieb (Donner Canadian Foundation), Diane Doneff (Women's Addiction Recovery Mediation), and Scott Dunlop (Kitsilano Area Childcare Society).

IN 2000, THE FRASER INSTITUTE EXPANDED THE FOCUS OF THE ENVIRONMENTAL STUDIES DEPARTMENT AND LAUNCHED THE CENTRE FOR STUDIES IN RISK AND REGULATION. THE CENTRE AIMS TO EDUCATE CANADIAN CITIZENS AND POLICY MAKERS ABOUT THE SCIENCE AND ECONOMICS OF RISK CONTROVERSIES.

As incomes and living standards have increased, tolerance for the risks associated with everyday activities has decreased. While this decreased tolerance for risk is not in and of itself undesirable, it has made us susceptible to unsound science. Concern over smaller and smaller risks in society, both real and imagined, has led people to demand more regulation without taking into account the costs—including foregone opportunities to reduce more threatening risks. If the costs of policies intended to reduce risks are not accounted for, there is a danger that well-intentioned policies will actually reduce public well-being. To promote more rational decision making, the Centre for Studies in Risk and Regulation will focus on sound science and consider the costs as well as the benefits of policies intended to protect Canadians.



Fraser Institute Director of the Centre for Risk and Regulatory Studies, Ms. Laura Jones, speaks on "The Environment and Economic Freedom" to the Western Economic Association Conference in June.



Charles Kochman

Ms. Laura Jones, Director of the Centre for Studies in Risk and Regulation, and ABC 20/20 Correspondent Mr. John Stossel at the Risk and Regulation centre's inaugural luncheon, where Mr. Stossel spoke on "Pandering to Fear: The Media's Crisis Mentality."

The Centre was launched at a lunch held in Toronto on November 21, where ABC News Correspondent John Stossel spoke about what the real risks in life are, why the media ceaselessly hype unrealistic fears, and why readers and viewers are swayed by it. The lunch was well attended by journalists, industry representatives, and students. The Centre also released its first publication, the book *Safe Enough? Managing Risk and Regulation*.

Environmental studies continue under the new umbrella of risk and regulation. The fourth edition of the Critical Issues Bulletin *Environmental Indicators* was published in April to help 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 fourth edition contained information on the United Kingdom, Mexico, and South Korea.

The problems facing the mining industry were once again highlighted in *The Fraser Institute Annual Survey of Mining Companies*. The survey asks companies to reveal how policy factors such as taxation, regulation, and uncertainty concerning land use affect their investment decisions.

In addition to publishing new studies, the Centre is working on getting broader distribution of its ideas. To this end, money was raised to send complimentary copies of the book *Facts, Not Fear* to every school library in Ontario. The book reviews what children in primary and secondary school learn about the environment from their textbooks, teachers, and outside reading. It counters some of the irresponsible claims of environmental extremists and provides a more balanced view of popular environmental controversies.



Charles Kochman

ABC News Correspondent Mr. John Stossel (far left) at a reception prior to his luncheon address. National Post editor Mr. Terry Corcoran (far right) introduced Mr. Stossel at the luncheon.

## Canada Project

THE CANADA PROJECT FOCUSES ON OUR INSTITUTIONS OF GOVERNANCE, FEDERALISM, AND ABORIGINAL POLICY. IN EACH OF THESE AREAS, CONCEPTS SUCH AS THE RULE OF LAW, ACCOUNTABILITY, TRANSPARENCY, AND SUBSIDIARITY (THE APPROPRIATE DEGREE OF DECENTRALIZATION) INFORM THE RESEARCH AND COMMUNICATIONS OF SENIOR FELLOW GORDON GIBSON.

Highlights of the year included the publication of the Public Policy Source, *Principles for Treaty Making*, and a major paper presented by invitation to the Queen's Institute of Intergovernmental Affairs on British Columbia on the federation and the need for decentralization. Numerous articles on these topics also appeared in *Fraser Forum*.

Invited testimony was provided to the Senate Committee on the Nisga'a Treaty and to the House Committee on the Clarity Act. National unity is by no means yet secured, and remains a preoccupation of the project.



Annabel Addington

*Fraser Institute Senior Fellow in Canadian Studies Mr. Gordon Gibson (right) listens to one of the founders of the intellectual movement known as public choice, Dr. Gordon Tullock, Professor of Economics and Law at George Mason University in Virginia. The two were attending a Fraser Institute-hosted dinner following the Western Economic Association Conference, held on June 30, 2000 in Vancouver.*

A growing focus of this project is the increasingly dysfunctional performance of our parliamentary system. In this connection, Mr. Gibson participated in the work of the Ad Hoc Committee for a Provincial Constitution which reported early this year on a model process (a constituent assembly) and direction for democratic reform in British Columbia.

Numerous appearances throughout the year in the press and on television, radio, and public appearances complemented the above. In addition, Mr. Gibson maintains research relationships with government and academic workers in these fields both federally and provincially in Canada, and in the United States and Australia.

## Social Affairs

MANY OF TODAY'S MOST PRESSING PUBLIC POLICY CONCERNS REVOLVE AROUND SOCIAL POLICY. SADLY, SOCIAL PROGRAMS TOO OFTEN PERPETUATE THE PROBLEMS THEY ARE MEANT TO SOLVE. INSTEAD OF STRESSING INDIVIDUAL RESPONSIBILITY AND CHOICE, THEY ARE MEANT TO RELIEVE THE CONSEQUENCES OF BAD CHOICES. THE SOCIAL AFFAIRS CENTRE EXAMINES EMPIRICAL EVIDENCE AND THEORETICAL WORK FROM AROUND THE WORLD TO SEEK POLICIES THAT EMPOWER INDIVIDUALS TO ESCAPE FROM THE POVERTY TRAP. AS WELL, THE CENTRE EXAMINES A RANGE OF OTHER SOCIAL ISSUES FROM DRUG POLICY TO CRIME TO EDUCATION.

During 2000, the Social Affairs Centre saw one of its most successful initiatives become its own centre. The innovative work by Peter Cowley and Senior Fellow Stephen Easton on school measurement has sharpened the debate on the quality of our public education. Peter now heads the Department of School Performance Studies and has produced a series of report cards on schools across the nation. Social Affairs continues to examine educational issues related to higher education.

The Centre continues its work in developing a successful metric for social questions. The Centre has commissioned a new edition of Chris Sarlo's groundbreaking study, *Poverty in Canada*. This is the best measurement ever produced of the real extent of poverty in this nation. The new edition will be published in 2001.



Lorena Baran

*Brother Bob Smith, Messmer High School, Milwaukee, Wisconsin, at the conference School Choice: Dispelling the Myths and Examining the Evidence, April 1, 2000.*

IN 2000, SCHOOL PERFORMANCE STUDIES, NOW A SEPARATE DEPARTMENT OF THE FRASER INSTITUTE, MADE RAPID PROGRESS TOWARD ITS OBJECTIVE OF RATING AND RANKING ALL OF CANADA'S SCHOOLS.

In March, the department released the third edition of the *Report Card on British Columbia's Secondary Schools*. It introduced a number of new indicators of school effectiveness including a comparison of each school's performance and the level of performance that was predicted by the socioeconomic characteristics of the students' families. Media coverage included an unprecedented four day special series in the Vancouver *Province* newspaper totalling 36 pages. In its stories, the *Province* examined the most improved schools in four regions of the province. This focus on improvement publicly reinforced the primary purpose of all our Report Cards—to help make schools better.

The *Report Card on Alberta's High Schools* followed in May. This second edition enjoyed much stronger media support than it had the year before, primarily as the result of the appointment of a new lead media in the Edmonton area. The *Edmonton Sun* newspaper presented the results and stories over three days in special pullout sections. The *Annual Report Card on Alberta's High Schools* is now established as an important event on the province's school calendar.

The department met its expansion target with the introduction of the *Report Card on Quebec's Secondary Schools* late in October. Developed through a partnership arrangement, the Report Card was coauthored by Peter Cowley, Director of School Performance Studies at the Fraser Institute, and Professor Richard Marceau of l'École nationale d'administration publique de l'Université du Québec, and a research associate at L'Institut Économique de Montréal. The Report Card's release immediately sparked great interest and much useful debate among educators, parents, and school and Ministry of Education officials. The breadth and depth of the coverage of the Report Card—in both print and electronic media—exceeded all expectations. Of particular importance were the editorial page comments in virtually all the major Quebec dailies—the general conclusion of which was that the Report Card would make a substantial contribution to the improvement of the province's schools.

Much of the development work on the Report Card on Ontario's Secondary Schools was completed during the year. By far the department's most ambitious undertaking to date, the Ontario school report card will examine 850 of the province's secondary schools. It is scheduled for release in the spring of 2001. With the introduction of the Ontario edition, the Report Cards will be rating and ranking schools enrolling roughly 75 percent of Canada's secondary students.



Magelle's Photographers

At the W. Garfield Weston Outstanding Principals Awards ceremony in Calgary. From left, in the Academic Performance in Excess of Expectations category: Mr. Doug Bowie, Bawlf School, Bawlf; in the Improvement in Academics category: Mr. Victor L. Sadlowski, Bonnyville Centralized High School, Bonnyville; in the Academic Excellence category: Mr. Frederick W. Ring, Western Canada High School, Calgary.



Gary Wildman

At the W. Garfield Weston Outstanding Principals Awards ceremony in Vancouver. Back row, from left, Mr. Peter Cowley, The Fraser Institute's Director of School Performance Studies; Institute Board Chairman Mr. R.J. Addington, O.B.E., Fraser Institute Executive Director Dr. Michael Walker; Mr. Garfield Mitchell representing the W. Garfield Weston Foundation. Front row, from left, the 2000 award-winning principals are: in the Academic Performance in Excess of Expectations category: Mr. Martyn Wilson, Elphinstone Secondary School, Gibsons; in the Improvement in Academics category: Ms. Marjorie Fortney, Fraser Valley Adventist Academy, Langley; in the Academic Excellence category: Mr. S.J. (Vic) Clayton, St. Margaret's School, Victoria.

It has always been the Institute's intention to use the Report Cards as the basis for a variety of other work in the school performance area. Because they provide an objective measurement of school results, the Report Cards direct attention to particularly effective schools. One characteristic that such schools inevitably share is a skilled leader and manager as its principal. Recognizing excellence encourages improvement. The establishment of the annual W. Garfield Weston Outstanding Principals Awards does just that. In October, the first awards were presented to three British Columbia principals and three Alberta principals at luncheons in Vancouver and Calgary.



Lorena Baran

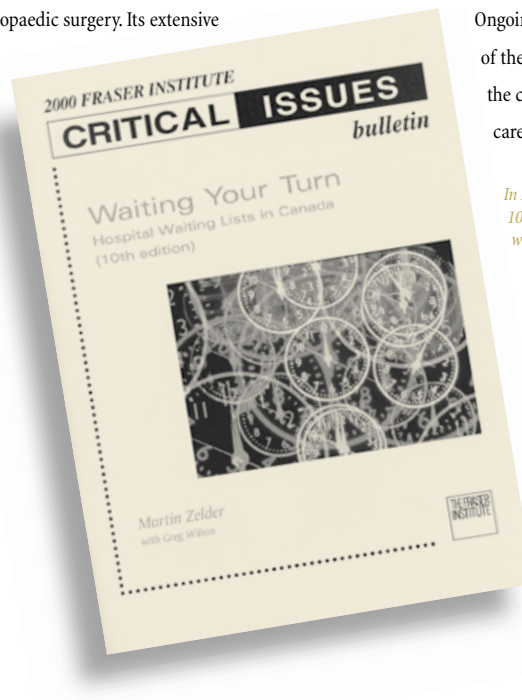
Mr. Chester E. Finn, Jr., President of the Thomas B. Fordhama Foundation, gave a dynamic luncheon talk on "Reinventing Public Education via the Marketplace" at the Institute's conference, *School Choice: Dispelling the Myths and Examining the Evidence*.

## Health Care

THE INSTITUTE'S WORK IN HEALTH POLICY RESEARCH IN 2000 PLAYED A SUBSTANTIAL AND PROMINENT ROLE IN ADVANCING AND INFLUENCING PUBLIC DEBATE REGARDING THE STATE OF THE CANADIAN HEALTH SYSTEM. OF PARTICULAR SIGNIFICANCE WERE THREE STUDIES ANALYZING HOSPITAL COSTS, WAITING TIMES, AND THE EFFECT OF GOVERNMENT HEALTH SPENDING.

The study of hospital costs sought to examine the evidence comparing the costs associated with government-controlled as compared to private for-profit hospitals. Evidence on this question was vitally important for informing the ongoing debate regarding the contracting out of surgical treatments, as formally proposed in Alberta's Bill 11 and informally undertaken by many other provinces. The study, published by the Institute as *How Private Hospital Competition Can Improve Canadian Health Care*, figured centrally in the Bill 11 debate, and received extensive media coverage, including in the *Globe and Mail*, *National Post*, and on CBC-TV. More importantly, the evidence in the study—that government-controlled hospitals generally have higher costs than do for-profit hospitals—continues to influence ongoing debates regarding the efficiency of Canadian hospitals under a public health care system.

The tenth edition of the Institute's hospital waiting time study, *Waiting Your Turn: Hospital Waiting Lists in Canada*, was, as usual, a major focus of health care debates. It revealed that most provinces had experienced increased waiting times between 1998 and 1999, with particularly long waiting times found, among the provinces, in Saskatchewan, and among the specialties, in orthopaedic surgery. Its extensive media coverage was highlighted by a front-page story in the *National Post*, and national coverage on CBC-TV and Global TV.



Perhaps the most important Institute health policy study issued in 2000 was *Spend More, Wait Less? The Myth of Underfunded Medicare*, published as the entire August issue of *Fraser Forum*. This project analyzed a common claim made in the Canadian health policy debate—that longer waiting times are due to inadequate government health spending—and rejected that claim. By examining Institute waiting time data in combination with health spending data, this research found that higher-spending provinces had no shorter waiting times than lower-spending ones. Furthermore, among the various types of government health spending (hospitals, doctors, capital, etc.), only spending on drugs was found to reduce waiting time. Yet this one effective area is largely neglected by government, with only 1 cent of each new dollar of government health spending being devoted to drugs. Because of its startling conclusions, this study has helped redefined the debate surrounding health reform, signalling the defectiveness of the current system, and the ineffectiveness of higher spending as a remedy for its limitations. Consequently, it was heavily covered in the media, including a major story in the *National Post*, an interview on CBC's national television morning show, and opinion pieces in the *National Post* and *Vancouver Sun* on consecutive days.

Besides this and other research, director of health policy research Martin Zelder made several major speeches, including invited Senate testimony in Ottawa on the historical defects embodied in Canadian national health insurance and how to rectify them, as well as, among others, a major address to the Canadian College of Health Service Executives.

Ongoing health policy work in 2001 will include assessment of the impact of waiting time on mortality, measurement of the current extent of dysfunction in the Canadian health care system, and proposals for reform.

*In 2000, the Health Care department published the 10th edition of our influential survey of hospital waiting lists across Canada.*



IN 2000, THE PRIMARY FOCUS OF THE PHARMACEUTICAL POLICY RESEARCH CENTRE WAS PRICE CONTROLS. THE IMPETUS FOR THIS ANALYSIS WAS THE ARGUMENT FROM CERTAIN POLITICIANS AND ADVOCACY GROUPS IN THE UNITED STATES THAT AMERICANS SHOULD NOT PAY MORE FOR PRESCRIPTION DRUGS THAN DO CANADIANS. LEGISLATORS CALLED FOR PRICE CONTROLS, SIMILAR TO THOSE IMPOSED BY CANADA'S PATENTED MEDICINE PRICES REVIEW BOARD.

Given The Fraser Institute's mandate to investigate the results of government intervention in markets, the Centre analyzes the beneficial and detrimental welfare-effects of that agency. Two studies were published in September 2000.

between Canada and the US. It also argued that relatively high Canadian prices for generic drugs were likely a negative consequence of the Board's regulations.

John R. Graham, the co-author of Part 1 and sole author of Part 2 of the report, was appointed Senior Analyst and Acting Director of the Pharmaceutical Policy Research Centre following the retirement of Dr. William McArthur, the centre's founding Director. Graham also wrote about pharmaceutical prices in the *National Post* and the *American Journal of Managed Care*. He also wrote in *Fraser Forum* on the use of medical savings accounts to pay for prescription drugs, the application of patent law in recent litigation on Prozac®, and the profit motive in Canadian hospitals.



Fraser Institute Acting Director of Pharmaceutical Policy, Mr. John R. Graham (far right) answers an audience question during a panel discussion on prescription drug prices at Hoffmann-LaRoche, USA in Nutley, New Jersey, on October 31. Other panel participants were, from left: Mr. John E. Calfee (American Enterprise Institute), Ms. Kimberly Dietrich (National Pharmaceutical Council), and Mr. Jack Rodgers (PriceWaterhouseCoopers).

*Prescription Drug Prices in Canada and the United States—Part 1: A Comparative Survey* reported the results of a sample of retail and estimated wholesale prices in both countries for 45 of the most prescribed drugs in the US.

The sample included generic, patented, and branded off-patent drugs. *Prescription Drug Prices in Canada and the United States—Part 2: Why the Difference?* cast credible and serious doubt on the effectiveness of the Patented Medicine Prices Review Board as the cause of relatively low Canadian prices for patented drugs, arguing that most of the price difference was explained by the increasingly wide difference in incomes

## Economic Freedom

THE FRASER INSTITUTE'S ECONOMIC FREEDOM PROJECT SEEKS TO QUANTIFY OBJECTIVELY THE EXTENT OF GOVERNMENT RESTRICTIONS ON THE ABILITY OF INDIVIDUALS TO ENGAGE IN ECONOMIC ACTIVITY. THE CORNERSTONES OF ECONOMIC FREEDOM ARE PERSONAL CHOICE, VOLUNTARY EXCHANGE, THE RIGHT TO KEEP WHAT ONE EARNS, AND THE SECURITY OF PROPERTY RIGHTS.

Work on the index began in 1986, when Fraser Institute Executive Director Michael Walker and Nobel Laureate Milton Friedman initiated a series of conferences that focused on the measurement of economic freedom. Several other leading scholars, including Nobel Prize winners Gary Becker and Douglass North, also participated in the series. *Economic Freedom of the World* is an outgrowth of these conferences.

Members of the Economic Freedom network met in November 2000 in Liechtenstein. These annual meetings are crucial to maintaining the report's high quality and continuing our constant efforts to improve it. The 2000 meeting was co-hosted by Liberales Institut, Institut für Wirtschaft und Politik (Institute for Economics and Politics), and the Vorarlberg Chapter of the Federation of Austrian Industry. Special highlights for the delegates were a reception personally hosted by H.S.H. Prince Hans-Adam II of Liechtenstein and a dinner hosted by the government of Liechtenstein.

The 2001 annual report, the fifth in the series, will be co-published by a worldwide association of over 50 institutes, which comprise Economic Freedom's global network. Over 20 variables will be included in the index, which rates 123 nations. As well, the 2001 study will cover 30 years of history, going back to 1970. These efforts ensure that the annual report maintains its reputation for soundness among academics, researchers, policy-makers, journalists, and others who use the report.

*Dr. James Gwartney (standing) and Dr. Charles Skipton, two of the co-authors of the Economic Freedom of the World series, discuss refinements to the economic freedom rankings at the meeting of the Economic Freedom Network.*



*Dr. Xiaolu Wang, National Economic Research Institute, China Reform, presents a paper at the meeting of the Economic Freedom Network in Liechtenstein in November.*



*From left: Dr. Fuat Oguz and Mr. Hasan Vergil, both from Turkey, together with the Economic Freedom of the World co-author Dr. Robert Lawson, USA, and Dr. Michael Walker, Canada, participating in a panel discussion at the meeting of the Economic Freedom Network.*



*Panel participants at the meeting of the Economic Freedom Network, from left: Mr. Fred McMahon (Canada); Mr. Sigfrido Lee (Guatemala), Mr. Ernest Leung (Philippines), Ms. Carmen Urizar Hernandez (Guatemala), Ms. Nalini Mohan (Bahamas), and Ms. Rotija Kmet (Slovenia).*

THE EVENTS AND CONFERENCES DEPARTMENT PRODUCED A VARIETY OF PROGRAMS IN 2000 AT WHICH A NUMBER OF DISTINGUISHED SPEAKERS GAVE PRESENTATIONS.

Nobel Laureate Robert Mundell, “Father of the Euro”, gave the Fifteenth Annual Dr. Harold Walter Siebens Lecture at the Annual General Meeting Round Table Luncheon in Vancouver. Dr. Mundell received the 1999 Nobel Prize in Economic Sciences for his analysis of monetary and fiscal policy under different exchange rate regimes and his analysis of optimum currency areas. He spoke on “Exchange Rates and Monetary Unions and their Relevance to Canada.”

John Stossel, of “Give me a Break” fame on the highly-rated ABC 20/20 public affairs TV show, addressed the inaugural luncheon in Toronto of the Centre for Studies in Risk and Regulation. Mr. Stossel’s speech, “Pandering to Fear: The Media’s Crisis Mentality,” focused on what the real risks in life are.

Chester E. Finn, Jr., President of the Thomas B. Fordham Foundation, gave a dynamic luncheon talk on *Reinventing Public Education via the Marketplace* at the Institute’s Toronto conference on School Choice. The conference papers on this hotly-debated issue are being edited for publication as an Institute book.

Three Award Luncheons were convened in 2000 giving public recognition to individuals who demonstrated superior professional expertise in two important sectors. The Donner Canadian Foundation Awards recognized excellence in the delivery of social services, while secondary school principals from Alberta and British Columbia were honoured at the W. Garfield Weston Outstanding Principals Awards.



Mr. Jerry L. Jordan, President and CEO, The Federal Reserve Bank of Cleveland and Member, Open Market Committee of the Federal Reserve Board, spoke at a luncheon for Fraser Institute Circle Donors in Vancouver on July 7, 2000 on “The Century of Markets.”



Fraser Institute Executive Director Dr. Michael Walker (second from right) presents The Honorable C.H. Tung, Chief Executive of Hong Kong, S.A.R. (centre), with a plaque commemorating Hong Kong’s first place ranking in the Economic Freedom of the World Index, January 2000, Hong Kong.



Adele Waters

Mr. John Dobson, President, The John W. Dobson Foundation (right) and Professor John Freebairn, Department of Economics, University of Melbourne, Australia, listen to Professor Thomas Wilson, Department of Economics, University of Toronto (left) at the 2000 Symposium on Capital Gains Taxation.



Lorena Baran

Attendees at the “Liberty, Free Markets and the Role of Governments” colloquium included, from left, Mr. Michel Kelly-Gagnon, Director, L’institut Économique de Montréal; Fraser Institute Trustee Mr. Ed Belzberg; Professor Jose L. Carvalho, Liberty Fund Inc. Visiting Fellow from Brazil; Mr. Ezra Levant, then-columnist with the *National Post*; and Mr. Peter Stockland, Editorial department, *The Calgary Herald*. The Liberty Fund/Fraser Institute event was held from June 15 to 18 in Victoria, BC.

## Event Calendar

### February 20, Vancouver

#### POLICY BRIEFING

Jason Clemens, Director of Fiscal Policy,  
and Joel Emes, Research Economist, The Fraser Institute  
*Briefing on the Federal Budget*

### March 7, Vancouver

#### ECONOMIC ADVISORY LUNCHEON

George Morfitt, Auditor General, Province of British Columbia  
*Holding Government Responsible: Are We Getting Anywhere?*

### April 1, Mississauga

#### CONFERENCE

*School Choice: Dispelling the Myths and Examining the Evidence.*

### April 3, Vancouver

#### ANNUAL GENERAL MEETING ROUND TABLE LUNCHEON

15th Annual Dr. Harold Walter Siebens Lecture  
Robert A. Mundell, Nobel Laureate 1999  
*Exchange Rates & Monetary Unions and Their Relevance to Canada*

### May 25, Vancouver

#### ECONOMIC ADVISORY LUNCHEON

Tom Flanagan, McGill Institute for the Study of Canada  
*First Nations, Second Thoughts*

### June 8, Vancouver

#### POLICY BRIEFING

Donald Tsang, Financial Secretary,  
Hong Kong Special Administrative Region, Hong Kong  
*The Free Market Economy: Maintaining the Momentum*

### June 15, Victoria

#### COLLOQUIUM

Liberty, Free Markets, and the Role of Government



*The Economic Freedom of the World Network meets in Liechtenstein in November 2000. Participants in alphabetical order were: Ivan Alonso, Peru; Dr. Friedrich Bauersachs, Bulgaria; Erwin Bendl, Austria; Vicente Boceta, Spain; Franz Borkovec, Austria; Martin Dimitrov, Bulgaria; Detmar Doering, Germany; Fredrik Erixon, Sweden; Prof. Jacques Garello, France; Dr. James Gwartney, USA; Carmen Urizar Hernandez, Guatemala; Andrei Illarionov, Russia; Palli Steen Jensen, Denmark; Rotija Kmet, Slovenia; Shigeki Konatsubana, Japan; Dr. Andrzej Kondratowicz, Poland; Alfred Kyren, Germany; Robert Lawson, USA; Sigfrido Lee, Guatemala; Mr. Ernest Leung, Philippines; Leonard Liggio, USA; Fred McMahon, Canada; Nalini Mohan, Bahamas; Rodrigo Molina, Bolivia; Robert Nef, Germany; Fuat Oguz, Turkey; Kurt Schuler, USA; Gerald Scully, USA; Charles Skipton, USA; Zane Spindler, Canada; Rigoberto Stewart, Costa Rica; George Stoev, Bulgaria; Dr. Werner Tabarelli, Liechtenstein; Michel Uryc-gazada, Czech Republic; Ian Vasquez, USA; Hasan Vergil, Turkey; Dr. Michael Walker, Canada; Dr. Xiaolu Wang, Australia; Kim Youmngshin, South Korea.*



*Mr. Francisco Gil Diaz, now Finance Minister of Mexico, takes the podium at the 2000 Symposium on Capital Gains Taxation.*

### July 7, Vancouver

#### CIRCLE DONOR LUNCHEON

Jerry L. Jordan, President and CEO, The Federal Reserve Bank of Cleveland;  
Member, Open Market Committee of the Federal Reserve Board  
*The Century of Markets*

### September 15, Vancouver

#### 2000 SYMPOSIUM ON CAPITAL GAINS TAXATION

### September 18, Vancouver

#### CIRCLE DONOR LUNCHEON

Mark Davis, Senior Director of The White House Writer's Group  
*An Insider's View on the Upcoming US Election*

### October 13, Toronto

#### AWARD LUNCHEON

The Donner Canadian Foundation Awards for Excellence  
in the Delivery of Social Services

### October 24, Calgary

#### AWARD LUNCHEON

The W. Garfield Weston Outstanding Principal Awards, Alberta

### October 26, Vancouver

#### AWARD LUNCHEON

The W. Garfield Weston Outstanding Principal Awards, British Columbia

### November 1, Liechtenstein

#### CONFERENCE

*Economic Freedom of the World*

### November 21, Toronto

#### ROUND TABLE LUNCHEON

Inaugural Luncheon for The Centre for Studies in Risk and Regulation  
John Stossel, ABC News Correspondent, 20/20  
*Pandering to Fear: The Media's Crisis Mentality*

### November 21, Vancouver

#### POLICY BRIEFING

Robert Sherwood, Author, Consultant, International Corporate Lawyer  
*Intellectual Property: What It Means for Developing Countries*

IN 2000, IN AN EFFORT TO ENCOURAGE THE STUDY OF COMPETITIVE MARKETS AMONG STUDENTS AND YOUNG PEOPLE, THE FRASER INSTITUTE CONTINUED TO EXPAND ITS STUDENT PROGRAMMING, OFFERING SEMINARS, COLLOQUIA, STUDENT NEWSLETTERS, ESSAY CONTESTS, EVENT BURSARIES, INTERNSHIPS, AND A NEW TEACHER TRAINING PROGRAM.

## Student Seminars on Public Policy Issues

During the year, the Institute hosted 11 one-day seminars attracting nearly 1,500 registrants. The programs were held in Vancouver, Victoria, Prince George, Kelowna, Calgary, Saskatoon, Winnipeg, Toronto, and Montreal. 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.

The Institute's high school seminar program was expanded this year to include programs in both Vancouver and Victoria. The program was further developed to reflect the learning needs of secondary students. The theme, "Tools for Critical Thinking," was explored with a mix of presentation and interactive sessions, including hands-on activities, video presentations, and games.

*"I would highly recommend this seminar, not only to economics students but to everyone for its stimulating debate."*

—John Philippe, Nipissing University

*"I really enjoyed this and learned a great deal! Thanks!"*

—Andrea Myland, Carleton University

## Student Leaders Colloquium

The Student Leaders Colloquium is an annual weekend conference for advanced level students to discuss and debate complex economic policy issues. In 2000, the student participants were joined by Institute policy staff in a relaxed atmosphere where free, open, and thoughtful discussions were encouraged. Although there was a set agenda with six session topics, the direction of the conversation was determined by the interests of the participants. The attendees from across Canada were selected through a competitive process in which keen students from the Institute's one-day program were invited to apply to the program. From the over 100 applicants, 21 top students were invited to attend.

*"I thought this was a wonderful and intellectually stimulating event."*

—Carl Irvine, Queen's University

*"I have developed much more faith in the future leaders of this country if they come from this group."*

—Brent Robinson, University of Calgary

*"... I left with the confidence that your institute is a valuable and well-balanced cog within the wheels of public policy development in Canada."*

—Graham Singh, University of Western Ontario



Annabel Addington

*Ms. Gabriella Megyesi, a Hungarian expert in economics education (centre) holds a training workshop for high school teachers interested in acquiring new methods for teaching fundamental economic principles.*

## Teacher Training Workshop on Economic Principles

A new program was launched in 2000 that was designed to provide secondary school educators with the skills and tools necessary to make teaching economics fun and interactive. The session, held in November, brought together 19 high school teachers who were interested in acquiring new methods for teaching fundamental economic principles.

The facilitator for this workshop was Gabriella Megyesi, an expert in economics education from Hungary. The Fraser Institute was very pleased to work with Ms. Megyesi both on this program, and on seven student seminars in 2000. Ms. Megyesi is a high school teacher from Budapest, whose class was among the first in her university to learn the principles of market economics. She has since incorporated that knowledge with an "active learning" approach, which includes teaching with hands-on activities, games, and simulations. Her easy-to-understand method helps students to learn economics while having fun at the same time.

*"I have been teaching Business Education for 22 years and I have always been looking for materials and inspiration to make teaching more interesting. This workshop was well organized, the presenters were remarkable and I have taken a lot of materials back to school with me. I am now implementing a lot of the materials I learnt in the one day in my classroom. I would recommend this workshop to any teacher in Business Education."*

—Linda Yim, Department Head, Handsworth Secondary School

## Student Programs

### Canadian Student Review

The *Canadian Student Review* is a quarterly newsletter which contains articles written for and by students. Each edition contains hard-hitting articles on various economic issues that would likely not be found in a typical campus newspaper. The nearly 50,000 copies printed annually are distributed free of charge on Canadian campuses through a network of professors and student organizations. It is sponsored by the Lotte & John Hecht Memorial Foundation.

### Student Essay Competition

The topic for our annual student essay competition in 2000 was "How Can Privacy be Protected in the New Digital Age?" The three prizewinners were:

- 1ST PLACE** (\$1,000): **Dorian Hajno**,  
B.A. Economics and Political Science,  
Simon Fraser University
- 2ND PLACE** (\$500): **Michael Mallinger**,  
B.A. Economics, George Mason University
- 3RD PLACE** (\$250): **Adrian Viens**,  
B.A. Philosophy, University of Toronto

The essay contest introduces students to the work of the Institute. The first place essay contest winner from 1999, **Chris Schlegel**, was hired as a full-time researcher on the Institute's Economic Freedom Project. This year's winner, **Dorian Hajno**, was also selected as an intern to work on the Institute's annual debt project.



Annabel Addington

From over 100 applicants, 21 top students from across Canada were invited to participate in the 2000 Student Leaders Colloquium, held at the Institute's head office in May.



Vanessa Schneider

At the 2000 Student Leaders Colloquium in Vancouver, advanced level students discussed and debated complex economic policy issues. Here, some of the students pose with Fraser Institute staff.

### Student Internship Program

In 2000, The Fraser Institute hired nine university students and recent graduates to join its office for training as junior policy analysts. The interns worked on a variety of research projects. The internship program is designed to train these future decision-makers by developing their understanding of economic principles and problem solving skills. The students were selected through a competitive hiring process that 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 2000 interns, who were sponsored in part by the Donner Canadian Foundation and the Max Bell Foundation, were:



Annabel Addington

Fraser Institute 2000 interns, from left: Mr. Byron Scott, Mr. Chris Schafer, Ms. Miriam Bixby, Mr. Carl Irvine, Mr. Stephen Graf, and Mr. Andrew Zur. Missing from photo: Mr. Dorian Hajno, Mr. Davin Li, Mr. Adrian Otoiu.

- **Ms. Miriam Bixby**  
M.A., Economics, University of Toronto (2000)  
B.A., Political Science and Economics, University of Calgary (1998)
- **Mr. Stephen Graf**  
LL.B., Law, University of British Columbia (2001)  
B.A., Business Administration, Simon Fraser University (1998)
- **Mr. Dorian Hajno**  
B.A., Economics and Political Science, Simon Fraser University (2001)
- **Mr. Carl Irvine**  
B.A., Economics, Queens University (2000)
- **Mr. Davin Li**  
M.Sc., Business Administration, University of British Columbia (2002)  
Honours B.A., Business Administration, University of Western Ontario (2000)
- **Mr. Adrian Otoiu**  
M.A., Economics, Queen's University (2000)  
B.A., Economics, The Academy of Economic Studies, Bucharest, Romania (1995)
- **Mr. Chris Schafer**  
B.A., Political Science and Economics, Wilfrid Laurier University (2000)
- **Mr. Byron Scott**  
Honours B.A., Commerce, University of Calgary (2000)
- **Mr. Andrew Zur**  
LL.B., Law, University of Toronto (2001)  
Honours B.Sc., Chemistry, Queen's University & University of Edinburgh (1999)

"This has been a remarkable experience. The internship gave me the opportunity to use the skills I had learned in university and to apply them to real policy issues."

— Chris Schafer

"Working at The Fraser Institute was an immensely useful experience. It was both educational and stimulating to work in such an environment."

— Andrew Zur

### Student Volunteers

The Fraser Institute also had three international student volunteers work in the Vancouver office in 2000. They were Sven Schulze from Hamburg, Germany; Yannick Rausis from Geneva, Switzerland; and Luiz Iani from Brazil. These volunteers worked with policy analysts on various research projects, while at the same time honing their English skills and learning about business in Canada.



*ABC News Correspondent John Stossel meets with a group of journalism students from Humber College following his address at the Risk and Regulation Centre's inaugural luncheon.*

### 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 2000, bursaries were awarded to 20 students for events in Vancouver and Toronto. The total value of the awards was nearly \$1,400. Institute members who recognize the benefit of exposing students to these important policy events sponsored many of these students.

At our luncheon featuring John Stossel in Toronto, we arranged for some students to meet with Mr. Stossel following his presentation.

*"Thank you very much for the opportunity to attend today's luncheon with John Stossel. He had a fantastic presentation and I really enjoyed myself."*

— Elizabeth Kalbfleisch, McMaster University, who attended **Pandering to Fear:**

**The Media's Crisis Mentality.** John Stossel, ABC News Correspondent Round Table Luncheon, November 1, Toronto, Ontario

### 2000 Student Events Calendar

**SATURDAY, JANUARY 29, CALGARY, ALBERTA**

Student Seminar on Public Policy Issues

**SATURDAY, FEBRUARY 12, MONTREAL, QUEBEC**

Student Seminar on Public Policy Issues

**FRIDAY, MARCH 10, SASKATOON, SASKATCHEWAN**

Student Seminar on Public Policy Issues

**SATURDAY, MARCH 11, WINNIPEG, MANITOBA**

Student Seminar on Public Policy Issues

**MAY 12-13, VANCOUVER, BRITISH COLUMBIA**

Ninth Annual Student Leaders Colloquium

**FRIDAY, MAY 26, VICTORIA, BRITISH COLUMBIA**

Seminar for High School Students

*Tools for Critical Thinking*

**FRIDAY, OCTOBER 6, VANCOUVER, BRITISH COLUMBIA**

Seminar for High School Students

*Tools for Critical Thinking*

**FRIDAY, OCTOBER 13, PRINCE GEORGE, BRITISH COLUMBIA**

Student Seminar on Public Policy Issues

*Forestry, Trade and the Economy*

**SATURDAY, OCTOBER 28, VANCOUVER, BRITISH COLUMBIA**

Student Seminar on Public Policy Issues

*How Can the Market Provide for the Well-Being of Canadians?*

**SATURDAY, NOVEMBER 4, TORONTO, ONTARIO**

Student Seminar on Public Policy Issues

*How Can the Market Provide for the Well-Being of Canadians?*

**SATURDAY, NOVEMBER 11, VICTORIA, BRITISH COLUMBIA**

Student Seminar on Public Policy Issues

*Privatization, Economics and the Environment*

**FRIDAY, NOVEMBER 24, KELOWNA, BRITISH COLUMBIA**

Student Seminar on Public Policy Issues

*Trade, Privatization and Careers*

**THURSDAY, NOVEMBER 30, VANCOUVER, BRITISH COLUMBIA**

Teacher Training Workshop on Economic Principles



*Vanessa Schneider*

*Mr. Ezra Levant, then a columnist with the National Post, speaks to a Student Seminar on Public Policy Issues in Toronto on November 4.*

## Publications

THE GOAL OF THE INSTITUTE'S PUBLICATIONS DEPARTMENT IS TO PRODUCE THE INSTITUTE'S STUDIES (BOOKS, SURVEYS, MONOGRAPHS, AND MAGAZINES) IN AS TIMELY AND COST-EFFECTIVE A MANNER AS POSSIBLE. WHILE OUTSIDE CONTRACTORS HANDLE SOME OF THE MORE DESIGN-INTENSIVE WORK, MOST OF THE EDITING, TYPESETTING, AND DESIGNING IS COMPLETED BY THIS TWO-PERSON DEPARTMENT.

Under the direction of Kristin McCahon, The Fraser Institute's publications department published four books in 2000. They are:

### **Competitive Strategies for the Protection of Intellectual Property**

*edited by Owen Lippert*

Designed for general and research audiences, this volume contains an up-to-date discussion of the global exchanges in intellectual property rights, including patents and trademarks. It discusses the critical trade and economic issues for the developing and developed countries involved in creating this new international standard of intellectual property protection. The contributors discuss the implications of such agreements as the 1994 Trade Related Aspects of Intellectual Property Rights (TRIPS), the North American Free Trade Agreement (NAFTA), the proposed Free Trade Area of the Americas (FTAA) and the new "millennium round" of World Trade Organization talks.

### **Unlocking Canadian Capital: The Case for Capital Gains Tax Reform**

*by Herbert Grubel*

Part one of this book examines the conventional wisdom that argues that a high capital gains tax is needed to raise revenue, assure fairness, and avoid economic inefficiencies. The author shows that the capital gains tax raises little revenue, and that lower rates would likely increase revenue in the short run, and result in higher economic growth. Furthermore, the tax does not fall primarily on the rich; over half of all capital gains taxes are paid by Canadians earning less than \$50,000 in other, regular income. Finally, the capital gains tax produces a lock-in effect of capital that prevents the exploitation of profitable new investment opportunities. Part two of the book is a reprint of the official transcripts of recent hearings on the capital gains tax held by the Senate Committee on Banking.

### **Beyond the Nass Valley**

*edited by Owen Lippert*

On December 11, 1997, then Chief Justice Antonio Lamer of the Supreme Court of Canada radically rewrote how the law requires the resolution of aboriginal land claims. His decision in the long-running case *Delgamuukw vs. British Columbia* expanded the substance of aboriginal title and created new ways to determine its presence. Though the case originated in BC, it has the potential to influence all regions of Canada. In July 1998 and April 1999, the Institute held conferences to explore the national implications of the decision. Thirty top law professors, economists, and researchers contributed the papers brought together in this volume.



*Economic Freedom network participants at a reception in Liechtenstein during the meeting of the Economic Freedom network in November 2000.*

### **Safe Enough? Managing Risk and Regulation**

*edited by Laura Jones*

Risk regulation (regulation that attempts to protect human health) has expanded dramatically since the 1980s. Attitudes to risk have changed as advances in medicine, sanitation, and agriculture brought dramatic improvements in life expectancy throughout the last century. Risks that were once accepted are now considered intolerable. But risk regulation as it is currently implemented has pitfalls. In many cases, money spent to reduce one risk could save many more years of life if spent reducing another. These issues are often not considered. Frequently, risk activists and regulators emphasize the benefits of regulation while ignoring the costs. This book shows the importance of considering the costs.

### **Critical Issues Bulletins**

Two of these monographs were released in 2000.

#### **Environmental Indicators (4th edition)**

*by Laura Jones, Laura Griggs, and Liv Fredricksen*

#### **Waiting Your Turn: Hospital Waiting Lists in Canada (10th edition)**

*by Martin Zelder with Greg Wilson*



*From left: Fraser Institute Executive Director Dr. Michael Walker (far left) at a reception hosted by H.S.H. Prince Hans-Adam II of Liechtenstein (far right) during the meeting of the Economic Freedom network in Triesen, Liechtenstein.*



**Public Policy Sources**

The Fraser Institute's short research or position papers called Public Policy Sources (PPSs) continued to be popular in 2000.

Ten PPSs were released in 2000:

**How Private Hospital Competition Can Improve Canadian Health Care**

by *Martin Zelder*

**Productivity and Economic Performance: An Overview of the Issues**

by *Marc Law*

**Principles for Treaty Making**

by *Gordon Gibson*

**The Budget Performance Index 2000:**

**Comparing the Recent Fiscal Conduct of Canadian Governments**

by *Joel Emes*



*Mr. George Morfitt, former Auditor General, Province of British Columbia, spoke to an Economic Advisory Luncheon on March 7, 2000, on "Holding Government Responsible: Are We Getting Anywhere?" at The Fraser Institute's head office in Vancouver.*

**The History of Tobacco Regulation: Forward to the Past**

by *Filip Palda*

**Some Perspectives on the Origin and Meaning of Section 35 of the Constitution Act, 1982**

by *Melvin H. Smith, Q.C.*

**Prescription Drug Prices in Canada and the United States—Part 1: A Comparative Survey**

by *John R. Graham and Beverley A. Robson*

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**Rewarding University Professors: A Performance-Based Approach**

by *Hymie Rubenstein*

**Off Limits: How Radical Environmentalists are Shutting Down Canada's National Parks**

by *Sylvia LeRoy and Barry Cooper*



*From left: Mr. Dexter Samida, Fraser Institute Research Economist; Dr. Michael Walker, Executive Director of The Fraser Institute; Institute member Mr. Ken Wong; and Visiting Scholar Dr. Liwen Zhang. Dr. Zhang, from the National Institute for Economic Research in Beijing, China, collaborated with The Fraser Institute on the production of a marketization index of the 31 Chinese provinces.*

**Studies in Education Policy**

The Public Policy Sources have proven so popular that in 2000, the Institute separated out the educational and school report card material and began to publish it in a similar format, but under a new banner: Studies in Education Policy. In 2000, three Studies in Education Policy were released:

**Third Annual Report Card on British Columbia's Secondary Schools**

by *Peter Cowley and Stephen Easton*

**Second Annual Report Card on Alberta's High Schools**

by *Peter Cowley and Stephen Easton*

**Report Card on Quebec's Secondary Schools: 2000 Edition (English) and Bulletin des écoles secondaires du Québec: Édition 2000 (French)**

by *Peter Cowley and Richard Marceau*



*Mr. J. Patrick Rooney of the Educational Choice Charitable Trust speaks to Ms. Claudia Rebanks Hepburn (left), Fraser Institute education policy analyst and organizer of the conference: School Choice: Dispelling the Myths and Examining the Evidence, held in Mississauga on April 1, 2000.*

## Communications

THE GOAL OF THE INSTITUTE'S COMMUNICATIONS DEPARTMENT IS TO ENSURE THAT THE FRASER INSTITUTE'S IDEAS ARE DISTRIBUTED TO AS BROAD AN AUDIENCE AS POSSIBLE. IN 2000, WE CONTINUED TO FULFILL THAT MANDATE AND TO POSITION THE FRASER INSTITUTE AS ONE OF CANADA'S MOST INFLUENTIAL THINK TANKS.

The Institute released a significant number of studies and position papers on a wide range of public policy issues during the year, and there were many successes in our communications efforts.

Tax Freedom Day (June 30 in 2000) continues to be one of the Institute's signature products; the addition of a web site calculator for users to calculate their individual Tax Freedom Day continued to generate interest among the media and general public. Coverage of Tax Freedom Day translated into over 300 news stories in 2000 in every type of media and in communities across Canada. Interestingly, a number of other organizations have adopted the concept, and a "Crime Freedom Day" and "Food Freedom Day" have also been appearing in the news.

The Fraser Institute partnered with L'Institut Économique de Montréal to launch the first annual *Report Card on Quebec's Secondary Schools*, the latest addition to the Institute's series of provincial school report cards. The Quebec school report card was launched on October 27 with a well-attended news conference and breakfast meeting. With each report card, the Institute partners with a major news publication in the province to publish the results. *L'Actualité* magazine worked with the Institute on the *Report Card on Quebec's Secondary Schools*, and the result was a 27-page cover story. Additional coverage was substantial across both French and English-language media and included major features in *Le Journal de Montréal* and in the *Montreal Gazette*.

Other highlights included the 10th annual edition of *Waiting Your Turn*, the Institute's well-regarded annual survey of hospital waiting lists, and the Toronto launch of the



Professor Chi-Wa Yuen, Associate Professor, School of Economics and Finance, University of Hong Kong makes a presentation at the 2000 Symposium on Capital Gains Taxation.



Participating in a panel discussion at The Fraser Institute 2000 Symposium on Capital Gains Taxation were, from left, Mr. David Somerville, Research Capital Corporation; (leaning forward) Professor Zane Spindler, Department of Economics, Simon Fraser University; Mr. Munir A. Sheikh, Assistant Deputy Minister, Department of Finance, Canada; and Hudson Institute Senior Fellow & Director of Economic Research Dr. Alan Reynolds.

Centre for Studies in Risk and Regulation. The Risk Centre will examine the science and economics behind risk controversies in order to inform Canadians about the costs of regulations that are intended to protect human health and the environment. This new centre's research should generate a significant amount of media interest.

None of this could have been accomplished without the addition of two new staff to the communications department: Raeann Co as Communications Co-ordinator (a newly-created position) and Jessica Dill as Book Sales Co-ordinator.

In 2001, along with continuing our media outreach, the department will focus on using online strategies to more effectively reach our audience. Recent statistics show that each month the Institute web site receives upwards of 30,000 visitors—a vast increase from the few hundred monthly visitors who came to the site when it was first launched in 1996.

To address this demand, we will be launching our completely redesigned web site in mid 2001. Our users are extremely broad-based and include students, members, the general public, and the media. They all want to quickly and effectively retrieve information; our new web site will reflect that need. The Fraser Institute's new web site will be easier to navigate than the present site, will have a fast and effective search engine, will make our research available by topic areas, and will take full advantage of e-commerce capabilities to allow visitors to register for events, purchase publications, and to donate securely on-line. Users will also be able to subscribe to regular e-mail updates on our new research and events. To reach as broad an audience as possible, we will continue to post our new research directly to our site.

We hope you will visit our new web site at [www.fraserinstitute.ca](http://www.fraserinstitute.ca), subscribe to our e-mail updates, and take a moment to let us know what you think.

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*Mr. J. Patrick Rooney of the Educational Choice Charitable Trust speaks to Ms. Claudia Rebanks Hepburn (left), Fraser Institute education policy analyst and organizer of the conference: School Choice: Dispelling the Myths and Examining the Evidence, held in Mississauga on April 1, 2000.*

## Development

The Institute's campaign to raise funds for the new premises on Burrard Street in Vancouver achieved notable success through exclusive naming opportunities and a "Seat Sale" campaign. The funds raised to date in payments and pledges total \$2,925,545. There remains a balance of \$439,455 to be raised through contributions and naming opportunities.

### Alberta Initiative

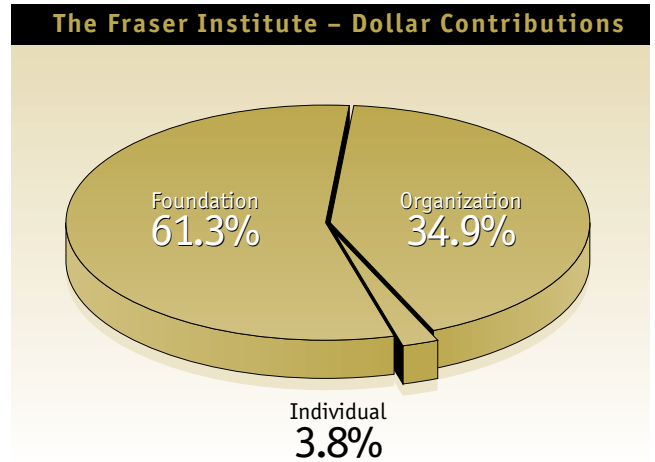
The Institute launched an Alberta Initiative in 2000 that will focus on economic issues of most concern to Albertans. The campaign target of \$1,080,000 has current payments and pledges of \$948,509.

### Bequests

Although the Institute has no formal Bequests Program, several long-time supporters have notified the Institute that they have provided for the Institute in their wills.

Institute supporters are encouraged to remember the Institute in their estate planning through remainder trusts, life insurance, or bequests.

### For More Information



For information on how you can support the Institute's research work please call Sherry Stein, Director of Development at (604) 714-4590.

## Financial Position, 2000

In 2000, the net assets of The Fraser Institute increased by \$325,978 to \$4,793,412, an increase of 7% over 1999.

Gross revenues amounted to \$4,690,544, representing an increase of 7% over 1999. Gross expenditures amounted to \$4,683,847, representing an increase of 6% over 1999. The net operating surplus amounted to \$6,697. The Institute's financial position is summarized as follows:

### Statement of Operations for the Year Ending 2000

	\$
<b>Income</b>	
Donations, Sales of Publications, Interest and Other Income	4,690,544
<b>Expenses</b>	
Salaries, Office Costs, Projects and Publications	4,683,847
<b>Increase in Unrestricted Net Assets from operations</b>	<b>6,697</b>

### Statement of Financial Position as at December 31, 2000

	\$
Current Assets	3,230,464
Investments	3,679,052
Capital Assets	287,029
<b>TOTAL</b>	<b>7,196,545</b>
Current Liabilities	2,403,133
Net Assets	4,793,412
<b>TOTAL</b>	<b>7,196,545</b>

Complete audited financial statements for the year ended December 31, 2000, are available on written request.

## The Board of Trustees

**There were a number of changes to the Board in 2000. After many years of service, the following trustees left the Board in 2000:**

**Dr. A. Aberman**, *Toronto*  
**J.E. Caldwell**, *CAE Industries, Toronto*  
**R.J.J. Cathcart**, *Royal Bank of Canada, Toronto*  
**Brian Levitt**, *Imasco Ltd., Montreal*

**The Institute welcomed six new Board members in 2000:**

**David Asper**, *Canwest Global Communications Corp., Winnipeg*  
**Charles B. Barlow**, *Barlow Brothers Ltd., Calgary*  
**Dan Gagnier**, *Alcan Aluminum Ltd., Montreal*  
**John Hagg**, *Northstar Energy Corp., Calgary*  
**David McKenzie**, *Lincoln-McKay Development Co. Ltd., Calgary*  
**Mark Scott**, *Scotia Capital Inc., Vancouver*

## In Memoriam

Institute author and respected constitutional advisor **Melvin Smith**, Q.C., passed away in September 2000 after fighting cancer. Mr. Smith spent 31 years in the public service of British Columbia. He was a key player in the patriation of the Constitution in 1981 and wrote the Canadian bestseller, *Our Home or Native Land?* His work on the constitutional implications of the Supreme Court's Delgamuukw decision, the Nisga'a Treaty, and the circumstances surrounding the embedding of Section 35 into the constitution will remain important public documents for years to come.

## Staff Changes in 2000

**In 2000 the Institute bid farewell to a number of staff members who went on to pursue other ventures:**

**Jozef Adamov**, *IT Manager*  
**Patrick Basham**, *Director of the Social Affairs Centre*  
**Jill Blake**, *Donner Awards Co-ordinator*  
**Lucretia Cullen**, *Book Sales Co-ordinator*  
**Ryan McBride**, *IT Manager*  
**Karen Morgan**, *Development Associate*  
**Dexter Samida**, *Researcher, Economic Freedom of the World Index*  
**Loretta Siebert**, *Database Manager*

Also in 2000 **Bill McArthur**, M.D. retired as *Director of Pharmaceutical Policy Research Centre* and **Owen Lippert**, *Director of the Law and Markets program*, left to take a three-year sabbatical in Chile.

**In 2000 the Institute welcomed many new staff:**

**Raeann Co**, *Communications Co-ordinator*, received her B.A. in Humanities and Communications from De La Salle University. She also holds a certificate in Business Writing, Public Relations, and Marketing Communication from Simon Fraser University.

**Jessica Dill**, *Book Sales Co-ordinator*, has a diploma in Group Facilitation and Communications from the Justice Institute of British Columbia. She is in her third year at university, working towards a B.A. in History.

**John Graham**, *Senior Analyst & Acting Director of the Pharmaceutical Policy Research Centre*, earned a B.A. (Hons) in Economics and Commerce from the Royal Military College of Canada and an M.B.A. from the London Business School. He has served as an infantry officer in the Canadian Army and an investment banker and management consultant in Canada, Britain, and Germany.

**Fred McMahon**, *Director of the Social Affairs Centre*, is a former senior policy analyst with the Atlantic Institute for Market Studies. His book, *Looking the Gift Horse in the Mouth: The Impact of Federal Transfers on Atlantic Canada*, won the US\$10,000 Sir Antony Fisher International Memorial Award. He has an M.A. in Economics from McGill University and has written two other books focusing on economic growth.

**Evan Rodwell**, *Database Manager*, has a B.A. in Philosophy from the University of Calgary.

**Chris Schlegel**, *Research Economist, Economic Freedom of the World*, is currently completing his M.A. in Economics at Simon Fraser University.

**Karina Wood**, *Project Co-ordinator*, Donner Awards for Excellence in the Delivery of Social Service, has a degree in science with postgraduate diplomas in finance and business administration from the University of Western Sydney. Karina has worked for nonprofit organizations in the UK, and for an agribusiness consulting firm in China and Australia.

**Mark Peel**, *Network Administrator*, is currently pursuing a Diploma of Technology in Computer Systems at British Columbia Institute of Technology (BCIT) and has his M.C.S.E. from Microsoft, a Management Certificate in Computer Systems from BCIT, a Lan Administrators Certificate from Vancouver Community College and over 18 years in the information systems industry.

**Miriam Bixby**, *Research Economist in Environmental Studies*, has a B.A. in political science with a minor in economics from the University of Calgary and an M.A. in economics from the University of Toronto.

## The Fraser Institute Staff

### Editorial Advisory Board

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 Professor J. M. Buchanan  
 Professor Jean-Pierre Centi  
 Professor Michael Parkin  
 Professor Friedrich Schneider  
 Professor L.B. Smith  
 Sir Alan Walters  
 Professor E.G. West

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 Mr. Gordon Gibson  
 Dr. Herbert Grubel  
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 Dr. Owen Lippert  
 Prof. Ken McKenzie  
 Prof. Jean-Luc Migue  
 Prof. Ted Morton  
 Dr. Filip Palda  
 Prof. Chris Sarlo

### The Fraser Institute Senior Staff

Michael Walker,  
*Executive Director*  
 Michael Hopkins,  
*Director of Finance and Administration*  
 Sherry Stein,  
*Director of Development*  
 Fred McMahon,  
*Director of the Social Affairs Centre*  
 Laura Jones,  
*Director of the Centre for Studies in Risk and Regulation*  
 Martin Zelder,  
*Director of Health Policy Research*  
 Jason Clemens,  
*Director of Non-Profit and Fiscal Studies*  
 Peter Cowley,  
*Director of School Performance Studies*

Suzanne Walters,  
*Director of Communications*  
 J. Kristin McCahon,  
*Director of Publication Production*  
 Lorena Baran,  
*Director of Events and Conferences*  
 Annabel Addington,  
*Director of Education Programs*  
 Lydia Miljan,  
*Director of the Alberta Initiative*  
 John R. Graham,  
*Acting Director, Pharmaceutical Policy Research Centre*  
 Joel Emes,  
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Gary Wildman

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