

The Fraser Institute at 30 A Retrospective

The Formation of the Institute

In Canada in the early 1970s, the intellectual consensus was that government action was the best means of meeting the economic and social aspirations of Canadians. This view was prevalent in all major political parties, the civil service, academia, and the media, and even in much of the business world. The lack of vigorous public debate about the limits of governmental competence had created an unhealthy situation where the general public, bombarded by this consensus, demanded increasing government intervention in the economy. Thus, the pursuit of sound economic policy became increasingly politically impossible.

Drawn together by mutually-shared worries about the future implications of this situation, a small group of people gradually coalesced to discuss what could be done about it.* The main figures in this group were T. Patrick Boyle, then V.P. Financial Planning for MacMillan Bloedel, Michael Walker, an economist consulting for the Department of Finance in Ottawa, economists Csaba Hajdú, John Raybould, and, in Vancouver, Sally Pipes.

Boyle had the insight that a new type of organization was needed to conduct independent economic and social re-

search and disseminate its findings to policy makers and the general public, thus simultaneously providing policy makers with better alternatives, and stimulating public demand for better policies. The organization would act as an “economic conscience,” reminding everyone that effective economic policy must be the result of careful application of the laws of economics to the facts of particular situations.

Having agreed on this, the group then set about producing a mission statement to guide the work of the Institute. Thirty years on, with minor changes, this document still governs the Institute’s operations. Its main features were that:

- the Institute’s research priorities would be determined by its staff, not its funders;
- the Institute’s research would be based on sound methodology and facts. To ensure this, an Editorial Advisory Board would be established;
- no Institute staff would engage in political activity, and the Institute’s conclusions would not be modified to favour any political or economic group;
- no donor, member, or trustee of the Institute would exercise a veto over the Institute’s work; and
- the Institute would use the best available talent and consider issues in an international context.



*A more extensive history of the Institute can be found in *Challenging Perceptions: Twenty-Five Years of Influential Ideas* available at www.fraserinstitute.ca.



Three of the many speakers at Fraser Institute events over the past 30 years include (from left): Chairman of the Board of Governors of the US Federal Reserve System Alan Greenspan (1984); Former US Secretary of State George Shultz (1990); former British Prime Minister Margaret Thatcher (1993 in Toronto and 1997 in Vancouver).

Growth of the Institute

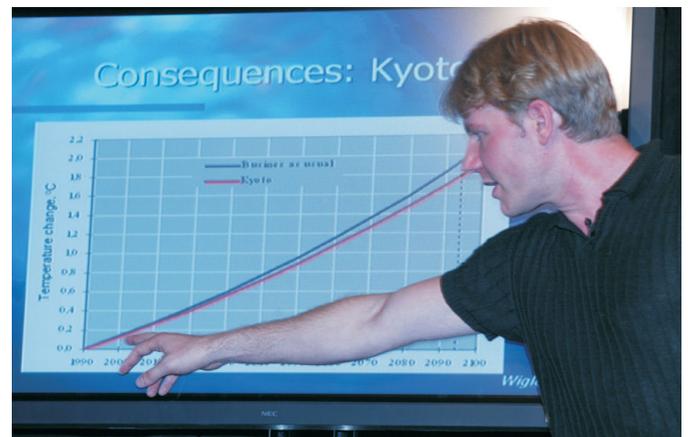
On October 21, 1974, The Fraser Institute (named for the river) was recognized as a charitable education organization by the federal government, and commenced operations in Vancouver (charitable status in the United States was obtained in 1978). Sir Antony Fisher, previously instrumental in establishing the Institute of Economic Affairs (IEA) in London, was appointed Acting Director in 1975. Michael Walker assumed the role of Chief Economist, and succeeded Fisher as Executive Director in 1977. Sally Pipes and John Raybould were the other original staff members. The Institute now employs 45 full-time staff, as well as 21 senior fellows and adjunct scholars.

From the beginning, the Institute's operations have been overseen by a Board of Trustees nominated from amongst the Institute's members. The first Chairman of the Board was the late Alan Campney, who stepped down in 1986 and was replaced by the current Chairman, R.J. Addington, OBE.

The Institute's growth from its modest beginnings to pre-eminent status among Canadian public policy research organizations was not inevitable. Rather, it is a testament to the strength of the ideas underlying the Institute's work, and to the generosity and foresight of its members. The support of individuals, business leaders, and private foundations has been indispensable, for unlike most other organizations of its kind, the Institute does not accept public funding.

In its first full year of operation, 1975, the Institute recorded revenues of \$421,389. Growth in the first decade was steady, but not spectacular. Three people played key roles in placing the organization on a sound financial footing in these early years. The Hon. J.V. Cline was instrumental in raising the required seed money. Boyle, after retiring from MacMillan Bloedel in 1977, ran the Institute's fundraising efforts until 1983. And in response to a recession-caused funding crisis in 1982, Dr. Harold Walter Siebens made the first of many significant gifts to the Institute.

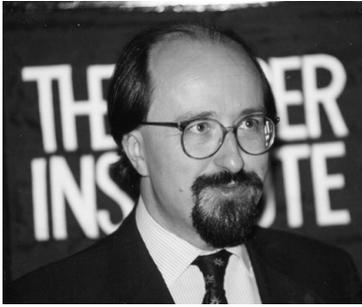
Another important factor in weathering the 1982 crisis—and in establishing the Institute's endowment fund—was



In October 2002, Skeptical Environmentalist author Bjørn Lomborg warns a Calgary audience of the potentially devastating costs Canada could impose upon itself by signing the Kyoto Accord.

M. Ridewood, CP Photo Assignment Services

Charles Kochman



Mr. Bill Emmott, Editor of *The Economist* magazine, has spoken to two Fraser Institute audiences in the past few years: one in Toronto in 2001 and another in Vancouver in 2003.

the game *Poleconomy*. Approached by the inventor of the game to market it in Canada, Walker orchestrated the sale to Canadian firms of naming rights to individual game squares. Over a million dollars were raised.

However, it was not until 1988 that the million dollar mark in annual general revenue was passed. Then, after a period of fluctuation, an era of remarkable sustained growth began in 1993: the \$2 million mark was passed in 1994, the \$3 million mark in 1997, the \$4 million mark in 1999, the \$5 million mark in 2002, and the \$6 million mark in 2003.

Membership growth has been sensitive to economic trends and to “hot button” issues. Overall, however, membership has grown steadily, from 65 members at the end of 1975, to 521 in 1983, to 1,070 in 1990, to 2,098 in 1994, to well over 3,000 in 2003.

While having its headquarters in Vancouver, the Institute has gradually expanded its physical presence across the country. Branch offices operated in Winnipeg in the late 1980s, and in Ottawa in the late 1990s, but proved unsustainable. However, branch offices in Calgary and Toronto are flourishing following their respective expansions in 1999 and 2001. The Vancouver office was also able to move into a new building in 1998.



Economic Freedom Network members from around the world meet in Madrid, Spain, in October 2002.



Imke Wernicke

The Children First Celebration event in Toronto in 2003 brought together families and staff to announce the first ever tuition assistance grants.

The Institute has always had a significant international dimension, and has built strong relationships with like-minded groups in other countries. Links with the IEA and with the Washington-based Cato Institute were established almost immediately, and soon after with the Atlas Foundation, created by Sir Antony Fisher to encourage the growth of independent research institutes patterned after The Fraser Institute around the world. As part of this effort, the Institute in 1979 hosted a delegation of Latin American economists, many of whom adopted the Institute’s organizational model for use in their own countries.

In 1983, 1992, and 1999, the Institute hosted meetings of the Mont Pèlerin Society, the leading international forum for groups conducting research into and understanding of market-oriented economic systems and free societies. Formed shortly after the Second World War, the society’s membership includes leading lights from academia, the media, and politics.

Research

The Institute has published a wide range of work, which can only be outlined here. Overall, the most prominent features of the more than 200 books and major studies produced are their uniformly high quality, and their consistently correct analysis of the likely consequences of the public policies being examined. In brief, the Institute’s research findings have supported:

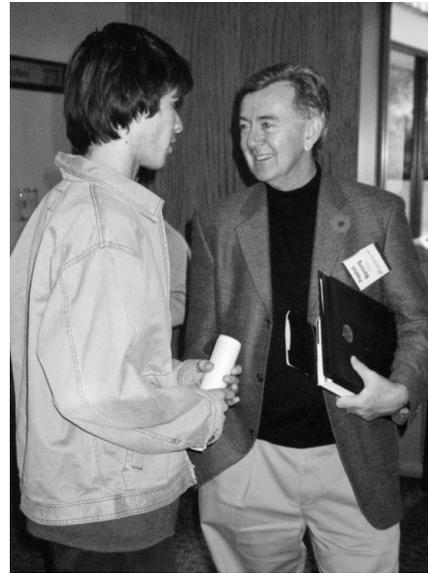
- lower and flatter tax rates with minimal exemptions, and elimination of economically inefficient taxes like capital gains and corporate capital taxes;

Kristin McCahon



Alberta Premier Ralph Klein in a media scrum following the T. Patrick Boyle Founder's Award presentation in Vancouver on November 15, 2002.

- fiscal measures such as balanced budgets, and taxation and expenditure limitations;
- privatization of government functions and services, wherever this would reduce costs without compromising effectiveness;
- privatization of public pensions;
- introduction of private competition to the public health care system, and of incentives within the public system to increase productivity;
- provision to parents of greater choice in the education of their children (preferably through education vouchers), compulsory standardized testing of students, and public grading of school performance;
- reform of the structures of democratic governance, to decentralize power and increase accountability;
- elimination of policies that discriminate by race, language, or cultural background;
- legislation of voluntary unionism, and prohibition of use of compulsory union dues for political purposes;
- abolition of minimum wage laws and establishment of reasonable limits upon the receipt of unemployment insurance;
- reform of welfare programs to encourage people to work their way out of poverty, and reduce dependence on government support;
- greater use of the non-profit sector to provide social services, which it performs more effectively than governments;
- a more rational approach to government regulation of economic activity, based on the level of risk involved rather than in response to the agendas of pressure groups;
- use of market incentives and sound science, rather than command and control measures coupled with alarmism, to deal with natural resource management and environmental issues;



Fraser Institute Senior Fellow and former leader of the Reform Party of Canada, Preston Manning (right), following his presentation to a student seminar in Toronto on November 1, 2002.

Annabel Addington

- liberalization of trade, both nationally and internationally;
- immigration policies based on liberal principles but enforced strictly; and
- greater allocation of national resources to national defence, coupled with more efficient use of such funds.

Several larger research initiatives undertaken over the years deserve notice. From 1982 to 1991, the Institute housed the Centre for the Study of Economics and Religion, which published a number of studies making the case that the ethical precepts of all the major religions are more consistent with capitalism than with socialism.

The National Media Archive was established in 1986, to report on the level of objectivity in news reporting in Canadian media. This effort was revived in 2002 with the Institute's CANSTATS project.

M. Ridewood, CP Photo Assignment Services



Senior Fellow Mike Harris shares "A New Policy Vision for Canada" with an audience in Calgary on November 5, 2002.

From 1990 to 1993, thanks to a grant by the Lilly Endowment, the Institute ran its 20/20 Vision project, a collaborative venture with 29 other organizations in Canada, the US and Mexico, to undertake a thorough investigation of the political economy of the North American market. In addition to an extensive publication program, the project included numerous conferences held across the continent and was a key contributor to the attainment of the North America Free Trade Agreement.

In 1998, the Institute began administering the Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services, which honours non-profit performance. Similarly, in 2002, the Institute began administering the W. Garfield Weston Foundation-funded Children First program, which provides education opportunity grants to enable children from lower-income families in Ontario to attend private schools.

Most important of all has been the Institute's involvement, beginning at a 1986 conference sponsored by Liberty Fund, in researching and promoting economic freedom. The proceedings of this conference, and of another in 1988, were later published by the Institute, and proved the spur towards devising an index to measure economic freedom so that its relationship with other economic and social phenomena could be studied.

The first publication of the international economic freedom index in 1996, *Economic Freedom of the World: 1975-1995*, demonstrated the strong positive correlation between economic free-

Top Institute Publications, 1975-2003

- *Rent Control: A Popular Paradox* (1975)
- *The Illusion of Wage and Price Controls* (1976)
- *Unemployment Insurance: Global Evidence of its Effects on Unemployment* (1978)
- *Economic Freedom of the World, 1975-1995* (1996—series continuing)
- Tax Facts series (1979 – present)
- *Privatization: Theory and Practice* (1980)
- *Unions and the Public Interest* (1982)
- *Reaction: The National Energy Program* (1984)
- *Trade Unions and Society* (1984)
- *Morality of the Market: Religious and Economic Perspectives* (1985)
- *Caring For Profit: Economic Dimensions of Canada's Health Care Industry* (1987)
- *Culture, Governments, and Markets* (1987)
- *Freedom, Democracy, and Economic Welfare* (1988)
- *Privatization: Tactics and Techniques* (1988)
- *Service Industry Growth: Causes and Effects* (1989)
- *Waiting Your Turn: Hospital Waiting Lists in Canada* series (1990 – present)
- *Economics and the Environment: A Reconciliation* (1990)
- *Religion, Wealth, and Poverty* (1990)
- *The Economic Consequences of Quebec Sovereignty* (1991)
- *Government Spending Facts* (1991)
- *Poverty in Canada* (1992)
- *Rating Global Economic Freedom* (1992)
- *The Immigration Dilemma* (1992)
- *Assessing NAFTA: A Trinational Analysis* (1992)
- *What Everyone Should Know About Economics and Prosperity* (1993)
- *Plan B: The Future of the Rest of Canada* (1994)
- *Inside Canada's Government Debt and the Way Out* (1994)
- *Negotiating and Implementing a North American Free Trade Agreement* (1994)
- *Thirty Million Musketeers: One Canada for All Canadians* (1995)
- *Environmental Indicators for Canada and the United States* (1997—series continuing)
- *Healthy Incentives: Canadian Health Reform in an International Context* (1997)
- *Global Warming: The Science and the Politics* (1997)
- *Fish or Cut Bait: The Case for Individual Transferable Quotas* (1997)
- *The Underground Economy* (1997)
- *Unions and Right-to-Work Laws* (1997)
- *The Privatization of Liquor Retailing in Alberta* (1997)
- *How to Use the Fiscal Surplus: What is the Optimum Size of Government?* (1998)
- *Privatizing Correctional Services* (1998)
- *Medical Savings Accounts* (1998)
- *A Secondary Schools Report Card for British Columbia* (1998—first school report card—series continuing and expanding, including report cards for other provinces and for elementary schools)
- *The Case for the Amero* (1999)
- *Competitive Strategies for the Protection of Intellectual Property* (1999)
- *Facts, Not Fear: Teaching Children About the Environment* (1999)
- *Report Card on Alberta's High Schools* (1999)
- *Provincial Economic Freedom in Canada* (1999)
- *The Case for School Choice* (1999)
- *Fiscal Performance Index* (1999)
- *The Availability of Medical Technology in Canada* (1999)
- *Can the Market Save Our Schools?* (2000)
- *Safe Enough: Managing Risk and Regulation* (2000)
- *Unlocking Canadian Capital: The Case for Capital Gains Tax Reform* (2000)
- *How Private Competition Can Improve Canadian Health Care* (2000)
- *Global Warming: A Guide to the Science* (2001)
- *Canadian Immigration Policy: The Case for Major Reform* (2002)
- *Economic Freedom of North America* (2002)
- *Fixing Canadian Democracy* (2003)
- *Tax Reform in Canada: Our Path to Greater Prosperity* (2003)
- *Measuring Labour Markets in Canada and the US* (2003)
- *The Canadian Education Freedom Index* (2003)



The Fraser Institute has been holding student seminars on public policy issues since 1988. Here, a group of students participate in the first seminar for high school students, held in Vancouver in 1999 and sponsored by the Lotte and John Hecht Memorial Foundation.

dom and economic growth, and garnered extensive international praise, including the fulsome endorsement of three Nobel Laureates. Subsequent studies have found similar positive relationships with a wide variety of social and economic indicators. The Institute publishes annual updates, in collaboration with the other 62 member institutes in its international Economic Freedom Network, and is the world leader in this increasingly important field. In recent years, the Institute has also collaborated with leading Chinese researchers to produce an index of economic freedom in the Chinese provinces.

The quality of the Institute’s work is attested to by the eminence of many of those associated with it. These include seven Nobel Laureates: James Buchanan, Gary Becker, Milton Friedman, Friedrich Hayek, Robert Mundell, Douglass North, and George Stigler. The Institute’s relationship with Milton Friedman and his wife Rose has been especially close since the beginning, and is greatly treasured and valued. Other luminaries—to name but a few—who have made significant contributions to the Institute’s work include Sir Alan Walters, former personal economic advisor to Margaret Thatcher, James Gwartney, former Chief Economist to the US Congress, and Professors Armen Alchian and Alvin Rabushka.

More important than all the accolades and endorsements, however, is the plain fact that, on all the major issues of the day, the Institute’s policy predictions and recommendations have been proven correct by events.

Public Education

The Institute’s focus from the beginning has been to reach the general public, several methods being employed to



Flavio Gandolfo

World-renowned Peruvian author and economist Hernando de Soto spoke to an audience of 300 in Vancouver in May 2001 as he explained why capitalism succeeds in the West, yet fails elsewhere in the world.

this end. The first, publishing, has been facilitated by the retention of in-house publications staff. Many of the Institute’s early books were bestsellers, in part because they were the only publications readily available taking a particular position. Concentration has always been placed on selling books to libraries and educational establishments, to increase their reach. The Institute still publishes a number of books, but over the years has moved to issuing shorter studies, such as *Critical Issues Bulletins* and *Public Policy Sources*, and subsequently to a limited number of digital-only publications. With the expansion of the Institute’s research agenda, a number of specialized series have also been launched, such as the *Studies in Education Policy*.

The second avenue for reaching the general public has been through the media. Institute staff have always been encouraged to write editorials, and from early days were regular guests on radio and television. In 1982, Michael Walker began a series of daily economic radio commentaries, the best of which were pulled together in 1983 into a monthly digest provided to Institute members. This *Fraser Forum* soon developed into a monthly magazine featuring articles by Institute and outside authors, and has become one of the main vehicles for the delivery of Institute policy recommendations to a wide and influential readership.

The amount of media coverage for the Institute’s work has risen steadily, accelerating rapidly after the hiring of a



A sample of recent Fraser Institute publications.

full-time Director of Communications in 1995. Media mentions, which in 1994 had totaled 1,400, surpassed 2,000 in 1995, and 3,000 in 1996. Subsequent growth has been steady, particularly in foreign press outlets, surpassing 3,500 mentions in 1999, and 4,000 in 2001. In 2003, over 4,800 media mentions were recorded, worth some \$11.5 million in advertising equivalency—almost twice the Institute’s annual budget. Coupled with this growth has been a marked improvement in the tone of media coverage of the Institute. Whereas in the early years the Institute was regularly branded as “right-wing” or worse, a recent media content analysis found that well over 90 percent of current coverage is either positive or neutral in tone.

A relatively new, but increasingly important, arm of the Institute’s public education activities is its internet site. Launched in 1996, and redesigned in 2002 to deal with rapidly increasing use, the site provides the Institute’s work for free public access. In 2003, over 500,000 visitors downloaded some 3.7 million pages of information from the site. Linked to the main site are subsidiary sites for the Economic Freedom of the World project, the CANSTATS project, the Donner Awards program, and the Children First program.

The Institute has been especially interested in reaching students. From 1979-91, it operated an Economic Education Resource Centre, which helped schools improve the way in which economics were taught. In recent years, the Institute has revived this effort with its Teacher Training Workshops on Economic Principles.

In 1988, the Institute launched its own student programs, which quickly became one of its primary activities. In addition to the original one-day seminars on public policy issues for university students in locations across the country, new programs were rapidly added:

- seminars for high school students;
- an annual colloquium for the best participants in the seminar series;
- an internship program;
- a nationally-distributed student paper, *The Canadian Student Review*;
- an essay competition, and
- teachers workshops and web page

Graduates from the Institute’s student programs are now well-entrenched in prominent positions in government, in the public policy world, in academia, and in the media.

The final means for reaching the general public has been through events. Institute staff have always made efforts to address public or academic gatherings, while the Insti-

tute’s international links and increasing public profile have enabled it to draw top-line speakers from academia, business, and the world of politics. The range of speakers in this last category proves that good public policy need not respect traditional political boundaries: two of our most eminent “repeat performers” at Institute events are Baroness Thatcher, instigator of the “conservative revolution” in the UK, and Sir Roger Douglas, former Minister of Finance in a New Zealand Labour government that pursued similar reforms even more aggressively.

The Institute has also been very successful in reaching policy makers directly. On many occasions, too frequent to be quoted here, the Institute’s policy recommendations have been adopted by Canadian governments, and by foreign governments as well. The most notable example of this was in 1983, when the government of British Columbia requested that the Institute provide it with a program to help the province recover from years of bad policy.

Such success has provoked resistance. The Institute has always welcomed reasoned criticism of its work, but unfortunately this has not always been the preferred option of its opponents. Often, the Institute has been picketed, and its events occasionally disrupted. In the early years, the Institute’s work was routinely and unjustly disparaged as being that of an interest group, or tarred with association to racist views that its membership would find abhorrent. Most seriously, in 1978 it was fire-bombed and in 1983 Michael Walker received numerous death threats and bomb scares that necessitated police surveillance. Thankfully, such extreme and unjustifiable reactions have disappeared as the quality and impartiality of the Institute’s work has become known more widely.



Russian President Vladimir Putin’s economic advisor, Dr. Andrei Illarionov, has been a frequent visitor to the Institute.

Kristin McCahon



Hong Kong General Secretary Dr. Anson Chan (seated, centre) poses with Fraser Institute trustees and staff in 1999 following her presentation on the effectiveness of the One China, Two Systems policy.

The Future

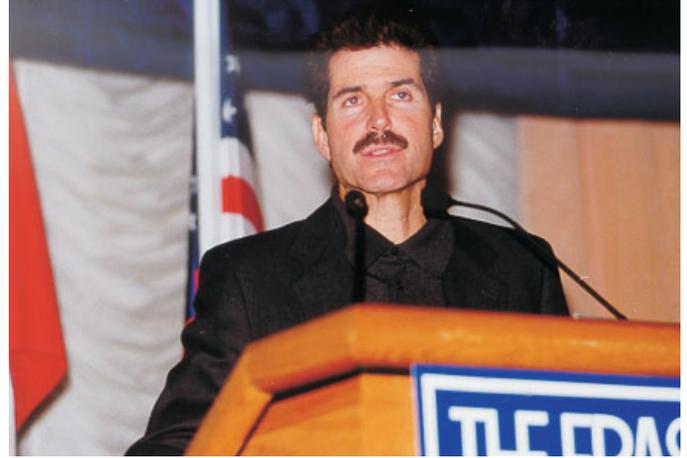
Despite the Institute's many accomplishments, much work remains to be done. In Canada (and more so in most of the rest of the world), government activity is far too extensive, strangling economic growth and impinging excessively on individual freedoms. Entire regions of the world almost completely lack the basic economic freedoms upon which any economic or social improvements must be based, and few international organizations understand how to truly promote growth. What is more, the education establishments in most developed countries and, to a lesser degree the media, continue to be dominated by the idea that government action is the best means of attaining economic and social goals. Thus, every year sees a new crop of citizens in need of (re-)education in the economic realities of the modern world.

Gary Wildman



Long-time supporters of the Institute's work, Rose Friedman and Nobel Laureate husband Milton receive rock star treatment from a group of young admirers following their December 2003 luncheon presentation in Vancouver.

Charles Kochman



One of the many popular speakers in the Institute's events program was John Stossel, ABC 20/20 correspondent, who spoke to a Toronto audience in 2000 to launch the Institute's Risk and Regulation centre.

If this situation were considered in isolation, it might provoke pessimism. However, the Institute has been around long enough to see material progress made, and to recognize that further improvements are possible if one is willing to work for them. With the continued support of its members, the Institute looks forward to meeting that challenge.



Anyone interested in more detail on the Institute's history, particularly its first 25 years, should refer to *Challenging Perceptions: Twenty-Five Years of Influential Ideas*, available at www.fraserinstitute.ca or in hard copy. Our more recent annual reports are also available online.

Tom Sandler Photography



The Donner Canadian Foundation Awards always generate great excitement among the non-profits competing for recognition. The recipient of the 2002 Overall Donner Canadian Foundation Award for Excellence in the Delivery of Social Services was the Cornwall Alternative School of Regina, Saskatchewan. Here principal and CEO Eunice Cameron accepts the \$20,000 award from the Honourable James K. Bartleman, Lieutenant Governor of Ontario (left) and Mr. Allan Gotlieb, Chairman of the Donner Canadian Foundation (right).