

**Challenging Perceptions:
Twenty-five Years of
Influential Ideas**



1974 • 1999

A Retrospective

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Preface



There was a time in Canada when people believed that central planning activities undertaken by government were the key to economic growth and development. It was thought that government was a better agent of economic change and development because it was thought not to be subject to the same frailties as the private marketplace. Because government had no need to earn a profit it was also thought public services could be provided more cheaply, and that extensive public ownership of the economy would lead to greater well-being for Canadians.

Moreover, governments weren't subject to the same financial constraints as ordinary businesses and households. Whereas businesses were subject to the uncertainties of economic cycles and limitations on the availability of capital for risky projects, governments could use the borrowing capacity of the nation to undertake economic projects that faint-hearted businesses would not, or could not, undertake.

According to the then prevailing view, deficits in the public sector were, unlike their private sector counterparts, a virtue enabling the government to encourage economic development which otherwise would not take place. At the root of this idea was the public policy suggestion of John Maynard Keynes that, as an antidote to the Great Depression of the 1930s, governments should run deficits. In fact, Keynes also noted that governments should run surpluses at an appropriate time to cool off an overheating economy. In effect, the government should run unbalanced budgets over the economic cycle in order to lean against the prevailing economic wind. As a theoretical construct, this approach was, without doubt, correct.

But neither Keynes nor his followers reckoned on the foibles of the political process. Deficits mean spending more than a government collects in taxes, whereas surpluses mean spending less than they collect in taxes. Deficits are more politically popular than surpluses, at least in the initial phase of reliance upon them. In Canada, the cult of deficit finance developed to the point that the federal Department of Finance issued a report noting that during inflationary times, running a deficit was the appropriate counterpart to the reduction in the value

of the government's debt occasioned by the inflation.

There was a time in Canada when many also believed that some services of a commercial kind could be most efficiently produced by the government, or by monopolies controlled by the government. Crown Corporations were popular in the economic landscape and governments, particularly at the provincial level, were busily engaged in acquiring new Crown Corporations, mostly by taking over private sector assets.

In some provinces, the notion of the superiority of the public sector as an agent of economic development got to the point where there were musings about whether private property really was a desirable feature of twentieth century economic organization.

At the national level, Prime Minister Pierre Elliot Trudeau, reflecting the ethos of the times, mused about the great imperfections of the marketplace, and upon the requirement for a greater involvement of government in the economic future of the nation.

With the benefit of hindsight, many people who disagreed with the Prime Minister's views have thought to blame him for many of the policy misadventures that ensued. It is important to remember, however, that usually the political process reflects a consensus view. So, for example, it was not Prime Minister Trudeau, but his political opponent, Conservative Robert Stanfield, who campaigned in the election of 1974 on a program to impose controls on the setting of wages and prices in Canada. This policy emerged from the perceived ineptitude of the competitive market economy in making these decisions, and the presumed role of greed in the inflationary process.

The problem in those earlier times, as indeed today, is not that some particular political figure came to power and led the country astray. Indeed, political leaders usually give shape and representation to a pre-existing general agreement. There was a time when the consensus view in Canada supported all of the foregoing notions about the role of government, and its superiority as a wellspring of economic growth. It was a consensus reflected in the universities, in the media and in the technical and popular literature of the day. No one was surprised when in his Christmas

message of 1974, the Prime Minister announced that the marketplace was not a reliable economic institution and would increasingly have to be replaced by government action in order to sustain the economic well-being of Canadians.

As noted, this view drew its intellectual support from the ideas of John Maynard Keynes and the embellishments of these ideas which had been provided by twenty-five years of academic “scribblers,” as Keynes called them. Popular writers like John Kenneth Galbraith saw to the widespread distribution of these ideas and, because of the enormous powers of persuasion he possessed, played a central role in making these ideas the consensus view.

In effect, The Fraser Institute was founded as a reaction to this growing intellectual consensus and its manifestation in the policies of government. There were two separate strands to these errant policy developments, one which had its origins in Ottawa, and the other in British Columbia.

In 1972, British Columbia elected its first New Democratic Party government, the leader of which, along with five Cabinet Ministers, had in 1969 signed a document subsequently called *“The Waffle Manifesto For an Independent Socialist Canada.”* The content of this document is interesting because of the crystallization of ideas which it contains about the source of economic development, the role of government, and the economic well-being of citizens.

While it was written as a political document, we cite it here, not to focus on the political aspects, but rather to highlight the sort of intellectual ethos from which the document had sprung, and the understanding about technical economic issues that it implied.

“Capitalism must be replaced by socialism, by national planning of investment, and by the public ownership of the means of production in the interests of the Canadian people as a whole...Socialism is a process and a program. The process is the raising of socialist consciousness, the building of a mass base of socialists, and a strategy to make visible the limits of liberal capitalism. While the program must evolve out of the process, its leading features seem clear. Relevant instruments for bringing the Canadian economy under Canadian ownership and control and for altering the

priorities established by corporate capitalism are to hand. They include extensive public control over investment and nationalization of the commanding heights of the economy, such as the key resource industries, finance and credit, and industries strategic to planning our economy. Within that program, workers’ participation in all institutions promises to release creative energies, promote decentralization, and restore human and social priorities.”

The sentiments articulated in these objectives were soon reflected in the policies of the government of British Columbia. Many of the people who were engaged in economic activity in the province of British Columbia became quite concerned that this ideology could have such sway in the province because of what it implied about the future development of the British Columbia economy.

T. Patrick Boyle, a senior industrial executive with world-wide experience, and then Vice-President, Financial Planning, at MacMillan Bloedel, became uneasy with the implications for the future of the province. Boyle was more conscious than most people in the business community about the disadvantages to the community of the set of ideas that lay behind the unfolding policy program of the government of British Columbia. His colleague, Csaba Hajdu, a refugee from the Russian invasion of Hungary, and an economist with a deep understanding of the long term implications of the ideas suggested in the *Waffle Manifesto* worked with Boyle to think about how to deal with this issue.

Meantime, in Ottawa, Michael Walker, working as an in-house consultant with the Department of Finance, and having just come from a four-year stint at the Bank of Canada, saw the same sorts of policies being discussed and developed in the Ottawa context. Walker found particularly alarming the fact that there seemed to be a consensus view developing around the Prime Minister’s notion that the market was dead and would have to be replaced by the more active involvement of government if economic development and growth were to be sustained. Since Csaba Hajdu and Michael Walker had shared an office as graduate students at the University of Western Ontario, they were in touch during much of this time.

During one of these meetings the subject turned to the issue of the structure of economic policy and what it implied for the future. Both realized that they

shared a similar dread for the country and for the deterioration of the economic well-being of Canadians. Walker agreed that on his next trip to British Columbia he would get together with Patrick Boyle and Csaba Hajdu to discuss these issues.

Out of these conversations there eventually developed a common agreement that the root of the policy errors which were underway was the system of ideas used to inform the public about the expected consequence of the policies. There was also agreement that this was not simply a British Columbia problem, or a Canadian problem, but rather one of increasingly international experience.

In the meantime, reflecting on these considerations, Patrick Boyle conceived the establishment of an economic and social research institution which he felt had to be unlike any other in existence in Canada. In early 1974 he sought the support of the Hon. J.V. Clyne to help him raise the seed money that would be required. Clyne agreed and was successful in getting firms from across Canada to support this new national intellectual enterprise. The financial resources obtained were meagre and The Fraser Institute's first year budget was \$75,000.

Patrick Boyle then engaged Rod Smith, a senior partner of Campney & Murphy, and the Institute's first legal counsel, to obtain a federal incorporation and devise a constitution and by-laws that would give legal expression to the planned work of the Institute. The plan was to contribute to the economic well-being of Canadians by engaging in economic and social research, and education.

Since the problem was incorrect ideas, the solution would depend upon an effective educational institute to inform Canadians about the consequences of particular courses of policy action. The institute would study the role of markets in providing for economic well-being. It would document how replacing markets by the kind of economic policies suggested increasingly in the Canadian provinces and at the federal level would effect economic development. The main objective would be to inform Canadians as citizens, and as participants in the economic process, about the crucial role that markets do play in economic development.

During the course of 1974, discussions continued and ultimately Walker and Boyle agreed that in the fall of 1974 Walker would move to Vancouver and join in the effort to create such an institute, the

specific purposes and program of which would be determined by discussion.

Another person involved in these very early deliberations was John Raybould who would subsequently also join the Institute. Raybould had had an interesting career working in private industry and as a sometime lecturer in history and city architecture at the University of British Columbia. His eclectic interests included a deep knowledge of British history and the developments which had followed the emergence in Britain of the sort of dirigiste economic policies which were then contemplated by many Canadian governments. They were joined in this activity by Sally Pipes who had worked in the government of British Columbia's statistical agency, and for the Council of Forest Industries of British Columbia.

In September of 1974, Boyle, Hajdu, Raybould, Pipes, and Walker began the process of developing the Institute mission statement and operating plan. After studying the intellectual resources of many countries, including the sorts of institutes which existed in Britain, Canada, the United States and elsewhere, the group devised a plan of development for the Institute and wrote a brochure which, after 25 years, is still an accurate description of its *raison d'être* and operations.

At this time certain very important operating policies were adopted which would, in due course, serve to uniquely differentiate the Institute from others in its field, and which would invisibly determine much of its success both in Canada and abroad.

These were:

- Donations to the Institute would all be taken into general revenue and assigned to projects as the Institute staff, and not the Trustees, saw fit.
- The Institute and its staff were not in any circumstance to engage in any political activity. Its objectives were purely educational in the public interest. Its work and conclusions were to be based on an objective consideration of facts, and employing a sound methodology.
- No donor, member of the Institute, member of its Board of Trustees, or its committees, would have any editorial control over any study, ensuing publication or press release. All could only receive the results of the staff's

work, and that of the Institute's authors, at the same time as they were released to the general public.

- The Institute could undertake studies on controversial matters of public policy and come to independent conclusions and recommendations, and publish them, in spite of the fact that they might displease the preconceived notions of some of its donors.
- Although the Institute was Canadian in origin it would, nevertheless, utilize the best professional talent on a worldwide basis, recognizing that all western democracies shared the same public policy problems facing Canada.
- Internally, the work of the Institute would be aided by peer review protocols. The Executive Director, guided by an Editorial Advisory Board, and not the Board of Trustees, would be the final arbiter of any question and would exercise sole decision whether to publish or not.
- All publications would contain a brief statement of the Institute's core mission and purpose, and additionally that the findings of

publications were the responsibility of its independent author(s) and that the author(s)' views were not necessarily shared by either the members or Trustees of the Institute.

As a result of this very collective effort, The Fraser Institute, as an idea with a well developed mission and plan of execution, was born. On October 21, 1974 the Charter of The Fraser Institute—so named for the mighty Fraser River, thereby giving this new institute a geographical, rather than ideological, reference point—was granted by the government of Canada. In November of that year, the offices at 626 Bute Street were occupied which were to serve the Institute well for almost all of the next quarter-century. On January 30, 1975, the Institute's first Board of Directors—Dr. J. Anthony Boeckh, Alan Campney, Anthony Fisher, William Fitzpatrick, Derek Lukin Johnston, Russell Morrison, and Douglas Shellard—officially took office and began the governance and oversight function which has, for twenty-five years ensured the economical use of funds entrusted to the Institute by its members and other supporters.

"I have found The Fraser Institute's work over the years to be a voice of reason that resonated positively within my own value system, which is based upon personal responsibility and accountability. The quality of the Institute's work on areas such as the deficit, taxation levels, the brain drain, the structural unsustainability of our health care system, and the decreasing effectiveness of our education system, continues to be very important to the future success of our country."

Gwyn Morgan,
President and Chief Executive Officer,
Alberta Energy Company Ltd., Calgary

"Ideas which started with the Fraser Institute have been eagerly taken up in other countries and have spread their influence around the world. The Adam Smith Institute freely acknowledges, with other think tanks internationally, its own debt to the Fraser Institute, and has been happy to draw upon some of its successes and to adapt and spread them to a wider audience."

"When people in other countries seek to establish think tanks to promote choice and free market economics, we point them to the Fraser Institute as the pinnacle of what can be achieved."

Madsen Pirie, President,
Adam Smith Institute, London, England

The First Half-Decade: 1975-79



The Editorial Advisors

One of the major tasks that faced the Institute in its first year was to create an Editorial Advisory Board made up of some of the best-known names in economics. The purpose of this Board was to ensure that work produced by the Institute met the highest academic standards. Among the early members of this Board were James Buchanan, 1986 Nobel Laureate in Economics, and Friedrich Hayek, who had received the Nobel Prize in Economics in 1974 and had established the influential Mont Pèlerin Society. Another significant contributor to the Institute's early work was Milton Friedman, who received the 1976 Nobel Prize in Economics for his work on monetary policy.

The first Editorial Advisory Board also included Canada's most famous economist, Harry G. Johnson, as well as Professors A. A. Walters, Armen Alchian, L. B. Smith, David Laidler and Thomas Courchene.

The widespread sale of Institute books and other studies ensured that there would be a growing professional and public awareness of the Institute's research. By the end of 1976, the first Institute titles had found their way onto the required reading lists of universities, colleges and even high schools.

By the time the Institute celebrated its fifth anniversary in 1979, almost every large Canadian university had at least one academic department that had adopted an Institute title as part of its required reading list. In the United States, the Institute's books had found their way on to reading lists at institutions such as Brown University, the University of Virginia,



John Raybould, Sally Pipes and Sir Anthony Fisher at the 1977 AGM, Royal York Hotel, Toronto

the Massachusetts Institute of Technology, and Rutgers University.

First Words and New Ideas

The Institute's first publication, *Rent Control: A Popular Paradox*, was distributed in every major city in Canada. Between October 1975 and April 1976, more than 6,000 copies were sold, making the first Institute publication a best-seller by Canadian trade standards, not really a surprising development since it was the first North American book to provide a careful analysis of this policy. Subsequently rent control as a policy was dropped in almost every jurisdiction, and the forms of controls that have been retained reflect the insights of this book.

In that first year, a significant section of the public was reached through the media coverage surrounding *Rent Control*. The book was discussed on both CBC's and CTV's national news programs and numerous radio talk shows. In print, it was covered extensively in the *Globe and Mail*, written about in almost every paper in the Southam chain, and was also chosen as a "Book for Businessmen" by the *Financial Post*.

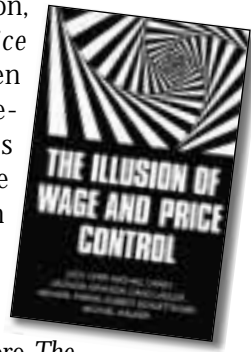
Internationally, it was reviewed in publications ranging from *The Banker* to *The Chicago Tribune*. Over the next few years, opponents of rent control in places like Madison, Wisconsin and Berkeley, California used the ideas in the Institute's work as integral parts of their successful campaigns to defeat rent control ordinances. In keeping with its status as a non-partisan, non-political organization, the Institute



Michael Walker and Sally Pipes -The Early Years, 1977

itself was involved in none of these activities, although its ideas were very much in evidence.

The Institute's second publication, *The Illusion of Wage and Price Control*, promised to be an even greater success than its predecessor. The book's authors argued that controls were ineffective in slowing inflation and had a variety of side effects that made them a disastrous policy choice. So controversial was the Institute's stand that before *The Illusion of Wage and Price Control* was even printed, the Institute had received more than 5,000 orders. This was a reflection of the more general appeal of the subject, as controls were being discussed and implemented by governments throughout the world.



The Institute Versus the Business Community

It is important to remember that when the Institute's critique of controls was published, there was widespread support in business and government for the introduction of wage and price controls. Indeed, the Institute's only significant ally in opposing controls was the union movement, which admittedly opposed controls for reasons very different from the Institute's. The Institute's position also caused concern among many of its early supporters.

It is also worth noting that at that stage, the policy of wage and price controls had been enthusiastically embraced by the only other think tank in Canada doing policy analysis, the C.D. Howe Institute.

Within a few months after *The Illusion of Wage and Price Control* appeared, it was clear that controls had failed. What was even more obvious was that government was the real inflationary culprit. Increased government spending and creation of money at a rate faster than economic growth were

"The Fraser Institute is certainly effective with me. I find its work refreshing and empirically grounded. I believe the Institute does very valuable work."

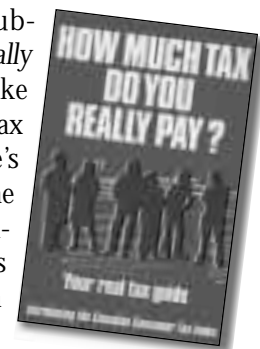
Gail Regan, Vice Chair,
CARA Operations Limited, Toronto

revealed as the twin causes of inflation. Public opinion had swung in favour of the Institute's position. Even the corporate sector had changed its mind.

Maclean's magazine acknowledged the Institute's role in awakening Canadians to the dangers of wage and price controls when it selected Michael Walker, and *The Illusion of Wage and Price Control*, as representatives of the counter-controls point of view. Meanwhile, noted Canadian economist Richard Lipsey, in an invited address to the Canadian Economics Association that same year, cited only two books as being relevant to this crucial issue: *Rent Control: A Popular Paradox*, and *The Illusion of Wage and Price Control*.

Reaction to the Institute's early work was not always positive, however. *The Real Cost of the B.C. Milk Board* was a direct assault upon marketing boards' abilities to control supply and price, both done to the detriment of consumers. One farmer's magazine, *Country Guide*, lashed out at the study as an attack on "corporations, independent businessmen, professional people, farmers, and indeed, any group which is successful." The federal government showed itself to be deeply divided on the question of marketing boards. Agriculture Minister Eugene Whelan called the Institute's work on marketing boards "phoney and false," while André Ouelette, then Minister of Consumer and Corporate Affairs, said it "express[es] very clearly my own views."

In 1976 the Institute also published *How Much Tax Do You Really Pay?* a first-ever attempt to make Canadians aware of the total tax bill they paid. The Institute's *Consumer Tax Index* showed the true cost of purchasing government services, and the Institute's *Tax Freedom Day* calculation provided a non-technical guide to taxpayers showing them the full extent of their tax burden.

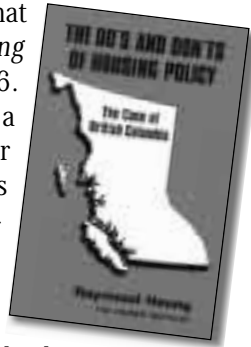


By 1999, *Tax Freedom Day* has become a household phrase, and most people have a rudimentary idea of the cost of government.

One of the policy preoccupations of the governments of the 1970s was housing policy. The perception, particularly in the federal government, of "market failure," and the tremendous pressure which the

growth in demand was placing on the markets for housing, led to a series of policy misadventures.

It was in this policy climate that *The Dos and Don'ts of Housing Policy* appeared, also in 1976. This book, which was used as a standard text on the subject for years after its publication, was responsible for making widespread the practise of using income supplements, rather than intervention in housing markets, as a means to solve the housing problems of the disadvantaged. The legacy of the book is the system of housing subsidies and other income related measures which have been used, for the most part, in preference to the direct interventions which had been so popular.



Fraser Institute staff in 1979: Laurie Hustler, Mab Oloman
Dianne Aho, Alice Aucoin, and Cathy Howard

Best-sellers About Economics

By the end of 1976, more than 50,000 copies of eight Fraser Institute books had been distributed. Three of these titles (including the books about price controls and *How Much Tax Do You Really Pay?*) had gone on to become best-sellers. What made this achievement extraordinary was that it came at a time when the Canadian publishing industry was going through a serious contraction. A typical Canadian publisher had only five books in print at any given time. While most Canadian books generally went unread outside Canada, the Institute was receiving orders from thirty countries, including Mexico, Israel, and Ireland.

Because of the increased output of books and other publications, and the considerable cost of sending work to outside editors and typesetters, one of the Institute's first large capital purchases was a typesetting machine, allowing most Institute materials to be produced in-house. Although the technology has changed, this is a tradition that has continued to this day. Almost all Fraser Institute publications, from *Fraser Forum* to in-depth technical papers and full-length books, are designed by the Institute's production staff before being sent to the printer.

Which Way Ahead for Canada?

In 1976 the Government of Canada issued a paper called, *The Way Ahead*, which laid out the government's view of the appropriate relationship between the government sector and the private sector. It was a vision which called for more government

involvement in the economy and society. It was an expression of a dirigiste solution to economic problems because of the perceived failure of the private sector. In response, The Fraser Institute issued a volume entitled, *Which Way Ahead?*, containing a detailed response to the government's view. It was not a "balanced" view of the issues, but an alternative to the view which had been expressed by the government's experts. In hindsight, we can see that the Institute's view, and not that of the government, was indeed the correct one. The crucial point is that the Institute's book was quite influential in shaping the public's careful consideration and rejection of this anachronistic vision of the government.



In 1979, when governments caught the high-tech "bug," The Fraser Institute caused some concern by publishing *The Science Council's Weakest Link*, which was a careful consideration of, and rejection of, the federal government's industrial strategy as articulated by the Science Council. In the book, Queen's University Professor Kristian Palda showed that

"Congratulations and best wishes to Michael Walker and all the people who have made The Fraser Institute an important defender of individual freedom, civil society, and the rule of law."

David D. Boaz, Executive Vice President,
The Cato Institute (United States)

subsidies to high-tech business were a thinly-disguised attempt to redistribute wealth from low-income Canadians to relatively high-income Canadians. Some Institute supporters, especially those in the high-tech sector, took great exception to this book and subsequently withdrew their support from the Institute.

Funding, Staff and Membership

In 1974 the Institute took up a temporary residence in Vancouver's Royal Centre. A few months later, the Institute and its four full-time staff members moved into the second floor at 626 Bute Street, a space it occupied, and gradually expanded into, for the next twenty-five years.

Perhaps the greatest challenge the Institute faced in that first year was funding. By the end of 1975, The Fraser Institute had sixty-five members. In the first Annual Report of the Institute, Chairman Alan Campney said that "as the Institute becomes better known, membership recruitment should become a progressively easier task." History has proven that to be an overly optimistic conclusion.

During this initial growth period, fundraising was a constant concern, involving all the staff. The effort was co-ordinated by Sir Antony Fisher, the Institute's Acting Director, who had founded the Institute of Economic Affairs in London in the late 1950s. Sir Antony brought to the task considerable experience and contacts with firms in the U.K. who had experienced the impact of faulty policy ideas and who knew the potential effectiveness of an institute. By the end of the Institute's second full year of operation, membership had grown to 240, but many had joined at a low level of support making finances a constant concern.

In Search of a Leader

In 1976, Sir Antony Fisher left the staff of the Institute—although he remained a member of its Board of Trustees until his death—to devote more time to his ambition to create many institutes in other countries. Eventually this ambition would lead to the creation of the Atlas Economic Research Foundation. Fisher's departure sparked the search for a full-time General Director. Ideally, this person would have assumed administrative control of the Institute and looked after fundraising, leaving Michael Walker, the Institute's Chief Economist, with more time to tend to



*Trustees Alan Campney, E.L. Harrison,
P.F. Webb, and Michael Walker, 1978*

the Institute's research and publications. Accordingly, Dr. Walker's title became Research and Editorial Director. But the Institute still needed someone whose full-time job was searching for new sources of funding. Sally Pipes, who was initially hired as an economist (she helped produce *How Much Tax Do You Really Pay?* and its successor publications, the *Tax Facts* series) assumed the administrative duties related to membership and fundraising, in addition to her other roles within the Institute.

Throughout the first part of 1977, the Board of Trustees conducted an intensive search for a senior person to assume responsibility for expanding the Institute's support base. One likely candidate was found, but ultimately withdrew his name from contention. This meant that through 1977 the Institute's membership program lost most of its momentum. Into the breach stepped the Institute's Vice-Chairman and founder, T.P. Boyle, who had recently retired. For much of the next decade, Boyle would be the driving force behind the expansion of the Institute's membership.

"Your periodicals and various monographs have always been of interest and use. Directly and indirectly, they helped me to prepare my daily syndicated radio commentaries over a period of fourteen years."

William R. Allen, Professor Emeritus,
University of California, Los Angeles

At the same time, and in recognition of the leadership he had provided to the Institute's programs since its inception, Michael Walker was appointed the Institute's first Executive Director, a title he has held to this day.

Looking South

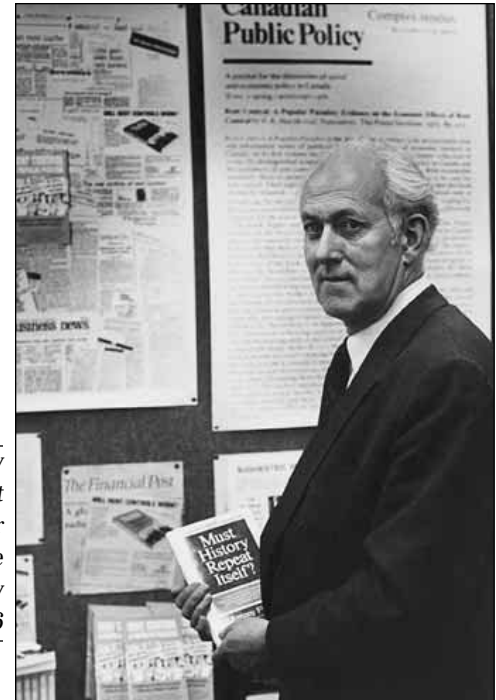
Although the Institute was incorporated under Canadian laws, it became clear early on that the Institute's work would have a broad appeal to North Americans generally. With that in mind, in 1978 The Fraser Institute opened an office in Seattle. That same year, the Institute was registered as a 501(c)(3) non-profit organization with the U.S. Internal Revenue Service, allowing Americans to make tax-deductible donations in support of the Institute's work.

Profile Rising . . . Staff Growing . . . Short of Cash

By 1979, the Institute's public profile was on the rise as Michael Walker was making close to fifty speeches each year and writing a regular column for *The Financial Post*, as well as contributing to and editing all of the Institute's publications. A second policy person was needed, and the Institute brought on Dr. Walter Block. Dr. Block, who was well known in the United States and Canada among libertarians, had been a university professor, assistant editor of *Business Week*, and a Fellow of the Cato Institute, then located in San Francisco.

In the fall of 1979, the Economic Education Resource Centre (EERC) was established as The Fraser Institute's first separate operating division. John Raybould, who had been the Institute's Publications Manager since 1975, was appointed as the EERC's first Director.

While the number of Institute staff was growing slowly, the Institute's membership had grown dramatically since its inception. At the end of the first five years there were 396 Institute supporters. However, like many non-profit organizations, The Fraser Institute found itself struggling to make ends meet. Since the Institute was operating with only three months operating cash lead-time, planning was difficult, and there was a very real and continuing concern that if membership or funding should drop off, the Institute would be compelled to close its doors.



*Sir Antony
Fisher at
The Fraser
Institute
display
booth, 1976*

Privatization

In a small study entitled, *Friedman on Galbraith: On Curing the British Disease*, the author, Milton Friedman, questioned the validity of the now (in 1999) largely discredited views of John Kenneth Galbraith, and suggested that public policy would be better constructed if it relied more on markets, rather than less, as Mr. Galbraith was suggesting. Also, the book contained a very interesting suggestion about how to go about privatizing those assets which had been taken into the public sector. The idea was for a public asset holding company and the free distribution of shares in the company to the general public. This idea was to have worldwide implications. Nevertheless, the Institute was vilified for its "promotion" of privatization—a process, to paraphrase, that would be the end of Canadian life as we knew it.

"The Fraser Institute has become a remarkably influential think tank; one of the most influential in the world."

Milton Friedman, Nobel Laureate



*Nobel Laureate,
and founding
member of the
Editorial Advisory
Board, Friedrich
Hayek at the
Institute's
offices in
1975*

Federalism

On November 16, 1976, Quebec voters elected their first Parti Québécois government. For the first time ever, Quebec had political leaders whose stated intention was to take Quebec out of Confederation. Constitutional issues, which had long simmered on the back burner of the Canadian public policy agenda, suddenly took on greater importance.

Separatist sentiment was strong, not only in Quebec, but across the country, as separatist groups of different kinds had sprouted. In response to this seeming separatist upsurge, in 1978 The Fraser Institute published *Canadian Confederation at the Crossroads*. In this book, the authors concluded that separatism was not based on a desire to break up Canada, but was instead due to many Canadians' alienation from the federal government. What was needed was not a greater concentration of power in Ottawa, but a radical decentralization and devolution of powers from the federal to provincial governments.

Health Care

In 1979 The Fraser Institute published its first study of health care. *The Health Care Business* examined private and public health care systems, and was especially critical of doctors and their role in escalating health care costs. Notwithstanding the harsh criticism directed at their profession, the *Ontario Medical*



Review called the book “more radical and more pragmatic than changes proposed by others who have assessed Canadian Medicare.”

Other Canadian reviewers generally endorsed author Åke Blomqvist's findings that private health care generally offers a higher quality of care to patients and that sweeping changes would have to be made to the current Canadian medical system if it was to avoid the crises that had hit Britain and Sweden. South of the border, one American newspaper described Blomqvist's work as “a valuable contribution to our understanding of the economics of health care. It is well written, well researched and a must-read for any American who thinks that national health insurance is a viable solution to our health care problems.”

That refrain was to return in the 1990s as the U.S. seriously considered, and rejected, the adoption of a Canadian-style health plan.

Taxation

In his 1976 address to the Institute's Annual General Meeting, Fraser Institute Chairman Alan Campney said that the Institute book *How Much Tax Do You Really Pay?* “may well prove to be our most effective publication.”

History has proven him correct. Today, almost every adult Canadian knows that Tax Freedom Day is the hypothetical date on which average Canadians have paid their tax bill for the year and started working for themselves. Few Canadians realize, however, that Canada's Tax Freedom Day is an idea born in The Fraser Institute and its work on fiscal policy.

“I first met Mike Walker in the second year of the Institute's existence. Mike explained his aims, and I thought they were wonderful. I quizzed him on how it was coming, and he frankly said it was tough, and he was skipping some pay days for himself so that the secretaries got paid and the work of the Institute continued. Talk about revealed preference! I knew the FI had a dedicated chap at its helm.”

Thomas Borchering,
Professor of Economics and Politics,
Claremont Graduate University, California

Media reaction to the first attempt at calculating the total tax burden for all Canadians was swift and sizeable. The Institute's *Canadian Consumer Tax Index* was quoted in almost every Canadian daily newspaper, and was the subject of news and special reports on both radio and television stations throughout the country.

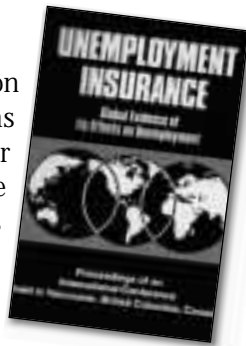
The impact of *How Much Tax Do You Really Pay?* continued well after its appearance in 1976. As the Proposition 13 property tax-reform movement swept across California and interest in the issue spread across North America, it became clear that the Institute's book was the only readily-accessible and up-to-date treatment of how taxation affected individual taxpayers.

Following on the success of this book, in 1979 the Institute released *Tax Facts: The Canadian Consumer Tax Index and You*. Even before the book appeared, media coverage of the study was considerable. *The Toronto Sun* described *Tax Facts* and its conclusions as "scary." *The Ottawa Journal* put it this way, "This book won't make anyone happy, but it should make everyone more critical of politicians with big spending ideas."

The book quickly sold out, becoming another in The Fraser Institute's growing list of best-sellers.

Unemployment Insurance

The Institute's first conference, on unemployment insurance, was held in Vancouver on September 1-4, 1976. This conference, the first of many Institute events sponsored by Liberty Fund, was attended by an impressive list of academics from North America, Europe and Australia. The conference proceedings were published in the early part of 1978 as *Unemployment Insurance: Global Evidence of its Effects on Unemployment*.



This collection of studies from around the world demonstrated the unanticipated catastrophic impact of badly designed unemployment insurance programs on labour markets. It was cited by the Canadian media as having been the motivating analysis for the first of many redesigns of the Canadian UI program. It has been used in many countries. It was an exemplar of how public policy research should be conducted based on sound methodology, considering



Raymond Heung, author of *The Do's and Don'ts of Housing Policy (and Future Trustee)*, 1976

a variety of statistical experience and coming to conclusions on the basis of the evidence in such a way that any reader could see the process by which the conclusions were drawn.

While most scholarly efforts of this kind take years to have their effect, this book had an almost immediate impact as many of the suggestions for reform were incorporated in the federal government's 1978 revision of the Unemployment Insurance Act, as a report in Montreal's *La Presse* newspaper pointed out. Government officials, however, adamantly rejected the idea that The Fraser Institute's work had any influence on the changes. But even the suggestion that a Fraser Institute book had played a major role in changing government policy boosted both the Institute's national profile and its book sales.

"We have all been deeply rewarded by the enormous benefit to public discourse world wide made possible by the efforts of the Fraser Institute over the past 25 years."

David J. Theroux, President,
The Independent Institute, California



T.P. Boyle,
"Our
Intellectual
Progenitor."

Interest from other countries

Nineteen seventy-eight marked another milestone as Antony Fisher brought to Canada people from several Latin American countries who were interested in copying The Fraser Institute model in their country. Jesus Eduardo Rodriguez from Venezuela came to find a model for an academic publishing house that he wanted to create in Caracas. The result was the successful CEDICE (el Centro de Divulgación del Conocimiento Económico) which continues to be a major source of new public policy ideas in Venezuela.

From Chile came the very resourceful Hernán Cortez Douglas with the idea to create a Fraser Institute

clone in Santiago. The ultimate result was the creation of the Centro de Estudios Públicos. This institute became a rallying point for those trying to introduce ideas about markets into the turbulent economic and political climates of that country in transition.

Over the next few years there would be dozens of copies of the Fraser model all over the world, some of them re-issuing the publications of The Fraser Institute as a fast way to get their new institutes up and running.

The Media

Media coverage, as a means of communicating its educational message, was seen as critical to the Institute's early success, and has been actively cultivated throughout its twenty-five year history.

In the Annual Report for 1976, Fraser Institute Chairman Alan F. Campney wrote that it "is almost as difficult to measure the effects of the Institute's work as it is to ascertain what Canada's economic problems are." One of the indicators the Institute has used from its inception is media coverage. How many mentions does an Institute book receive in daily newspapers? How many minutes of airtime do Institute authors and researchers receive during interviews?

By the end of 1979, the Institute's books and speeches given by Michael Walker had generated 25,000 column inches of press coverage in almost every daily newspaper across Canada. Radio and television interviews with Dr. Walker had aired throughout Canada, and he was a regular guest on national radio and television programs.

"I found the article on Asia's financial crisis very interesting. The reasons mentioned by the author, John G. Greenwood, give me a very clear picture of the Asian situation. This is just one example of how the Fraser Institute has been helpful to me over the years."

Charles Albert Poissant, FCA,
Chairman of the Board, Donahue Inc. and
Chairman of the Board of Quebecor Inc.,
Montreal

"The Fraser Institute has proved to be very effective in promoting libertarian ideas not only in Canada but also in other countries. The Fraser Institute's publications have not only provided us with a valuable source of information for our research projects but also have provided guidance in our goals and projects."

Carolina Bolivar, President, Instituto Cultural
Ludwig Von Mises (Mexico)

Entering the Eighties: 1980-84

The Academics

While maintaining its political aloofness, the Institute was well connected to the Thatcher and Reagan “revolutions” which occurred in the early 1980s. Many of the Institute’s collaborators in the United Kingdom and the United States were active participants in these policy turn-arounds. In particular, the Institute was pleased that Professor Alan Walters, a member of the Institute’s Editorial Advisory Board, was appointed as Personal Economic Advisor to British Prime Minister Margaret Thatcher in 1981. Another Institute colleague, Dr. Martin Anderson, became Chief Policy Adviser to President Ronald Reagan.

Other Institute academics were in the news as well. In 1982, Professor George Stigler received the Nobel Prize in Economics. Martin Feldstein, another Institute author, was appointed Chairman of the President’s Council of Economic Advisors in the United States. And, in that same year, Professor David Laidler, a member of the Institute’s Editorial Advisory Board, was elected a member of the Royal Society, and appointed to federal Finance Minister Marc Lalonde’s Economic Advisory Panel.

One of the Institute’s most important relationships throughout the years has been with the Mont Pèlerin Society. This influential organization, whose members come from academia, business, media and government, was founded shortly after the Second World War. Its object was, and remains, to facilitate an exchange between like-minded scholars in the hope of strengthening the principles and practice of a free society and to study the workings, virtues, and defects of market-oriented economic systems. The Society holds regional and international meetings in alternating years, hosting intellectual luminaries from economic and academic circles.

In late 1983, the Institute was honoured to host the Regional Meeting of the Mont Pèlerin Society. The meeting was attended by almost 300 Society members and guests, including the Society’s President, Lord Harris of High Cross, and Nobel Laureates Milton Friedman and George Stigler. At that meeting, it was announced that Professor Stigler would be joining The Fraser Institute’s Editorial Advisory Board.



John Raybould, 1981

That same year, Alan Walters, who had served as a member of the Editorial Advisory Board from the Institute’s beginning, and as noted, was economic advisor to British Prime Minister Margaret Thatcher, was knighted by Queen Elizabeth for his contribution to economic policy in Great Britain. Institute author Arthur Seldon, who had been Editorial Director of the Institute of Economic Affairs in London, was appointed Commander of the Order of the British Empire (CBE).

On October 25, 1984, Professor Friedrich Hayek, also a Nobel Laureate, who had served on the Institute’s Editorial Advisory Board since 1974, was made a Companion of Honour by the Queen for his lifetime of service to the field of economics.

“The Institute’s literature has always been a great help in my professional life.”

Prof. Sergio Ricossa,
Universita Degli Studi Di Torino, Italy



Friedrich Hayek and Sally Pipes at the Institute, 1983

Books and Publications

The Fraser Institute study *Rent Control: A Popular Paradox*—although published in the mid-1970s—continued to generate a great deal of interest, fuelling the public debate on this issue.

Following up on the success of the book's first edition, in 1980 the Institute released a revised and updated work on rent control. Edited by the Institute's Senior Economist Walter Block, *Rent Control: Myths and Realities* was, like its predecessor, the most authoritative work on the subject available. Canada Mortgage and Housing Corporation (CMHC) President Ray Hession echoed the Institute's work when he told a Montreal gathering of the Housing and Urban Development Association of Canada that rent controls "can create more problems than they solve." After this speech, the Minister responsible for CMHC announced his intention to initiate a selective

"The Institute has provided a wealth of valuable insights and observations to its readers over the years. It has been an effective tool in redirecting public attention to the role markets can play in providing for the economic and social well-being of Canadians."

Pierre S. Pettigrew, P.C., M.P.,
Papineau - Saint-Denis

support program of the sort the Institute had been recommending since 1975.

A 1981 lead editorial in the *Oshawa Times* stated that, as the Institute had predicted, "rent controls have been accompanied by a dwindling in the number of rental apartments." The governments of New Brunswick and Alberta responded by lifting controls, and the *Calgary Herald* noted that this was done "for exactly the reasons explained by The Fraser Institute."

This did not prevent other governments from committing the mistake others had corrected. While New Brunswick and Alberta abandoned rent controls, the government of Manitoba announced its commitment to reintroducing controls. This was despite the fact that the vacancy rate in that province had risen when controls were lifted. In British Columbia, a group calling itself "Tenants Against Rent Control" was founded, and the president of the group appeared on the front page of *The Province* newspaper holding a copy of the *Rent Control: Myths and Realities*.

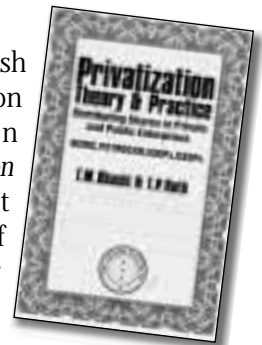
A Classic on Public Sector Monopolies

In July 1981, the Institute also released *The Egg Marketing Board: A Case Study of Monopoly and Its Social Costs*. The book's release coincided with the Economic Council of Canada's major study of regulation. Later in the year the Grocery Products Manufacturers of Canada released a report that reached conclusions identical to those in the Institute's study.

The most telling fact about this book is that it continues to sell in the late 1990s.

Privatization

In 1979, the government of British Columbia, following a suggestion made by Professor Milton Friedman in the book *Friedman on Galbraith*, undertook the first major privatization of government assets that had ever been attempted. Having created the British Columbia Resources Investment Corporation as a holding company for crown assets, the government then gave most of the value to the citizens of British Columbia in the form of five free shares per person. The Institute's book, *Privatization: Theory and Practice*, was a complete chronology and step-by-step telling of the story of the



privatization. The book was, in effect, a “how to do it” manual for privatizing state assets. The Chairman of the newly privatized firm, David Helliwell, said of the book, “anybody thinking about privatizing would be crazy not to read it!”

The book also looked at other crown corporations, such as Petro-Canada, as the most likely targets for privatization by the federal government.

On Canada’s other coast, the *St. John’s Evening Telegram* called the Institute’s work “innovative” and “showed how the whole debate [about privatization] might be avoided in the future.” By 1984, elected officials from as far away as Spain, Great Britain and the tiny island nation of Aruba had expressed interest in the Institute’s privatization work.

Just-in-Time Policy Analysis

Worthy of note about Fraser Institute books and studies, both in the early days and presently, is that they tend to be released either shortly before or at the precise moment the demand for information about a particular issue emerges and the item becomes topical. What makes this exceptional is that often the Institute’s books are planned eighteen months or more in advance.

Unions and the Public Interest

An example of this uncanny timing was the Institute’s completion of the study *Unions and the Public Interest: Collective Bargaining in the Public Sector*. This book, which was two years in production, was released on September 22, 1980, coinciding with the strike of more than 24,000 federal government employees. The book’s author, Professor Sandra Christensen, perfectly anticipated the issues that emerged in the strike and proposed an innovative scheme for avoiding public sector strikes. The idea was to create an independent Wage Board to determine public sector wages and de-politicize public sector wage determination. Christensen also suggested that, since such a system would remove the need for collective bargaining, strikes based on compensation should be prohibited.

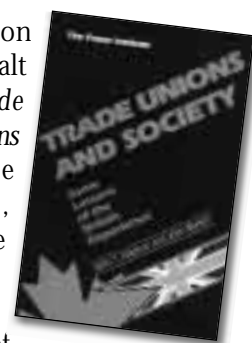
Although Professor Christensen’s study made it clear that public sector unions should still be free to strike over issues surrounding working conditions, the book’s release during a national strike by government employees guaranteed that it would strike a chord with many Canadians. Inevitably, it also meant that

the book would draw the ire of some union leaders. Regardless, the book sold out quickly, and like so many of its predecessor publications, went into a second printing.

A former General Secretary of the B.C. Government Employees Union, John Fryer, penned an opinion piece in *The Financial Post* in which he agreed that a thorough and careful review of collective bargaining in the public sector was needed. Another editorialist wrote that, “One would hope the various governments in Canada would be ready to forget their wrangling long enough to consider such an option.”

Long time Clerk of the Privy Council, Mr. Gordon Robertson, would later say that he thought the study was one of the best discussions ever of the problems posed by wage determination in the public sector.

The politicization of the union movement was specifically dealt with in the 1984 book *Trade Unions and Society: Some Lessons of the British Experience*. The authors, John T. Addison, Professor of Economics at the University of South Carolina, and John Burton, Research Fellow at London’s Institute of



Economic Affairs, held that trade unions were largely responsible for the “British Disease,” the symptoms of which were high inflation, high unemployment and low efficiency. In a country like Canada, where the three largest unions were (and remain) public sector unions, there was a very real danger that unions’ demands could become more and more removed from economic reality. As provinces attempted to bring their expenses in line with revenue, the greatest obstacle was proving to be the public sector unions.

“The Fraser Institute has provided a challenging data based viewpoint—one could say, in some circumstances, ‘politically incorrect’—that provides Canadians with a broader perspective on issues that assists them in their decision making process.”

Dennis A. Lauzon,
President and Chief Executive Officer,
Dow Chemical Canada Inc., Calgary



Nobel Laureate
Milton
Friedman
addresses the
Institute, 1982

On the other side of the world, a professor at the University of New South Wales in Australia called *Trade Unions and Society* “an excellent book; rigorously argued, concise and persuasive.”

Competition Versus Monopoly

Although many Institute publications have presaged government policy, at other times Institute books were produced as a direct result of governments’ policy moves.

In April 1981, federal Consumer and Corporate Affairs Minister André Ouellet released “A Framework for Discussion,” which outlined the government’s proposed changes to the Combines Investigation Act. The Minister’s paper made it clear that the government had a fundamental misunderstanding of the tenets of competition.

Eight months later, the Institute released a brief technical paper by Dr. Walter Block that responded directly to the Minister’s proposals. Reporter Vince Egan, in an article for *Thomson News Service*, called Dr. Block’s paper a “hard-hitting attack” on the proposed amendments. *Toronto Star* columnist Carol Goar echoed the Institute’s technical paper when she warned of “a major confrontation” between the federal government and the Canadian business community.

Dr. Block’s technical paper was followed by the more comprehensive treatment of the subject, *Competition versus Monopoly: Combines Policy in Perspective* by

Professor Donald Armstrong of McGill University’s Faculty of Management.

While the government tended to look at the number of firms in an industry as an indicator of competitiveness, the Institute rejected this outright. As Walter Block wrote in the Preface to *Competition versus Monopoly*,

“There may be only two or three firms in an industry, indicating a very highly concentrated structure. And yet they may compete like cats fighting in a laundry bag. On the other hand, an industry with hundreds of members and thus a low concentration ratio, may hardly compete at all. Anyone witnessing the struggles of Pepsi vs. Coca Cola, IBM vs. Xerox, Hertz vs. Avis, or the intense rivalry of the Big Three auto manufacturers will realize the truth of this.”

As is so often the case in public policy, something that was obvious to the average Canadian consumer was a complete unknown to government experts.

The reaction to *Competition versus Monopoly* was a clear example of the Institute having an impact on the conduct of public policy by the process of increasing the level of general understanding about an issue. *The Financial Post* advised that “before bringing in the legislation, Consumer and Corporate Affairs Minister André Ouellet would do well to ponder” Donald Armstrong’s comments.

“I believe the Institute is highly effective and is making a badly needed difference in our country. Over 25 years, it has evolved from being perceived as a marginal almost fanatical group to now very much main stream. It is the thinking of our society that has changed not that of the Institute.”

“The Institute has been particularly entrepreneurial in almost every facet of its organization—it started to build global alliances long before it became fashionable in the business world; in that way and many others it stretched its dollars impressively (funds are devoted to programs and other output rather than administration).”

Herb C. Pinder, Jr., President,
Goal Group of Companies, Saskatoon

Owing in part to the book's findings, the federal government postponed the introduction of the new combines legislation. It would be four more years before the federal government would attempt a major rewrite of competition policy.

Increasingly, governments began to use The Fraser Institute and its work as a resource in the discussion and planning of policy. Invitations to testify before the House of Commons' Standing Committee on Finance, Trade and Economic Affairs and other committees of Parliament were received with increasing frequency. The government sought the Institute's involvement to provide input to major initiatives such as the National Pension Conference in Ottawa, which was designed to give advice regarding the government's proposed changes to the administration and expansion of the Canada Pension Plan.

At the end of 1981, The Fraser Institute released *Discrimination, Affirmative Action, and Equal Opportunity*. *Toronto Star* columnist Richard Gwyn, while not normally a fan of the Institute's work, had to concede that the book landed "some well-aimed blows." With contributions from authors ranging from Thomas Sowell to Kurt Vonnegut, this book was a warning against the equality-of-outcome experiments governments had begun to make, and have continued to promote, in various ways since.



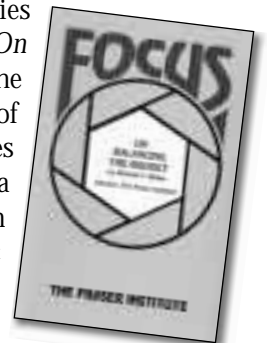
The journal *Canadian Public Policy* called the book "a propitious and important book which serves to remind the reader that the change in the meaning of affirmative action in the 1970s is a change of substance rather than degree, and is fundamentally a change for the worse."

Getting Policy Ideas into Focus . . . Translated into Other Languages . . . and Sold World-wide

In early 1982, the Institute began publishing its *Focus* series of monographs. Since Institute staff had for several years been producing excellent material in the form of speeches, editorials and short papers, it was decided to put these in a series of occasional booklets that would be targeted toward a broader reading audience.

The first booklet in this series, *Focus: On Milton Friedman*, contained the complete text of the Nobel Laureate's address to the Institute's 1981 Annual General Meeting, the text of the subsequent press conference, and a transcript of Professor Friedman's interview with noted Vancouver broadcaster Jack Webster during a visit to the Institute. *Toronto Sun* editor Peter Worthington commented that "everyone is an expert in economics. The difference between us and Milton is that he's right."

The second booklet in the series was Michael Walker's *Focus: On Balancing the Budget*, in which he called for a basic restructuring of the federal government's revenues and expenditures to achieve a balanced budget. Along with listing the many economic benefits of balancing the government's books, he also laid out how a balanced budget could be achieved. Media reaction was swift and positive. From coast to coast, editorialists praised Michael Walker's insights and lamented the fact that government seemed to be ignoring the problem of ballooning deficits.



By the end of 1982, Fraser Institute books had been sold in forty-four countries around the world. Coinciding with a speech by Michael Walker in Monterrey, Mexico, was the release of the Spanish translation of a book which the Institute had published six years earlier. Mexico's Centro de Estudios en Economía y Educación translated *The Illusion of Wage and Price Controls* into Spanish and released it under the title *La Illusion del Control de Precios y Salarios*. This book had also just been released in Australia by the newly-emerging Centre for Independent Studies in Sydney. These developments signalled the fact that much of the Institute's work had world-wide application and that what it was doing had a significant multiplier effect at no additional cost.

"The depth of political debate in this country has increased as a result of the Institute's work, and for that I commend you. May the next 25 years be just as fruitful."

Jack Ramsay, M.P., Crowfoot

The Institute's Canadian publications program underwent a significant change in 1983. Unlike previous years, the Institute published only one book: *Free Market Zones: Deregulating Canadian Enterprise*. However, nine *Focus* monographs were produced. The list of topics covered by the *Focus* monographs was broad, and included reports on: the Catholic bishops' statement on the economic crisis; flat-rate tax proposals; the economic reforms instituted by Margaret Thatcher; a first-hand look at the power of organized labour in England; and, finally, a series of five *Focus* reports on the proceedings of the Mont Pèlerin's 1983 Regional Meeting in Vancouver. These *Focus* documents were inexpensive to produce and the Institute wanted to determine whether the same educational and policy impact could be had with the expenditure of fewer resources. That was particularly important in the early 1980s as the Canadian economy's descent into deep recession greatly affected the ability of the private sector to support, through donations, the work of the Institute.

Free Market Zones

Free Market Zones, by Institute Editorial Advisor Professor Herb Grubel, looked at the many benefits of creating free market zones in certain geographic areas. As if in response to the Institute's work, in December 1983 Treasury Board President Herb Gray announced that Vancouver would be an excellent choice as a free market zone because of its extensive port facilities. In the British Columbia government's 1984 throne speech, Lieutenant-Governor Robert Rogers announced the provincial government's commitment to establishing duty-free zones in order to promote international trade.



While 1983 saw The Fraser Institute publish only one new book-length publication, its influence and reach expanded further as Institute titles were being reprinted around the world. Australia's Centre for Independent Studies chose to reprint *The Illusion of Wage and Price Control*—under the title *Wage-Price Control: Myth and Reality*—as their first publication. In Caracas, the newly-established Instituto Roraima announced that it would reprint the Spanish version of the same book for the Venezuelan market. The Instituto Liberal in Rio de Janeiro began translating

Focus: On Economics and the Canadian Bishops into Portuguese for sale in Brazil.

The following year, the Institute published four books: *Trade Unions and Society*, *Tax Facts 4, Taxation: An International Perspective* and *Probing Leviathan: An Investigation of Government in the Economy*. The Institute also published two more titles in the popular *Focus* series: *On World-Wide Inflation* and *On Alberta's Industrial and Science Strategy Proposals*.

Probing Leviathan examined the decline of the private sector as an allocator of resources and the prospects of a mixed economy. While the book provided ample empirical evidence to show how government intervention had expanded, it also called for resistance to increasing government intrusion into the private sector's sphere because of the implications for the well-being of Canadians.

"We would like to congratulate The Fraser Institute on achieving the 25th year milestone. We admire your invaluable contributions to fostering free enterprise around the world."

John D. Sullivan, Executive Director, Center for International Private Enterprise (United States)

*Fraser
Institute
hit by arson
damage,
August 12,
1980*





Lord Harris of High Cross, Arthur Seldon (C.B.E.) and Friedrich Hayek at the IEA in London, 1984

Media reaction to *Probing Leviathan* was overwhelmingly positive. Using words like “startling,” media commentators across the country hailed the Institute’s efforts to measure the underground economy. Most importantly, as a reviewer in *The Financial Post* noted, the book gave a perspective “from which to judge whether or not the [recently-elected] Conservatives really [were] reducing the role of government.”

Focus: On World-Wide Inflation was an in-depth look at the causes of inflation since 1960. Looking specifically at Canada, the authors identified excessive growth in the domestic money supply as the main culprit. In other words, inflation was a distinctly “made in Canada” policy.

While the growth of the money supply is now generally accepted as the cause of inflation, it’s important to note that this was still a radical suggestion in 1984. Few were ready to accept that the Bank of Canada had consciously or inadvertently caused inflation by expanding the money supply faster than the economy was growing. As *Toronto Sun* Business Editor Garth Turner put it, the book “should be required reading in Ottawa—because if those guys aren’t lying to us, then they need to be educated.”

Focus: On Alberta’s Industrial and Science Strategy Proposals was released in response to the Conservative government’s White Paper which detailed the province’s strategy for the reorganization of industrial

infrastructure. McGill Professor William Watson’s report played a pivotal role in convincing the province to shelve a strategy that would have involved significant government manipulation of the provincial economy.

More importantly, as *Edmonton Sun* columnist Don Wanagas pointed out, Watson’s work deserved the attention of all Canadians because “the argument is about much more than the future economic policy of the government of a single Canadian province.” At issue was not just the province’s right to intervene in the development of the economy, but the right of government at any level—federal, provincial or local—to try to compel the market toward a set of desired outcomes.

Funding, Staff and Membership

As recognition of her important contribution during the Institute’s formative years, in 1980 Sally Pipes was named Assistant Director of The Fraser Institute, with responsibility for the production, distribution and promotion of the Institute’s various titles. This was in addition to her role as one of the authors of the Institute’s *Tax Facts* series, and her administrative support of Institute Vice-Chairman Pat Boyle, who continued as part-time Membership Program Co-ordinator.

In 1981, Sally Pipes was elected President of the Canadian Association for Business Economics and Treasurer of the Association of Book Publishers of British Columbia.

That same year saw the departure of one of the Institute’s original staff members. John Raybould, who had served as Publications Manager and as the first Director of the Economic Education Resource Centre, left The Fraser Institute to become Sales Manager at the Institute of Economic Affairs (IEA) in London, England. He was replaced by Dr. Marie Wilson, who came to the Institute from the University of Maine.

One year later, the Institute’s first Secretary-Treasurer, J.F. (Fred) Fisher, retired after seven years’ service. During his time at the Institute he established the Institute’s tradition of carefully ensuring that members’ contributions were spent as effectively as possible in meeting the Institute’s various objectives. He was replaced as Secretary-Treasurer by Keith Holman.



Neil McLeod (Liberty Fund), and Trustee T.P. Boyle
and Sir John Templeton, 1982

Responding to Funding Challenges

Nineteen eighty-two saw the Institute register a drop in membership for the first time in its history. The incipient drop in revenues was much larger. In 1981, Pat Boyle had warned that in the short term, fundraising would be difficult owing to the protracted recession. Membership dropped by four per cent that year and the maintenance of the Institute's programs called for stringent cost containment measures and a wide ranging search for alternative resources. The search produced two developments which not only preserved the Institute during these difficult years but actually permitted it to grow and achieve a new level of financial security.

One source of salvation came in the form of an unprecedented generous promise of support for three years from Canadian entrepreneur and philanthropist Dr. Harold W. Siebens. Dr. Siebens, who had been a very successful builder of petroleum companies, wanted to encourage the Institute to expand into Ontario and provided enough support to cover a significant portion of the anticipated deficit, as well as the resources to open the Institute's Toronto office.

Dr. Siebens' crucial role in preserving and extending the work of the Institute, which he continues to support through his legacy, is recognized by the Institute in the form of the annual Siebens Lecture held in conjunction with the Annual General Meeting of the Institute.

A second development which reversed the slide in income was the sale of the board game *Poleconomy*. The game, invented by New Zealander Bruce Hatherly, had been marketed successfully in Australia and Hatherly contacted The Fraser Institute to help

Dr. Harold Walter Siebens *Lecture Series*

- 1986 William A. Niskanen
Economist, and Author
Reflections of Reaganomics
- 1987 Herbert Grubel
Economist
The Service Sector and Canadian
Economic Growth: Myths and Realities
- 1988 Conrad Black
Chairman and CEO, Hollinger Inc.
The Future of Conservatism in Canada
Hon. Roger Douglas
Minister of Finance, New Zealand
A Time for Change: Economic Policies
of New Zealand's Labour Government
- 1989 Arthur Levitt
Chairman, American Stock Exchange
Rebuilding Confidence in Our
Investment Markets
- 1990 Michael A. Walker
Executive Director, The Fraser Institute
Canada's Conservative Government:
An Economic Report Card
- 1991 Kenneth M. Dye
Auditor General of Canada
One Taxpayer, Four Governments
- 1992 Michel Camdessus
*Managing Director, International
Monetary Fund*
Global Economic Challenges and the IMF
- 1993 John O'Sullivan
Editor, National Review
Nationalism: A North American Dilemma
- 1994 Milton Friedman
*Nobel Laureate, Senior Research Fellow,
The Hoover Institution*
A Second Industrial Revolution
- 1995 Mike Cardinal
*Minister of Family and Social Services,
Government of Alberta*
Welfare Reform in Alberta

Dr. Harold Walter Siebens

Lecture Series

- 1996 Gordon G. Thiessen
Governor, The Bank of Canada
Monetary Policy and the State
of the Economy
- 1997 Mike Harris
Premier, The Province of Ontario
An Update on the Common Sense
Revolution
- 1998 Julius L. Katz
Chief Negotiator for the United States
North American Free Trade Agreement
John M. Weeks
Chief Negotiator for Canada
North American Free Trade Agreement
The Canada/US Trade Pact: A Ten Year
Review and Future Prospects
- 1999 Ralph Klein
Premier, The Province of Alberta
Alberta's Fiscal Revolution

him introduce the game in Canada. The object of *Poleconomy* was to teach players some of the fundamentals of economics, and the ways in which the economy and the government interact. Similar to *Monopoly*, players of *Poleconomy* would buy, sell, and take over real companies.

The key element of the game that made it so attractive to the Institute was that the squares could be sold as advertising space to the actual companies which appeared on the board. In order to get the game launched, Michael Walker took a leave of absence from the Institute and sold the first 15 squares to Canadian companies. He then recruited Peter Martin of McLeod Young and Weir (now Scotia McLeod) who enlisted the help of stock brokers in the firm, many of whom had very little business because of the recession. In all, 45 squares were ultimately sold and more than a million dollars raised to help the Institute get through the recession and begin the development of its endowment fund. Other than the commissions paid to those outside the Institute who sold the squares, all revenues from this project accrued to the benefit of the Institute.

It was also in 1983, with the Institute on firm financial footing, that Pat Boyle, who had served as the Institute's Vice Chairman, Membership and Fundraising, announced his intention to retire from the fundraising area over the coming year.

While raising funds remained an important challenge for the Institute, the question of who should look after it as a full-time job would not be answered for several years. Between 1983 and 1991, individuals were hired specifically to increase the Institute's membership and level of funding, but there was difficulty in finding a proper "fit." Michael Walker and Sally Pipes continued to engage in fundraising "in their spare time," and Sally continued to manage the membership function.

In 1984, Ray Collington, who had been Chairman and CEO of a national advertising firm in Toronto until his retirement in 1982, was appointed Vice-Chairman of the Institute. This coincided with the opening of the Institute's Toronto office. Over the next four years Collington significantly expanded the Institute's support among corporations headquartered in eastern Canada. Meanwhile, Sally Pipes focused on prospective western Canadian supporters. However, Collington's successor decided to retire after only one year. As a result, Sally Pipes then added responsibility for fundraising in eastern Canada to her responsibilities.

In the same year that *Poleconomy* eased the Institute's financial worries, the Institute began marketing what has become a hallmark around the world: the Adam Smith tie. The first shipment of blue and burgundy ties was totally pre-sold during the 1982 Christmas rush. Since then, they have continued to be a popular item and an enduring symbol of association with The Fraser Institute. Thousands of the ties have been sold world-wide, and given to speakers at Institute events as a token of appreciation.

As the Institute finished its tenth year of operations, its financial position was a reflection of the Institute's impact on the policy-making process. There were now 574 individual, corporate and foundation supporters. The Institute's financial reserves, including the *Poleconomy* endowment, were greater than its annual budget.

The Economic Education Resource Centre

When the EERC was created with a three-year grant from the Vancouver Foundation in 1979, its stated purpose was to encourage and improve the level of economic education at the secondary school level. By the end of its first full year's work in 1980, there were clear signs that the EERC's work was both needed, and appreciated, by the educational community in British Columbia and elsewhere.

An introductory brochure introduced teachers to the Centre's work and invited them to take advantage of its selection of comprehensive learning materials, which were described in a brochure in the EERC's *Handbook of Some Learning Strategies and Resource Materials for Teaching Economics*. The EERC was soon swamped with reprint requests from teachers and school librarians across British Columbia.

EERC Director Dr. Marie Wilson also conducted workshops for teachers throughout the province, primarily as part of already-organized conferences. One such example was a workshop on economic education as part of the Vancouver School Board's Short Course on "Teaching Suggestions for Social Studies, Business Education and Economics."

One of the major challenges Dr. Wilson faced was keeping up to date on changes to the Social Sciences and General Business curricula. To maintain both its objectivity and its currency, the Centre created an Educational Advisory Board, patterned after The Fraser Institute's Editorial Advisory Board.

As evidence of the EERC's effectiveness, in early 1982 the Centre was approached by British Columbia's

Ministry of Education to help implement a new course in Consumer Education. That course became part of the province's curriculum in September 1982.

In the summers of 1982, 1983 and 1984, the EERC sponsored three events that were approved for graduate credit by the Faculty of Education at the University of British Columbia. These "Summer Institutes on Economic Education" were attended by teachers representing communities from across British Columbia. Follow-up "reunions" were held in November of the same years, and teachers were once again given the opportunity to share ideas and become further acquainted with current economic issues.

Other EERC outreach programs included: presentations to student teachers at Simon Fraser University and the University of British Columbia; supplying resource material to the University of Victoria for a televised course in applied micro-economics; and, working with Junior Achievement to develop "Project Business" for high schools.

By 1984, the EERC had worked with the Vancouver Stock Exchange to create resource materials that were made available to teachers throughout British Columbia. In October of that year, Dr. Wilson was elected to the Board of Directors of the Canadian Foundation for Economic Achievement. This was on top of her service as a Director of Junior Achievement.

Economic and Individual Freedom

In March 1982, The Fraser Institute, in co-operation with the University of Victoria's School of Public Administration, held its first colloquium on "Individual Rights Under Constitutional Government." The Liberty Fund, which would prove to be the most important financial contributor to the Institute's work on freedom, was the colloquium's sponsor.

The purpose of this and future colloquia was to examine the idea that individual rights are the fundamental prerequisite to a free society. In addition, the colloquium provided an opportunity for scholars from all parts of North America to meet and work with others whose primary concern was the maintenance of a free society.

"Since its inception in 1974, the Fraser Institute has grown into a significant economic research organization. Its dedication to research and education, with a primary focus on Canadian public policy issues, is especially noteworthy."

"I would like to extend my greetings to the Institute on the occasion of its 25th anniversary and offer my best wishes."

Stéphane Dion, President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Ottawa



Founding
chairman
Alan Campney
addresses the
membership,
1984

Economics and Religion

When the Social Affairs Commission of the Canadian Conference of Catholic Bishops released the statement “Ethical Reflections on the Economic Crisis” in 1982, it represented a rare foray by religious leaders into the world of public policy. That statement contained many controversial ideas. For example, the bishops opined that if government had to choose to fight unemployment or inflation, it ought to battle unemployment first. Government ought to pursue an industrial strategy that would provide an economic base in all communities. There should be no cutting back of social programs. Wage and price controls ought to be introduced, with higher-income Canadians’ incomes being especially targeted. Also, taxes on investment should be increased.

The bishop’s statement was a clear example of misinformed good intentions leading to bad policy prescriptions. The activism of the clergy and their need for better information about how the economy worked, led the Institute to see the importance of examining the relationship between economics and religion. So, in the spring of 1982, the Institute established its second division, The Centre for the Study of Economics and Religion (CSER) headed by Walter Block. The primary mission of CSER was to investigate the interactions of economics, religion and public policy. By basing CSER’s work on studies by internationally-renowned and authoritative scholars in economics and theology, the Centre was attempting to promote a positive approach to religion and social analysis.

The guiding principle of CSER’s work was that there is nothing immoral about the honest accumulation of wealth, the general practice of business, nor the idea of a free market functioning within a limited-government framework.

It wasn’t long before CSER began to gain the notice of religious leaders and the media. *Maclean’s* magazine described Walter Block’s Centre as the “only formally organized resistance to the leftward tilt of the Church—and its ecumenical fellow travellers.”

In August 1982, the Institute held two international symposia, “Religion, Economics and Social Thought” and “The Morality of the Market: Its Religious Implications,” both of which were sponsored by Liberty Fund of Indianapolis. Four dozen scholars, including Nobel Laureate Milton Friedman, Michael Novak, and the World Council of Churches’ Moderator, Archbishop Edward Scott, participated in these two events. These meetings led to the publication of two Institute books: *Morality of the Market: Religious and Economic Perspectives* (1985) and *Religion, Economics and Social Thought* (1986).

“I first heard of The Fraser Institute in the mid-1970s when the world was thrashing about in the midst of the energy crisis. Michael Walker and The Fraser Institute followed Rudyard Kipling’s advice and kept their head when all about them were losing theirs. Everywhere there was initially a flight further from market directed responses and toward increasingly unworkable interventionist strategies. More intervention was precisely the wrong strategy and exacerbated the situation. Michael Walker and The Fraser Institute provided a calm vantage point from which to recommend the deregulation and market oriented approaches that over the last approximately two decades have so successfully resolved the self-inflicted crisis. The accomplishment alone, aside from all the other achievements of The Fraser Institute, is a major and lasting tribute.”

Edward W. Erickson, Professor of Economics,
North Carolina State University



Hon. J.V. Clyne receives an honorary membership from Ray Addington, 1984

These symposia were followed by a series of economic seminars for clergy, which began with a one-day event co-hosted by the Vancouver School of Theology. Participants made presentations on issues such as unemployment, women's issues, South Africa, and the environment. While the presentations were from all sides of the political spectrum, anonymous evaluation forms handed in by attendees attested to their very favourable response to this Fraser Institute initiative.

In 1983, CSER Director Dr. Walter Block wrote *On Economics and the Canadian Bishops*, which was published as part of the Institute's Focus series of monographs. A direct response to the Canadian Conference of Catholic Bishops' *Ethical Reflections on the Economic Crisis*, Dr. Block's monograph welcomed the bishops' statement, but found that on the whole it was an oversimplification of a number of complex problems, including inflation and unemployment. *On Economics and the Canadian Bishops* quickly went into a second printing, and was adopted as course material at a number of Schools of Theology throughout the United States and Canada.

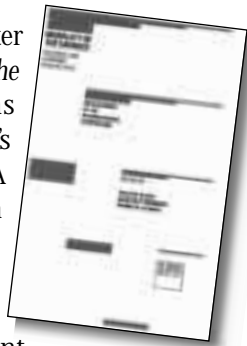
In May of the same year, CSER, along with St. John's College and the Faculty of Theology, University of Winnipeg, co-sponsored a week-long symposium on "Christians and Economic Crisis." The following December, CSER hosted its most ambitious

conference, a two-stage event in Regina, sponsored by Liberty Fund.

The first part of this conference was a three-day intensive seminar that was limited to two dozen economists, social scientists, ministers, theologians, and other scholars. The round table format gave participants ample time to explore some of the ethical underpinnings of economic behaviour.

The second stage of the Regina conference was a day-long public presentation on "Theology, Third World Development and Economic Justice," the proceedings of which were published in a book of the same name in 1985. The conference, which was co-sponsored by CSER, the University of Regina, and Campion and Luther Colleges, attracted a tremendous amount of media attention.

After a very busy 1984, Walter Block spent much of the next year travelling on behalf of CSER. He addressed a number of divinity school faculties and churches, appeared on both religious and secular radio and television programs, and engaged in debates with theologians on various economic and social issues. As a result, CSER was covered in many religious media, from *The Catholic Register* to the *Jewish Western Bulletin*, and was featured in major newspapers and magazines, including the *Globe and Mail*, *Maclean's*, the *Toronto Star* and BC's *Province* newspaper.



"As I reflect on Fraser's influence, one item comes to mind: every major player in the NAFTA negotiations in Mexico, including former Commerce Minister Jaime Serra, systematically expressed support and admiration for the outstanding public policy support of Fraser's 20/20 project. It is no accident that Michael and his colleagues participated in many radio programs and press interviews during that time, in environmental issues, labour issues, and the commercial impact of free trade in the North American bloc. Fraser became a household name in academic and policy circles surrounding the NAFTA debates. Un caluroso saludo."

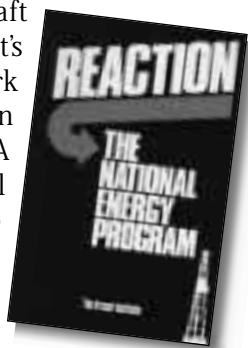
Dr. Roberto Salinas-Leon,
TV Azteca S.A. de C.V., Mexico



Michael Walker and Sir Alan Walters, Editorial Board member and Personal Economic Advisor to Prime Minister Thatcher, 1983

Energy

In the fall of 1980, the federal government announced one of most significant post-war intrusions into the private sector: the National Energy Program or NEP. The Fraser Institute was quick to respond to this policy with *Reaction: The National Energy Program*. The authors argued that the NEP should be seen as a first draft rather than as the government's final policy. The Institute's work in this area was ultimately seen as an authoritative study. A submission to the National Energy Board by a group representing seventy per cent of commercial energy users used the Institute's study as their background paper.



Across the border, Nobel Laureate Milton Friedman called the Institute's work on energy policy "extraordinarily good," especially "by comparison with a considerable number of other items supposedly on the same subject." Back home, an economics professor at the University of Calgary called the book "the best one on the subject."

As time wore on it became clear that the NEP, despite the moderating effects of the Energy Price Agreement of 1981, was not in the best interests of Canadians. The energy sector, which had been the fastest-growing part of the Canadian economy, was

effectively shut down by the federal government's tax and regulation policies. While there was considerable popular support for the NEP, the combination of the Institute's analysis and the actual experience with the policy meant that it would go down in Canadian history as one of the worst examples of government attempting to restructure the capital structure of the country in line with a misdirected agenda.

By the end of 1982, *Reaction: The National Energy Program* had joined the ranks of best-selling books published by The Fraser Institute, and was cited by *The Financial Post* as a book worth reading for those who wanted to "stay ahead in tough times."

In the United States, political science professors at Northwestern University selected the Institute's books on Canadian energy policy as required reading for a course in Canadian and United States Foreign Policy. It joined other distinguished U.S. schools, like the Massachusetts Institute of Technology, in adopting the Institute's books on energy for their courses.

The Media

As the 1980s began, The Fraser Institute continued to attract the attention of the Canadian media and provide expert opinion in discussions on economic matters and in the public policy debate. Michael Walker was giving well over 100 media interviews each year, and that number was increasing rapidly. By the end of the Institute's tenth year, Dr. Walker's media interviews had risen to 250 per year. Both he and Walter Block continued as regular contributors to *The Financial Post*.

"Although I don't always agree with the Institute's conclusions, there can be no doubt that your work has had a major influence on the public policy debate, one that appears to have grown during the last decade. You provide a policy view, which at least when I was at university in the 1960's, was almost entirely absent from our post-secondary educational institutional...and indeed the entire public square. In my view, few thoughtful men and women across the country ignore you today."

David Dilgour, P.C., M.P.,
Edmonton Southeast



Alan Campney thanks William F. Buckley for his speech to the Institute, 1984

In 1981, Walker began writing editorials for the Sterling chain of community newspapers. That same year he and Walter Block began writing a regular column in *Business Life* magazine. And, in 1983, Michael Walker began writing a weekly column for *The Sunday Province* in Vancouver and for the *Toronto Sun*. Regular appearances in *The Financial Post* and the Sterling pieces continue to this day. Each week, one of the Institute's Policy Analysts or Fellows contributes an article, and these appear in dozens of community newspapers throughout the country.

As the Institute's positions found their way into public debates, Canadian media took more notice of Michael Walker and The Fraser Institute. In a story entitled "The Idea Peddlers Take Over" in *Saturday Night* magazine, it was noted that the Institute's ideas had become more mainstream:

"Walker is a man whose time has come. Or, rather, he's a collection of ideas which have now come in out of the cold fringes of right-wing eccentricity and moved to the centre of orthodox opinion."

What this, and subsequent articles, failed to mention, however, was that the Institute's position on core issues such as government regulation and taxation had not changed. Rather, it was popular opinion that had swung more toward the Institute's position. As a lead editorial in BC's *Province* newspaper noted, "[the Institute's] economists can't be dismissed as inconsequential propagandists. They can and do argue vigorously their point of view."

One of the earliest indications of the Institute's success was the setting up of two particular think-tanks: the Canadian Institute for Economic Policy and the Canadian Centre for Policy Alternatives. Both of these institutes supported greater government intervention in the economy. In the case of CCPA, it was set up specifically as a counter to The Fraser Institute, which CCPA's founders felt had been too successful in influencing public policy in Canada.

The media shared CCPA's thoughts on the Institute's influence. In a late 1980 op-ed piece, *Globe and Mail* editorialist Geoffrey Stevens said the proposals for health care reform in *The Health Care Business*, which was published in 1978, were "still alive and well, and living in Ottawa." This was especially clear in a book on health insurance written by two senior government officials which Stevens said showed how the authors' views mirrored the Institute's study.

In October 1982, Michael Walker began a program of daily economic commentaries on *CHQM-FM* in Vancouver. Eventually these were syndicated to other parts of B.C. and in Alberta. It was decided to collect the best of 15 or so of each month's radio addresses in a monthly publication. And so in 1983, *Fraser Forum* was born. Over the next sixteen years *Fraser Forum* evolved from a collection of radio commentaries into Canada's leading monthly policy magazine devoted to critically examining the role of markets and government in the economy.

As Michael Walker began giving his daily radio commentaries, Walter Block began appearing regularly on *CKVU-TV* in Vancouver with weekly, one-minute commentaries following the local newscast.



"One only has to read or listen to the attacks to know how successful the Institute has become. Best of luck on the occasion of the 25th anniversary and you can count on my support for at least the next 25!!"

Bob Lockitch, Vice President,
Hitachi Data Systems, Vancouver

Direct Advice for Major Policy Change

In 1983, the government of British Columbia faced a tremendous challenge as provincial revenues were collapsing, and expenditures continued to rise with the momentum they had acquired during the latter years of the 1970s. A bold new vision for economic policy was required and, in what was an unprecedented action, the then Premier asked Michael Walker to provide such a policy program to the provincial Cabinet at a special retreat on Lake Okanagan. The advice given to the government was simultaneously given to the media and some time later when the government released its recovery plan, many noticed the similarity between the advice which had been provided to the government and the program which it actually followed.

In fact, the Institute became the target of considerable abuse as the trade union reaction to the policy changes was swift and aggressive. Burned in effigy, threatened by bomb scares and vilified by both local and national media, the Institute drew much of the fire for government's policy shift. Michael Walker's life was threatened persistently enough that the police mounted a 24-hour surveillance of his home for a period of more than a month.

The policy changes in B.C. were dramatic and far-reaching enough to draw interest from all over the world. Professor Milton Friedman discussed them in a powerful new book entitled, *The Tyranny of the Status Quo*, which discussed the difficulties which reform-minded governments face.

Around the world, governments began reducing their interference in the marketplace. *The Vancouver Sun* asked, "Is it possible Michael Walker and the boys from The Fraser Institute have been talking to Deng Xiaoping as well as Bill Bennett?"

*Nobel Laureate
and Editorial
Board member James
Buchanan
at the
Institute,
1983*



Alan Greenspan addresses the 10th anniversary meeting of The Fraser Institute, 1984

Meanwhile, Michael Walker was asked with increasing frequency to make submissions to committees of both the House of Commons and the Senate of Canada. When Dr. Walker spoke to the Canadian Senate's Sub-Committee on Estimates about government subsidies for industrial research and development, he said government may be making a tremendous mistake subsidizing technological advancement with taxpayers' money.

"It was, all things considered, a helluva presentation," wrote *Vancouver Sun* correspondent Jamie Lamb. "Parts of it sounded good, others not so good, but above all it sounded like the truth, the way things are in Canada's economy. And that, if nothing else, makes it a rare event in the nation's capital."

Later in the year Dr. Walker made a presentation to The Royal Commission on the Economic Union and Development Prospects for Canada, otherwise known as The Macdonald Commission. Once again, editorialists lauded him for sticking to basic economic principles.

The Hon. W.M. Hamilton, who served as a Commissioner on the Macdonald Commission, summed up his impressions of the Institute in a letter, saying "The Fraser Institute and its able leader, Mike Walker, have achieved a great deal in the ten years of its history—very few organizations of that type have become so well known, respected and controversial



Walter Block and
Martin Anderson
at an Institute
dinner, 1984

in a similar period. It has been interesting to me, for example, to hear the references from time to time in our closed meetings of the Macdonald Commission to various views expressed by the Institute.”

Outside Canada, friends of the Institute were making themselves known in various ways. In a letter to the former U.S. Ambassador to the United Nations, Jeanne Kirkpatrick, Ed Feulner Jr. (President of the Heritage Foundation, one of the largest and most influential think-tanks in the United States) wrote that, “You should know that The Fraser Institute has done a marvellous job of turning the tide in the intellectual sphere in Canada.”

During the Institute’s tenth year, Milton Friedman summed up his thoughts by saying, “It takes me a back to realize that you are now ten years old. They have been a most successful ten years for which you deserve enormous congratulations. There is no organization and few individuals [Michael Walker] for which I have so high a regard.”

Taxation

In no other area has The Fraser Institute done more to shape public opinion through education as on the issue of taxation. *Tax Facts* continues to receive an incredible amount of media coverage with each new edition, and sales of the books continue at a brisk pace.

1982 saw the publication of the Institute’s third volume on taxation. *Tax Facts 3: The Canadian Consumer Tax Index and You* set new Institute records for media coverage. Within a month of its release, *Tax Facts* had received more than 3,500 column inches of

coverage in newspapers from coast to coast. What made the third revision of *Tax Facts* particularly popular was that for the first time, readers could compare their tax burden with that of Canadians in other provinces.

Media coverage of the book was not just extensive, it was also overwhelmingly positive. From coast to coast, editorialists used the Institute’s work to educate their readers. An editorial in the *Halifax Mail Star* observed that “Canadians cannot go on watching tax bills rise incredibly faster than paycheques and basic family expenses.” But perhaps it was a headline in the *London Free Press* that best summed up the book’s impact: “Feeling Taxed to Death? You Are!”

That same year The Fraser Institute opened its office in Toronto. On the same day, the Institute released *Tax-Based Incomes Policies: A Cure for Inflation?* which contained some of the work previously released in *The Illusion of Wage and Price Control*, and added extensive new material on tax-based income policies.

In reviewing this updated work, the *Vancouver Sun* declared that “wage and price controls will not solve Canada’s present economic problems,” while the *Montreal Gazette* stated simply that tax-based incomes policies were “controls in sheep’s clothing.”

Tax Facts 4 was released on 1984’s “Tax Freedom Day” (June 27). One of the book’s startling findings was that the *Canadian Consumer Tax Index* had increased by more than 800 per cent between 1961 and 1983. “No wonder people aren’t buying,” wrote *Globe and Mail* columnist Richard Needham. “No wonder the big stores are laying off staff. No wonder our economy is stagnating.”

Taxation: An International Perspective, which was also published in 1984, examined the extent of the tax burden and how it affected economic and social behaviour in eight countries. The analysis, which came from a 1980 Fraser Institute conference on taxation, revealed the emergence of a burgeoning underground economy as citizens tried to avoid, or evade, taxation. *Reader’s Digest* included many of the book’s conclusions in an October 1984 article, “The Twilight Zone: Canada’s Growing Underground Economy,” written by Edgar Feige, one of the book’s contributors.

Here to Stay—the Second Decade Begins: 1985-89

The Academics

In 1986, Professor James M. Buchanan, who had served as one of the Institute's Editorial Advisors since 1974 (and continues to serve in this role today), was awarded the Nobel Prize in Economic Science. The Institute now had three Nobel Prize-winning economists on its Editorial Advisory Board, and an additional Nobel Laureate, Professor Milton Friedman—who had contributed to the Institute's publications. Indeed an incredible resource.

Institute author and Queen's University Professor, Kristian Palda, was awarded the 1987 Queen's University Prize for Excellence in Research. Dr. Palda's award was given in recognition of his use of unique data to study Canada's electoral system, and his examinations of the technological performance of Canadian industry.

Books and Publications

During 1985, The Fraser Institute published five books and four *Focus* monographs.

Industrial Innovation

Industrial Innovation: Its Place in the Public Policy Agenda, examined the arguments underlying federal government policies designed to promote industrial innovation. Looking at technological change and industrial policy, Professor Kristian Palda concluded that the cost of government innovation initiatives far outweighed the benefits because of the absence of accountability imposed by market discipline.

Bank of Canada

Inside the Bank of Canada's Weekly Financial Statistics: A Technical Guide was a "lab manual" that demystified the central bank's weekly financial statement. Written by Peter Martin, an economist with one of Canada's largest investment houses, a second edition was released by the Institute in 1989. Although a document of this type could hardly be expected to have a wide readership, it did receive considerable notice in the financial press. Writing in the *Financial Times*, Contributing Editor Hugh Anderson called it "an indispensable manual." *Financial Post* writer Barry Critchley agreed, saying, "Help has arrived for economic specialists who are a little rusty, or for those



Ray Addington and Alan Campney, 1986

who just want to know how monetary policy works." Perhaps the greatest measure of the book's success was its subsequent adoption as required reading in Money and Banking courses at universities throughout Canada.

Between 1977 and 1980 the Canadian dollar depreciated by more than twenty per cent compared to the weighted average of the currencies of fifteen major industrial nations.

Focus: On the Canadian Dollar was released in reaction to this depreciation, which worried both ordinary Canadians and policy makers. Dr. John Floyd, professor of economics at the University of Toronto, cautioned that to simply look at the value of the dollar was to miss the big picture. "High levels of real income and employment and a stable price level," he wrote, "are the basic ingredients of domestic prosperity."

"The study on Economic Freedom was terrific."

Bill Emmott, Editor-in Chief,
The Economist, London, England

The Government and Auto Insurance

As the idea of government-run car insurance had become a reality in British Columbia and, since the same idea was being proposed in a number of Canadian provinces, it was appropriate for the Institute to examine and comment on this important issue. The Institute did so with the release of *Focus: On the Insurance Corporation of B.C.—Public Monopolies and the Public Interest*, by Simon Fraser University economics professor Herbert Grubel, a member of the Institute's Editorial Advisory Board.

Professor Grubel compared the costs of insuring automobiles in British Columbia with insurance rates in other provinces, and concluded that B.C.'s government-run auto insurance monopoly had resulted in premiums far higher than in other provinces. It would be in the public's interest, therefore, to shut down ICBC and return the insurance business to the private sector.

Writing in the *Winnipeg Free Press*, columnist Fred Cleverly praised the study, saying, "arguments advanced concerning the hidden costs of public monopoly automobile insurance are neither left nor right. They are economic."

The CBC

Perhaps no other Canadian cultural property receives as much attention as the Canadian Broadcasting Corporation. In *Focus: On the Canadian Broadcasting Corporation's Costs of Operation*, University of Chicago professor Dr. Stanley Liebowitz carefully compared

the costs of CBC affiliate stations with privately-owned stations in the same markets. His analysis revealed that CBC-owned stations were significantly more expensive to run than private stations affiliated with other networks.

What made the study particularly important was that in 1981 Professor Liebowitz had been commissioned by the federal government's Department of Communications to write this same study. When presented with the findings, however, they refused to publish Professor Liebowitz' work. Writing in the *Financial Post*, Peter Worthington called Liebowitz's "dry and detailed investigation...the report which the government did not want published." What made the report particularly relevant was its focus on the details of CBC administration, and steps that the corporation could take to reduce its profligate spending. When the CBC finally did begin to rationalize some years later its actions were eerily similar to Liebowitz's plan.

Employment Equity

Two issues that have repeatedly come to the forefront since the mid-1980s are the closely related ideas of employment and pay equity. Social activists had long promoted the idea that women are paid far less than men for identical work, and the Abella Commission's Report, which was released in 1985, supported that conclusion. However, there had never been an in-depth examination of the reasons why this supposed "wage gap" existed.

In *Focus: On Employment Equity*, Walter Block and Michael Walker noted that the male-female wage gap was not a matter of discrimination. Rather, it was the result of asymmetrical effects of marriage on earnings. When these were factored in, not only did the wage gap disappear, but in some cases women were actually earning more than men for similar kinds of work.

Commenting on the study, *Toronto Sun* columnist and noted Canadian feminist Laura Sabia wrote that it was clear that "wage gaps vanish when women make the same commitment as men to the labour market." She continued: "Pay equity is a disaster waiting to happen. The very women who need our help will be without jobs."

"The world-wide reputation of the Institute is deserved and your leading-edge enlightened approach to neo-Conservative thought and analysis has the Institute in the forefront of your peers. I welcome this opportunity to reflect on your 25 year history. Born out of humble and controversial beginnings, the Institute has 'stretched the frontiers' of Canadian public policy debate, 25 years after the Prime Minister of the day threw down the gauntlet and you accepted the challenge and proved the market system was not dead."

John Reynolds, M.P.,
West Vancouver—Sunshine Coast

More New Titles

In 1986 the Institute published five books and two additional papers in the *Focus* series.

Reaction: The New Combines Investigation Act was a critical analysis of the Conservative government's proposed changes to competition legislation. Along with the Institute's previous work on competition policy this book had a profound impact on what was ultimately passed in the House of Commons.

The *Montreal Gazette* described the book as "a timely collection of critiques." The journal *Canadian Public Policy* said that the Institute's second *Reaction* title had three great strengths. First, it was timely, having been published before the House of Commons committee that studied the Bill began its hearings. Second, it was comprehensive, covering all areas of substantive change in the government's Bill. Finally, the journal concluded that the authors raised some excellent points and discussed them thoughtfully.

Ultimately, the Bill that finally became law was significantly better than the one which would have been passed had the Institute remained silent.

The first *Focus* monograph looked at Canada's high rate of unemployment relative to the United States. *Focus: On Real Wage Unemployment* showed that Canadian labour productivity was twenty-five to thirty percent below the American rate.



The Institute Board of Trustees, 1986

But Canada's unemployment rate had been higher than the United States' for almost two decades. Why? Professors Herbert Grubel and Josef Bonnici tackled this question in *Focus: Why is Canada's Unemployment Rate So High?* The answer, they concluded, was quite simple, and lay in understanding the differences between the countries in the growth of real wage rates. Canadian real wages had grown about 40 percent more than American wages over the same period, a fact that a number of media—including the *Toronto Star*—picked up. Labour in Canada was simply more expensive.

Often the reasons behind the Institute's decision to publish research on a particular subject were not always immediately evident to outside observers. Certainly to many Institute supporters, the 1986 book *The Accounting Profession in Alberta* was about a subject that had no relevance to Canadian public policy. However, it was of great importance to policy makers in Alberta, where the provincial government was planning to give chartered accountants a monopoly in the conducting of audits.

The Institute had long opposed government-sponsored occupational monopolies, arguing that limiting the supply of services serves the interests of only those within the monopoly, and not of the public. Author Alexander Jenkins approached the issue from precisely this public interest perspective, and found there was no compelling reason to limit other qualified individuals—in particular, Certified General Accountants—from performing financial audits.

"Your economic and social research is astonishingly creative, contributing greatly to the competitive markets development process and bringing innovative solutions to corporate, non-government organizations and public policies inside and outside Canada."

"The publications of your Institute have considerably influenced our Academy's research programs and my personal research. We use your materials in consulting with public, non-government, and private institutions. Your publications are widely used by our graduate and post-graduate students in their research papers."

Dr. Valery Nazirov, Chair,
Russian Academy of Entrepreneurship, Moscow



*Hon. Dr. Mangosuthu Buthelezi and
Michael Walker at the Institute, 1986*

In June 1987 the *Edmonton Journal* carried a brief story noting that the government of Alberta had shelved its plans to regulate the accounting profession in favour of chartered accountants and at the expense of other qualified financial analysts. What had changed the government's mind? As the *Journal* article noted, the tide had been turned by the Institute's study.

In May 1986 The Fraser Institute was approached by the federal Department of Regional Industrial Expansion and asked to head a two-year study of Canada's burgeoning service sector. The initial response of the Institute was not positive since the government wanted the Institute to do contract research with the government possessing the copyright and retaining editorial control. After much negotiation, the government agreed to provide the Institute with an unconditional grant to support the work and conveyed the full copyright for the studies to the Institute. The result was a series of twenty books and a number of monographs examining specific parts of the service sector.

The first publication of 1987 was *Liability Insurance: Crisis in Supply* by Fraser Institute Research Economist David Gill.

Simon Fraser University Professor Steven Globerman's *Culture, Government and Markets: Public Policy and the Culture Industries* represented one of the few critical responses to cultural nationalists who promoted the idea of a "need" for government

intervention in the production and consumption of culture in Canada.

What Globerman discovered was that government cultural subsidies were a transfer program benefiting a specialized group of Canadians. However, these subsidies were given without encouraging any increased demand for Canadian culture. As one reviewer noted, "Aside from the fact that the specific Canadian identity of much Canadian culture is non-existent, Globerman and the rest of us should wonder where government gets off making such choices for us. It is particularly galling because...Canadian preferences favour a broader range of fare than the cultural mandarins would prescribe for us."

Commenting on this work, Canadian author Mordecai Richler put forward the idea that "largely second-rate writers are demanding from Ottawa what talent has denied them, an audience." Meanwhile, Canadian nationalists such as Pierre Berton and Mel Hurtig described the book as being unfair to both artists and those who appreciate art.

Also on cultural issues, the federal government introduced legislation to create a licensing system for imported films meant for commercial distribution in Canada. Professor Globerman was also the author of the Institute's response to this idea, *Foreign Ownership and Canada's Feature Film Distribution Sector: An Economic Analysis*. At issue was the government's rationale for such direct intervention in the film distribution industry.

By releasing two titles critical of government intervention in the arts, The Fraser Institute opened itself up to attacks by the beneficiaries of the subsidies. A *Books in Canada* reviewer summed up those attitudes best when he wrote that Globerman manipulated his findings "to make it possible for Canadian capitalists to continue to sell Canada to the Americans whenever the price is right."

"I believe that the work of the Institute has very much influenced the public policy debate, especially on issues pertaining to child development as well as poverty."

The Honourable Ethel Blondin-Andrew, M.P.,
Western Arctic, Secretary of State
(Children and Youth), Ottawa



*Institute
benefactor
Dr. Harold
Walter Siebens,
1986*

As part of the Institute's service sector study, the Institute released the proceedings of a 1986 conference as *Conceptual Issues in Service Sector Research: A Symposium*, edited by Professor Herbert Grubel. The topics examined by scholars at this event examined the framework and conceptual issues underlying a thorough examination and evaluation of the service sector. Over the next two years the Institute released a total of twenty titles in this series, including in-depth studies of transportation, health care, the postal monopoly, education, legal services, and telecommunications.

For years, commentators had lamented the decline of Canada's industrial sector. In Japan—a country whose postwar economy was seen as a model by some—industrialists like the head of Sony Corporation were warning that only manufacturing could create something new or more valuable. *Globe and Mail* columnist Terence Corcoran, writing about the Institute's *Service Sector* series, said the "research debunks many ideas that run deep within Canadian business and government." He concluded that "the Service Industries Studies Program reveals the service sector to be a rich, powerful, valuable, vital and growing part of the Canadian economy."

When the Institute released *The Day Care Dilemma: A Critical Analysis of the Options*, the idea of universal day care had only recently surfaced as a political issue in Canada. Professor Jack Carr of the University of Toronto examined a number of the schemes under review by the government, and concluded that the best way for government to be involved—if it was to be involved at all—was through a system of cash grants made directly to parents.

The vice-president of an Ontario association of day care operators wrote to the Institute to praise Professor Carr's work as "accurate" and "insightful," while an editorial writer in Ontario noted that a fully-funded day care program would add \$44.8 billion to the federal budget. He wrote:

"Does it strike anyone as odd that parents have managed to raise their kids for well over a century in this country—even through the baby boom generation—and now it can't be done unless every taxpayer helps foot the bill?"

Towards the end of 1987, the federal government decided to follow the United States' lead and introduce tax reform in Canada. Unsure of what form any changes ought to take, the federal government's Standing Committee on Finance and Economic Affairs asked The Fraser Institute to submit its ideas. In response, the Institute submitted a brief, *Reforming the White Paper on Tax Reform*, by Professor Alvin Rabushka, Senior Fellow at the Hoover Institution at Stanford University. Professor Rabushka was the ideal choice to write such a paper, largely because of both his extensive knowledge of tax policy in the United States, and his own input as part of that country's tax reform process.

What Professor Rabushka proposed was a reduction in the top marginal tax rates for higher-income Canadians, a policy prescription that, while defensible, was unlikely to garner much support among politicians. Still, as a *Montreal Gazette* columnist noted, Rabushka's "proposals on tax reform make for stimulating reading, even if they are politically unacceptable to cautious Canadian politicians."

"The Fraser Institute's conferences and publications have always been valuable contributions for the academic community. The most important proof is the current standing of the Institute and its reputation as one of the best known think tanks in economics in the world."

Prof. Dr. Hans-Georg Petersen,
University of Potsdam, Germany

Nineteen eighty-nine was one of the most productive years in the Institute's history. A total of seventeen new publications were released, as well as several special editions of *Fraser Forum*.

One of the Institute's most popular books that year was the *Lexicon of Economic Thought*. Designed in a dictionary-like format, the *Lexicon* included information on nearly 200 economic and social subjects, from tax policy to reverse discrimination. One reviewer hailed the book's simplicity, saying, "The beauty of this reference book is that it's written in language that anyone can understand. It's not in the jargon of economists."

Centre for Comparative Policy Analysis

During 1987, the Institute received a \$150,000 grant from the Donner Canadian Foundation to establish the Centre for Comparative Policy Analysis. The Centre, established as a division of The Fraser Institute, was formed to monitor economic and social policy developments in other countries, and to strengthen links with scholars and research Institutes throughout the world.

That same year, the Centre welcomed its first Visiting Research Fellow, Professor Brian Kantor of the School of Economics at the University of Cape Town, South Africa. During his time in Vancouver, Professor Kantor worked on a major research study on savings, taxes and the behaviour of the American dollar. A staunch opponent of his country's apartheid system, he also addressed a number of audiences on "South Africa After Sanctions," which looked ahead at post-apartheid South Africa's economic prospects.

In 1988 the CCPA sponsored an international Round Table in Vancouver featuring Milton Friedman, and some of the most renowned economists from Canada, the United States, France, and Italy. The Centre also sponsored a cross-Canada tour by the Hon. (now Sir) Roger Douglas, Minister of Finance in New Zealand's Labour Government. It was Roger Douglas who was responsible for many of that country's economic reforms after New Zealand "hit the wall" in the late 1980s.

Another important event that year was the symposium "Economic Competition and the Law," which brought together experts in law and economics from Canada, the United States and England. The proceedings of this event were published in 1990 as *The Law and Economics of Competition Policy*.



Michael Walker and Don Coxe appear on Firing Line with William F. Buckley, 1986

Funding, Staff and Membership

In September 1985, the Institute opened a small regional fundraising office in Winnipeg. Retired Vice-President of Westfair Foods, Charles V. Bemben, was appointed Regional Membership Co-ordinator, a position he would hold until 1989. During this time, several prominent Winnipeg-based firms supported the Institute's work for the first time.

Alan Campney ended his tenure as the Institute's Chairman in May 1986, stepping down after twelve years of remarkable accomplishments. However, he was quick to remind people that the Institute's work was far from complete. Although free market public policy had been adopted by national governments in Canada, the United States and the United Kingdom, it could be seen as part of a "pendulum swing" that, given the vagaries of government and public opinion, could again return to the idea of increased government intervention in both the economy and in the day-to-day lives of individuals.

"The task in which we are engaged is one that will never really be finished once and for all," said Mr. Campney, "It is important that we not permit ourselves the laxity of thought and action which

"I can think of no other Canadian organization which has had the positive economic impact on our country that the Fraser Institute has had for the past 25 years."

Dr. D.S. Reimer,
Chairman and Chief Executive Officer,
Reimer Express World Corp., Winnipeg

achieving a certain rollback in the activities and intrusiveness of the state may induce. The free society and the supremacy of the individual are nowhere more in danger than when liberalism has been achieved.”

With that closing message, Alan Campney assumed the role of a regular Trustee of the Institute, a position he continues to hold. Mr. Campney then passed the leadership to the Institute’s second, and current, Chairman, Mr. Raymond J. Addington, O.B.E.

Mr. Addington, President and Chief Executive Officer of Kelly, Douglas & Company Ltd., had already made an invaluable contribution to the Institute, having served as Trustee since 1975 and as Vice-Chairman since 1976. Mr. Addington had also played a crucial role in the success of the Poleconomy project with his sound advice and willingness to “open doors” to potential advertisers.

1988 sadly marked the passing of one of The Fraser Institute’s greatest friends and enduring supporters: Sir Antony Fisher. Antony Fisher was the founder of the Institute of Economic Affairs in London, which was credited by Margaret Thatcher as having been the intellectual force that produced the “Thatcher Revolution.”

After leaving The Fraser Institute, Antony Fisher set up the Atlas Economic Research Foundation, which has been responsible for the establishment of dozens of free market Institutes (many, such as the National Centre for Policy Analysis in the U.S., were directly

“I feel that the Fraser Institute has played a vital role in the market place of ideas, as we as a society debate the difficult problems of public policy in economics that confront us here in Canada. Moreover, I should suggest that the Fraser Institute’s contribution to these debates will enrich all of us, even those who may at times find themselves in disagreement on specific questions. So let the ideas compete in this market place, with the faith that the better ideas will eventually win out! And may the Fraser Institute flourish even more in the coming century!”

Prof. Ronald G. Bodkin, Faculty of Social Sciences and Economics, University of Ottawa



Michael Walker presents the “Intellectual Progenitor” citation to T. Patrick Boyle, 1987

modelled on The Fraser Institute) around the world. During this time, and until his death, he continued to serve as one of the Institute’s International Trustees. Since Antony Fisher’s death, his successors as President of the Atlas Foundation have also served as International Trustees of The Fraser Institute.

Nineteen eighty-nine saw the passing of more long-time friends of the Institute. Among them were: The Hon. J.V. Clyne, the Institute’s first Honorary Lifetime Member, who had played a significant role in securing the first pledges in support of the Institute in 1974; J.C. Gilmer, a founding Trustee of the Institute; and, finally, Dr. Harold Walter Siebens, who, in 1984, had been made an Honorary Lifetime Member of the Institute in recognition of his significant support of several Fraser Institute projects.

On the Path to Measuring Economic Freedom

In October 1986, Liberty Fund sponsored a Fraser Institute symposium on “Freedom, Democracy and Economic Welfare,” the proceedings of which were published as a book under the same name in 1988. Participants at this meeting included Nobel Laureate Milton Friedman and Professor Douglass North (who would himself go on to win the Nobel Prize in 1993). Attendees focused on the relationship between political and economic freedom. Without economic freedom, they concluded, political freedom would ultimately decline.



*Conrad Black, Ray Addington, and Sir Roger Douglas,
author of New Zealand's restructuring plan,
at an Institute lecture, 1988*

Liberty Fund was also the sponsor of several follow-up conferences on the same subject. “Rating Economic Freedom” was held in Vancouver during July 1988. Participants included some of the leading thinkers on the subject, including Milton and Rose Friedman, Antonio Martino, Henri LePage, James Gwartney, Charles Murray, and Robert Poole.

Two additional Liberty Fund-sponsored colloquia on “Liberty, Markets and the Role of Government” were held in Vancouver and Indianapolis during May and October, respectively. Attendees at these events were selected from the Boards of like-minded research institutes and foundations from around the world. A third colloquium was held in Vancouver in 1989.

In November 1989, the Institute hosted its third symposium in the *Rating Economic Freedom* series. This meeting, which was held in Banff, Alberta, was important because it attempted to set up preliminary tools to measure economic freedom in areas such as taxation, money, labour markets, international trade, and domestic controls and regulation.

Economic Education Resource Centre

In its sixth year of operations as a division of The Fraser Institute, the EERC continued to have an impact on teaching economic education. EERC Director Dr. Marie Wilson continued to work with publishers and organizations—in particular, Junior Achievement—to produce textbooks on applied economics. She was also the only Canadian invited to present a paper at an international seminar on teaching economic education that was sponsored by

the University of London (England) and the U.K. Economics Association.

Over the summer of 1985, the EERC sponsored its fourth Summer Institute on Economic Education. This time, however, the setting was the University of Western Ontario. Co-sponsors included the University's Faculties of Education and Continuing Education and the Department of Economics.

In September of that year, Marie Wilson resigned from the Institute to move to Atlanta with her family. Although now based out of Georgia, she continued to play a role in the EERC, organizing the popular Summer Institute Program, which in 1986 and 1987 was once again held at the University of Western Ontario, sponsored by the Eaton Foundation.

Although The Fraser Institute continued to support and promote economic education among educators in various ways, the absence of continued funding for a program like the EERC meant that its functions were gradually moved into other Institute research centres. The EERC was ultimately wound-down as a separate Division in 1991 and its collection of economic education materials was placed in the Institute's permanent library collection.

A New Frontier: Economics and the Environment

In the closing days of 1989, The Fraser Institute released its first title on what has come to the forefront of public concern: environmentalism.

In *Economics and the Environment: A Reconciliation*, editor and Institute Senior Economist Walter Block collected papers on a number of topics including ozone depletion and resource scarcity, and added them to a research project on consumerism and the environment which had been begun by Michael Walker. The contributors' works showed the constructive role that markets can play in the protection of environmental amenities.

“Their consistency to provide sound research on a host of topics has made them one of the most respected public policy organizations in North America.”

R. Michael Mears,
President, Carthy Foundation

As one might expect, the book caused a tremendous response, both pro and con. Environmentalists who supported greater regulation to protect the environment were appalled at the suggestion that the basic tenets of the free market might, if left to its own devices, solve so many environmental issues. Others, notably those in the media, welcomed the book as a counter to the endless doomsday scenarios spun by radical environmentalists or, as *Vancouver Sun* writer Judy Lindsay called them, the ‘environmental establishment.’ That alone made it “a provocative, welcome collection of essays.”

Reconciling Economics and Religion

Theology, Third World Development and Economic Justice was based on a conference held in Regina in December 1984. Edited by CSER Director Dr. Walter Block and University of Regina Vice-President Dr. Donald Shaw the study focused on three key areas: “Religion, Egalitarianism and Economic Justice,” “Liberation Theology and Third World Development” and “Ethical Reflections on the Economic Crisis,” which was a discussion of the pastoral letter released by the Canadian Conference of Catholic Bishops.

The other title released by CSER in 1985 was *The Morality of the Market: Religious and Economic Perspectives*, which had its origins in a 1982 symposium. The book, which included the reflections of many world-renowned theologians and economists—who held a broad range of contrasting views on politics, economics and religion—drew the attention of a number of theological schools, several of which ultimately adopted this book and other CSER titles as required reading for seminarians.

Writing in *Theodolite: A Journal of Christian Thought and Practice*, noted Canadian theologian Clark Pinnock of McMaster Divinity College, said that what made *The Morality of the Market* unique was its overall objectivity. “You will find books pressing for Christian socialism, and other books defending the private property system,” he wrote, “but you will not find many which try to be fair.”

Throughout 1985, Dr. Block travelled throughout North America, appearing on religious programs on radio and television, and engaging in debates on the role of the church in society. One of these debates was conducted entirely on paper, in the pages of the ecumenical journal *Grail*, subsequently reaching a far wider audience than an ordinary “live” debate would have.



Jerry Jordan, President of the Federal Reserve Bank of Cleveland, 1989

Throughout his travels, and in his written submissions to journals such as *Grail* and the *Notre Dame Journal of Law, Ethics and Public Policy*, Dr. Block held that there is no incompatibility between religious concerns and the free market, as many Marxist-leaning “liberation” theologians had been saying for some time. Rather, Dr. Block proposed that the ethical precepts taught by all major religions were far more consistent with the freedom provided in the marketplace.

In 1986 CSER released the proceedings of its 1982 conference as *Religion, Economics and Social Thought*. Also released in 1986 was *The U.S. Bishops and Their Critics*, which analyzed the American bishops’ *Pastoral Letter on Catholic Social Teaching and the U.S. Economy*. A review in *The Christian Century* described CSER’s work as “worthwhile precisely because of its head-clearing, uncompromising stance.”

One of the highlights of CSER’s 1987 program was a Round Table Luncheon featuring General Arnold Brown, the highest-ranking officer of the Salvation Army in Canada.

“In the marketplace of ideas, Fraser ranks among the very best in the world. I have no doubt that *The Fraser Institute* has helped improve the quality of public policy dialogue in Canada, and that has made international debates richer.”

Jerry L. Jordan, President and Chief Executive,
Federal Reserve Bank of Cleveland



President
Gerald
Ford
at The
Fraser
Institute,
1988

Energy

In 1989, the Institute released *Petro Markets: The Economics of Continental Energy*. Coming as it did in a climate of deregulation and lower oil prices, *Petro Markets* examined several crucial areas of energy policy. Among these were the lessons learned from the oil crisis of the 1970s, the evolution of the world oil market, and, appropriately, the outlook for the energy sector in light of the 1988 Free Trade Agreement.



Most reviewers of *Petro Markets* focused less on the content of the book than on the name of one of its contributors: Morris Adelman. Professor Adelman had been an Economics Professor at the Massachusetts Institute of Technology and a Past President of the International Association of Energy Economists. One reporter described him as the “dean of Yankee energy economists,” while another reviewer noted that “Adelman’s first appearance in a Fraser Institute anthology is particularly significant, since he has always been an extremely influential economist.”

Federalism

During April 1986, The Fraser Institute held a Liberty Fund-sponsored conference in Toronto on “The Canadian Constitution and the Charter of Rights.” Participants, who came to Toronto from various institutions in Canada and the United States, looked

at vital issues including judicial review, property rights, discrimination, freedom of association and mobility rights. Papers from the conference went on to be published in several prominent Canadian law journals.

Free Trade

In 1987 the Canadian and U.S. governments began working towards the deal that would ultimately be known as the Free Trade Agreement, or FTA.

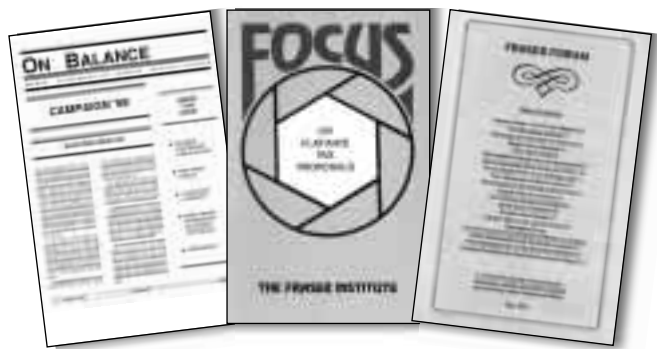
The Hon. Pat Carney, who served as Canada’s Trade Minister during the negotiations, said that the Institute’s comments on free trade were “always read and treasured for their well-informed and balanced content. It is this type of informed opinion,” she continued, “that will lead to the successful implementation of the Free Trade Agreement.”

One Member of Parliament, writing to Institute Executive Director Michael Walker, put it even more succinctly. “[The] Institute can take due credit for raising free trade as a political policy issue in Canada.”

That same year, the Institute conducted a survey of Canadian economists on the issue of free trade. An astounding ninety-six percent voiced the opinion that the continuation of tariffs and import quotas would reduce the general level of economic welfare in Canada, which provided a tremendous boost to pro-free trade forces.

“I have relied on the hard-headed fact-based analyses of the Institute in many of my own books, and in many years of debating socialist and collectivist opponents have never yet heard or seen a single of those analyses rebutted or denied. Ships of state are always prone to wander, sometimes at their peril, over ideological oceans. We citizens are fortunate that the Institute has on so many occasions served Canada variously as a corrective compass, or an anchor, as required, warning of dangerous bearings, or shoals ahead. In appreciation.”

William Gairdner,
author of *The Trouble with Canada*



Health Care

In 1985, the Institute published *Canadian Medicine: A Study in Restricted Entry* by University of Alberta Professor Ronald Hamowy. In that book Hamowy argued that the Canadian medical establishment had dubious motives in their push for stricter licensing legislation. As he noted, historically the main reason for licensing was to protect physicians' incomes, power and prestige. One reviewer in the *Globe and Mail* pointed out, the study "takes aim at the widespread view that the system of licensing doctors in Canada was set up to protect the public from charlatans." As Professor Hamowy pointed out, protecting the public from unscrupulous or unskilled doctors seemed to be only a secondary consideration.

In 1987, as part of its study of the service sector in Canada, the Institute released *Caring for Profit: Economic Dimensions of Canada's Health Industry* by Professor Malcolm Brown of the University of Calgary. One of the study's most-quoted findings was that Canada's health care system had outperformed all other countries in containing costs. Regrettably, Professor Brown's enthusiasm for Canada's brand of state sponsored medicine blinded him to the eventual implications of such control—implications which the very next year the Institute would begin to document in the form of its measurements of hospital waiting lists.

Monitoring the Media

In the second week of 1986, the Institute hosted a "Media Watch" symposium at its Vancouver office. In attendance were political scientists and media analysts from across Canada and the United States. One of the results of this program was the organization of a new Institute centre, the National Media Archive for Public Policy, which began operating in December 1987. (In 1995, the name was formally changed to "National

Media Archive.") The primary interest of the Media Archive was to investigate the reporting of economic and social issues of general interest, and funding was subsequently secured for a five-year period.

Lydia Miljan, who in 1987 had completed an M.A. in Communications at the University of Calgary (specializing in reporting practices of the national media including content analysis and polling) was hired as the Archive's first Co-ordinator.

On Balance, the Archive's monthly publication, began appearing in October 1988. Appropriately, the first issue analyzed the media's coverage of free trade generally, and the Free Trade Agreement specifically, over a one-year period beginning in May 1987. The conclusions were obvious. The media tended to cast free trade in a negative light, and tended to focus on trivial details rather than providing substantive coverage of the issues surrounding it.

Other early issues of *On Balance* focused on the 1988 general election and media coverage of labour issues. Media interest in these early issues was intense, resulting in more than sixty interviews for the Media Archive throughout the year.

Journalists themselves noted that *On Balance* was encouraging them to keep an eye on themselves. Douglas Fisher wrote in a *Toronto Sun* article, "Already *On Balance* has media people even more self-regarding, self-conscious, and comparative than normal." *Winnipeg Free Press* columnist Fred Cleverly said that while anything produced by the Institute ought to "be viewed with a healthy amount of scepticism," it was "difficult to argue with the Fraser Institute's no-nonsense, statistical approach to bias in the... news."

"The Institute performs an important role in the shaping of public policy in Canada. The quality of its analysis and advocacy in pursuit of market-based solutions has won it much deserved praise, and the Institute does not shy away from taking contrarian positions—an approach that I greatly admire."

Thomas P. d' Aquino, President and Chief Executive, Business Council on National Issues



Our winning team, The Fraser Institute Right-Wingers, 1988

A Growing Profile

Toronto Star columnist Richard Gwyn, in his 1985 book *The 49th Paradox—Canada in North America*, analyzed many of the differences between Canada and its neighbour to the south. In particular he noted that even when they seemed to languish in the political wilderness, proponents of the free market in the United States still possessed the resources to publish quality magazines, fund renowned think-tanks like the Heritage Foundation or the Hoover Institution, and otherwise continue to make their views known. In Canada, he wrote,

“From coast to coast, the single source of intellectual conservative analysis is The Fraser Institute. [It]...has issued some provocative studies of the counter-productive effects of rent controls and affirmative action programs and of the consequences of too much government and high taxes. Even so, The Fraser Institute has been infected by the bug of fairness: its studies have also criticized social programs, such as unemployment insurance, for providing the largest payments to those with the highest incomes.”

The Institute’s influence continued to spread beyond Canada. When Michael Walker appeared on William F Buckley’s *Firing Line* in January 1986, it was a clear signal of the growing international importance and reputation of the Institute.

One challenge the Institute continued to face was to somehow get rid of the perception by media and

other observers that there was such a thing as “Fraser Institute-style economics.” From the day the Institute opened, the Institute’s central premise has been that there are only two kinds of economics: good economics and bad economics. Good economic analysis leads to correct predictions about economic consequences, and therefore produces good public policy. Bad economics leads to unreliable predictions, external interference, and ultimately to public policies that produce economic and social dislocation.

Institute staff were thrilled, therefore, when the Macdonald Commission’s Report was released in 1985. The Commissioners agreed that “government should pull back from direct intervention in many aspects of the operations of the economy, placing greater reliance, instead, on the operation of market forces.” To be fair, it should be noted that the Commission also favoured an inflationary monetary policy and a system of voluntary wage and price controls; policy suggestions that, if implemented, would likely have sent the Canadian economy into a tailspin.

History would prove that the Macdonald Commission, however, had been a waste of \$20 million. The Progressive Conservative government of Brian Mulroney largely ignored the report’s many sensible conclusions.

In September 1985, Michael Walker presented the first of the Institute’s many Government Report Cards. The first, appropriately, covered the first year of the federal Conservative government and handed them a failing GPA of 0.78.

In the end, many of Michael Walker’s concerns were realized. Nine years after the Conservatives took hold of the reins of government, an additional \$297 billion had been added to the debt, making it 275 percent larger than it had been in 1984. In addition, the federal government’s budget had now risen from 18.1 percent to 19.6 percent of GDP, an 8.3 percent increase. While inflation had been kept in check, largely due to the policies of Bank of Canada

“The Fraser Institute has been ‘around’ with good information so often and so long that I cannot recall how I first heard of it.”

Darrel Stinson, M.P., Okanagan Shuswap



*General Arnold Brown of the Salvation Army
and Walter Block, 1987*

Governor John Crow, by the end of the decade, economic growth had stalled and the country entered a recession.

No one in government could say they hadn't been warned, though. One year after the first Report Card was released, Dr. Walker presented a list of "Proposals for a Mid-Course Correction" during a speech in Toronto.

At the end of 1986, Canadian journalist Pamela Wallin presented Prime Minister Mulroney with some of the Institute's criticisms on the CTV magazine program *W5*. The Prime Minister's response was to label the Institute as "extreme" in its positions as the Canadian Labour Congress was in promoting its own point of view.

Institute Chairman Ray Addington responded to the Prime Minister's charge of extremity at the 1987 Annual General Meeting in Vancouver. First, he pointed out the significant difference between the CLC and the Institute. They are, he said, "not on the same spectrum. The Canadian Labour Congress represents a vested interest in Canadian society, namely organized labour. The Fraser Institute represents no particular vested interest position."

"What The Fraser Institute does is apply the inferences from economics to the determination of Canadian public policy in the hope of serving the public interest. If the Prime Minister, or anybody else, takes the care to peruse the studies of The Fraser Institute, they will find that no particular sectional interest, whether business, labour, the professions or any other group in society, is free from the critical probe of analysis."

The Chairman also pointed out that frequently the Institute's policy prescriptions were being adopted by governments both within and outside Canada, and that often these ideas had been labelled as radical when initially proposed. But "since the Institute is unflinching in its adherence to the principles of economics, it cannot avoid the conclusions to which its research points."

Given the Prime Minister's widely-known habit of looking for a middle way, Addington concluded, "his comment invites the curiosity of where that middle road might be found were it not for the existence of The Fraser Institute."

Despite the Prime Minister's characterization of the Institute as extreme, between the first Report Card and the third—which was released at the end of 1987—the government's GPA rose from a dismal 0.78 to a respectable 2.33. (However, the government continued to receive failing grades in future deficit control and the reform of various social programs).

There were also other, perhaps even more positive, indications of just how influential the Institute had become on the national scene.

In 1988, *Southam News* announced the creation of a Southam Economic Issues Board to examine and debate economic issues of national importance. One of the first members appointed to the Board was the Institute's Executive Director, Dr. Michael Walker.

During that year, Michael Walker and other Institute staff travelled across North America, extolling the virtues of free trade in meetings with groups from Congressional leaders in Washington to business people in Toronto. As a result of this, and the Institute's long-standing commitment to liberalized trade, in 1988 Dr. Walker was invited to serve on the International Trade Advisory Committee to the Government of Canada.

"I trust that the retrospective volume will prove to be evidence of the important work accomplished by the Institute. Congratulations on your first quarter century and all the best for the next 25 years."

Marlene Catterall, M.P., Ottawa West-Nepean



CUPW protests outside The Fraser Institute's conference "Privatizing Canada Post," 1989

From Vancouver to Boca Raton, Florida, Michael Walker was fast becoming one of the most sought-after speakers on market solutions to public policy dilemmas. In 1988 alone, he spoke to almost seventy audiences and was interviewed by print and broadcast media on more than 150 occasions.

This is not to say that working in support of the free market didn't have its light-hearted side and that battles must always be fought in an intellectual context. Early in 1988, The Fraser Institute was approached by a hockey team made up of economics and business students from Simon Fraser University who wanted the Institute to sponsor them. They picked their own name, "The Fraser Institute Right-Wingers." While the team has long since disbanded, they did win their divisional championship in 1990.

Promoting the Path to Privatization

In 1987 the federal government announced its intention to privatize Air Canada, the nation's largest carrier.

Privatization had long been on the Institute's policy agenda, dating back to 1979 with the release of *Privatization: Theory and Practice*. The Institute had subsequently learned that this title had had a profound influence on British policy makers, in particular John Moore, the British Cabinet Minister responsible for pursuing privatization as a way of achieving popular capitalism, and who used many of that book's ideas in formulating England's far-reaching privatization schemes of the 1980s.

Many of the world's leading experts in privatization came to Vancouver in July 1987 for an Institute symposium on the mechanics of privatizing public assets. Included among the symposium's presenters were: Dr. Madsen Pirie, a key privatization advisor to Margaret Thatcher; Dr. Oliver Letwin, head of the International Privatization Unit at N.M. Rothschild and Sons Ltd. in London; and Dr. Robert Poole, President of the Reason Foundation in Los Angeles and author of the best-seller, *Cutting Back City Hall*. Among those in attendance were senior civil servants, heads of Crown corporations, politicians, investment advisors and other concerned Canadians. Results of this symposium were released as *Privatization: Tactics and Techniques* in 1988.

The Canadian Minister of State for Privatization, the Honourable Barbara McDougall, wrote to "convey [her] enthusiasm for this publication. In my view," she wrote, "it is an appealing presentation of information, insight and opinion which will encourage and form discussion about privatization."

A lengthy review in *Toronto Star* praised the Institute's book both for its timeliness—coming as it did in the wake of the announcement regarding Air Canada—and for its content. "It's the practical aspect of privatization," the reviewer wrote, "and the translation of theory into viable policy and concrete projects—which makes must reading for politicians at all levels, and for anyone else involved in or seeking to influence public life."

But what were the limits of privatization? Could just about any government service be provided by the private sector? What about the post office?

"Canada is fortunate to have an independent think tank such as the Fraser Institute to analyze and propose solutions to important economic, political and social issues. I have found over the years that the Institute has done very valuable work on a large range of topics. I hope the Institute will continue to find the resources required to keep up your good work during the next twenty-five years."

J. Lorne Braithwaite,
President and Chief Executive Officer,
Cambridge Shopping Centres Limited, Toronto

Privatization was precisely the focus of a one-day conference the Institute organized in 1989 at the Royal York Hotel in Toronto. The purpose of the event was to discuss different ways in which postal service in Canada might be improved. Among the attendees were Don Lander, President and CEO of Canada Post Corporation and the Hon. Harvie Andre, Minister responsible for Canada Post. While the President of the Canadian Union of Postal Workers was invited to attend and address the conference, the president declined, preferring instead to have his union organize demonstrations in Toronto and Vancouver.



Lydia Miljan, Director of the National Media Archive,
with the tools of the trade, 1989

“As with other nations, Canada has its share of economic foibles, based mostly on sheer incompetence of the public’s analysis and perception of the economic analysis by the public. The Fraser Institute is distinctive in seeking to inform the public about consequences of proposed and actual economic policies, rather than engage in futile efforts to directly affect government agents’ actions. Attempting to influence government agents is akin to wasted effort to influence the dealers, rather than the consumer, of drugs. More than once I have been the unintended beneficiary of the Fraser Institute’s explanation of economic events in Canada—events which have their parallels in every other nation. Though located in British Columbia, and ostensibly directed at Canadian events, the arena and applicability of the Fraser Institute’s investigations are world wide. At this time of celebrating its 25th year, special recognition is deserved by Michael Walker for maintaining the integrity of the research and publications of the Fraser Institute, from which I, and certainly many others, have been fortunate to have obtained a better understanding of economic events and policies.”

Armen A. Alchian,
Professor of Economics, Emeritus,
University of California, Los Angeles

Helping to Educate Future Leaders... Student Programs Get Their Start

The resumes of policy makers in Canada’s federal and provincial governments reveal, almost invariably, an involvement in student political organizations. Recognizing the need that students have for policy training at that stage in their intellectual development, in 1988 the Institute began its highly successful Student Seminar Program. This unique opportunity, although open to all university students, was targeted at those students already indicating an interest in the practical application of Fraser Institute ideas through the public policy process process. From a modest start, the undergraduate student program has grown very rapidly to become one of the Institute’s most significant programs.

This innovative program of student workshops, focusing on economic and public policy issues, emphasizes debate on competitive markets between students and speakers. Over the years, these programs have received high praise from the participants, and the Institute has gradually been able to host more and more of these programs in cities across Canada. Starting with only one seminar in Vancouver in 1988, the program has expanded to include seminars in ten Canadian cities, including a bilingual seminar held in Montreal. The seminars annually attract well over 1,000 young scholars.

The program format has evolved gradually to its current structure. Academics and public policy experts give presentations in plenary sessions. After

each session, students break out into small discussion groups led by public policy experts. These breakout groups are designed to elicit debate on the core principles introduced throughout the day. The idea is to provide for frequent interaction between policy analysts and students, and to promote networking among students.

The seminar programs attract a diverse group of students from various backgrounds ranging from economics, political science, and business administration, to genetics, journalism, engineering, and law, to name a few. The program also targets students of varying levels, making it possible for senior high school students to network and interact with graduate students during the breaks and discussion sessions. There is no Institute view imposed on the discussions, and the participants represent a wide variety of philosophical backgrounds including a significant number who come with the specific intention of counteracting the policy views derived from economic considerations. As one student commented, “it was refreshing to step away from the textbooks and be able to actively participate in discussing today’s and future concerns in Canada.”

The success of the Institute’s seminar program is made possible by the support of a network of students and professors across Canada. Support amongst academia has been overwhelmingly positive. “I feel keenly that, as university professors, we should be exposing our students to a variety of points of view, in the ‘marketplace’ of ideas. And I can’t think of a better place for students to learn of the market-oriented approach to economic problems than The Fraser Institute,” said Ronald Bodkin from the University of Ottawa.

Taxation

In 1976, The Fraser Institute had approached Statistics Canada and asked whether the agency would produce an index detailing the extent to which Canadians had to bear tax burdens. Such an index would, to be accurate, include both direct and hidden taxes imposed by all levels of government. The response from StatsCan, although written in the peculiar language of bureaucrats, was quite clear: there could be no index. And so the Institute built its own *Consumer Tax Index* which, over time, entered into the Canadian consciousness through such timely applications as *Tax Freedom Day*.

There was a feeling of tremendous irony, therefore, when at the end of 1986, Statistics Canada approached The Fraser Institute for information about how to construct a Consumer Tax Index. Their concern, however, was very different from that of the Institute’s. Because the government intended to move toward more hidden taxes, they were concerned that these might show up as large increases in the Consumer Price Index or CPI. To dilute this effect, they wanted to create another index showing how the overall tax burden had been reduced. As Institute Chairman Ray Addington noted at the 1986 Annual General Meeting, “Ah, well, the invisible hand works in strange ways!”

The fifth edition of the popular *Tax Facts* series was released on *Tax Freedom Day* in June 1986. *Tax Facts 5: The Canadian Consumer Tax Index and You*, like the previous edition, was a highly readable assessment of the direct and hidden tax burden borne by all Canadians. And, as before, it included a province-by-province analysis of taxation.

Media reaction to *Tax Facts* was, as always, remarkable. From *Maclean’s* magazine to CBC’s *The National*, the Institute’s work on taxation was once again covered from coast to coast. Writing in Calgary’s *Sunday Sun*, Mike Byfield put it this way: “Examining Canada’s tax system is like peeling onions—tears come naturally as layer after layer of government grasping gets uncovered.”

Tax Facts 6 appeared in June 1988. As before, the Institute’s work on taxation resulted in an avalanche of favourable articles in print media throughout Canada, and countless mentions on radio and television programs. A lengthy editorial in the

“Many studies, although dealing with Canadian economy, provides basic thinking which has relevance to a country like ours. We found studies on education, federalism, underground economy, poverty, taxation, economic freedom, privatization etc very useful. We have reproduced with acknowledgement, some of the articles and extracts of these studies...”

Mahesh P. Bhatt,
 Director and Professor of Economics
 University School of Social Sciences,
 Gujarat University, Ahmedabad, India

Financial Post praised the Institute for its ability to simplify such a complex issue. “Like the Doomsday Clock, Tax Freedom Day is one of those arresting images that captures complicated public issues within an easily grasped symbolic framework,” the editorial said. “The annual observance is the work of The Fraser Institute, and reflects the point each year at which the average family has worked off its total tax bill.”

Unemployment Insurance

When the federal government released the Forget Commission’s findings on Unemployment Insurance in December 1986, Opposition MP Warren Allmand rose in the Commons and said, “the Forget Report is filled with the philosophy of The Fraser Institute...”

And indeed, the Forget Commission’s findings echoed those that had been released in one of the Institute’s first publications, *Unemployment Insurance: Global Evidence of Its Effects on Unemployment*. Further, in the book *Canadian Confederation at the Crossroads*, a clear correlation was shown between the UI system and the pattern of regional disparities in economic growth and stability. On the basis of its long-standing interest in this issue, in 1984 the Institute had been invited to submit a list of proposed UI reforms to the National Economic Summit. So it was natural that many of the Institute’s ideas on this important topic would eventually find their way into official reports and legislative changes.

“That the Institute has been extremely effective in helping people develop their own views of what constitutes good public policy is demonstrated by the fact that opponents of market based systems, particularly those in political fields, bring up the Fraser Institute views constantly and then attempt to prove that the Institute is wrong. If these people were not being touched by the Institute studies and publications we would not be hearing from them.”

Roger Phillips, President and
Chief Executive Officer, Ipsco Inc.

“The key to good public administration is citizen participation in a dynamic and informed debate on public policy issues. Through its ground-breaking research on the crucial role of free markets and responsible fiscal policy in our modern global economy, The Fraser Institute has been a valuable force in shaping public policy debates, not only in Canada, but also around the world.”

The Honourable Michael D. Harris,
Premier of Ontario

“I first became aware of the Institute’s existence through one of its publications that I read on immigration and its impact on Canada. As a rookie Member of Parliament in 1993, who took on the daunting task as Critic for Immigration, the information was most useful in helping me to understand Canada’s immigration problems and to offer suggestions for change.

Over the past few years, I have participated in the Institute’s programs by attending seminars on topics that are of interest to me as a Parliamentarian and have always found them to be quite informative.

I believe the work of the Institute on such issues as the debt and deficit has helped to influence public policy debate. I, for example, often utilize the Institute’s publications when speaking the House or when required to debate issues such as immigration, privatization of prisons, gun control etc.”

Art Hanger, M.P.
Calgary Northeast

Extending our Influence, and Getting Stronger in the Nineties: 1990-94



The nineties marked the beginning of a remarkable era in contemporary history as the fall of the Berlin Wall and the events in Eastern Europe unleashed a chain of events that continues to reverberate. Looking at the turmoil, Chairman Raymond Addington mused in the 1991 Annual Report on the importance of the competitive market: “because it emphasizes the role of the individual as the central focus of society, the competitive market process is naturally anti-statist and is a precondition for lasting democracy.”

He went on to argue that in this new world order the work of The Fraser Institute is more critical than ever as, “each new generation needs a re-introduction to the benefits of relying on the market and a fresh explanation of how government interventions can reduce the welfare of the current population and the prospects for the future.”

Books and Publications

By 1990 there were over 100 Fraser Institute books in print. The Fraser Institute had become one of western Canada’s largest publishing houses, and books were now being sold as far afield as China, Saudi Arabia, Poland, Korea, and West Germany. Retail sales had hit a record high in the late-eighties, and sales in the early-nineties were averaging a respectable \$100,000 a year.

In addition, the Institute could point to an impressive listing of course adoptions and reprints, and Institute books were being selected with increasing frequency as required or recommended reading in universities across Canada, as well as in the United States, and the United Kingdom.

Tax Facts

Publication of the seventh addition of *Tax Facts* along with several pieces concerning the Goods and Services Tax, including the suggestion of a tax limitation clause, had by now placed the Institute squarely at the centre of the debate about Canada’s tax reform process.

Tax Facts 7: The Canadian Consumer Tax Index and You, by Isabella Horry, Sally Pipes, and Michael Walker, elicited this memorable quote from the *Financial Times of Canada*, “But what it [The Fraser Institute] is

best at, indeed what appears to be its true calling, is knowing just how to push Canadians to the brink of catatonic depression about the increasing amount of money being sucked out of us by our indecipherable tax system. These are the people, after all, who brought us *Tax Freedom Day*...”

Its successor, *Tax Facts 8*, created an equal stir in the press with its findings that the average Canadian family pays more in taxes than on food, clothing, and shelter combined, and that the elderly, not the companies themselves, may bear up to 51 percent of the corporate tax. Continuing the series, survey data were used to create a model that traces families’ incomes and tax payment streams throughout their lives. The results of these analyses were released in *Tax Facts 9*.

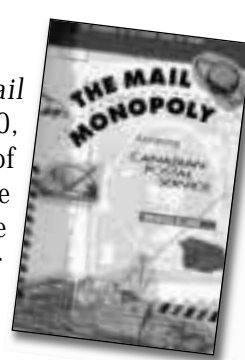
Government Spending

Published as a sequel to the path-breaking *Government Spending Facts* came *Government Spending Facts Two*, published in 1994. This volume was a unique source of information about how governments spend the resources which they extract from taxpayers. This volume also calculated who benefits from government spending and produced a very surprising answer. By combining the information about who benefits from government spending with the Institute’s previous studies on taxation—who pays for government—it is possible to derive some very insightful observations about how the government process works in Canada, and in other countries.



Mail Service

Douglas K. Adie’s *The Mail Monopoly*, published in 1990, showed how the objectives of providing a reliable mail service could be better achieved if the government monopoly over mail was abolished. This book was roundly condemned by the post office, but subsequently





Walter Block talks policy at a student seminar, 1990

many of its recommendations were adopted in Canada and elsewhere. In some forward-thinking jurisdictions, even the key proposal of privatization has been adopted.

The Environment

One of the most difficult public policy problems to have emerged in the past two decades has been that of balancing the needs of the environment with the desirability of economic growth and development.

Into that void stepped Walter Block with the 1990 publication of *Economics and the Environment: A Reconciliation*. The book courageously provided a careful statement of the environmental protection which would be provided if only the power of private property were brought to bear on the issue. According to this view, then unorthodox, even the elephants of Africa could be more fully protected if governments there looked to privatization as a means of conservation. This revelation was the cause for great merriment in Canada as scholars and media

“I believe that the Institute has had a significant effect on affecting public policy in a wide range of areas, but in particular fiscal policy. I would encourage you to continue.”

Dr. Keith Martin, M.D., M.P.,
Esquimalt-Juan de Fuca

alike pilloried the author and the quaint idea that market processes could actually preserve the environment—“even elephants,” guffaw, guffaw, they sniffed.

The venerable *Wall Street Journal* said of *Economics and the Environment: A Reconciliation*, “The contributors to *Economics and the Environment* admit that the market’s results are not always perfect, but they also recognize the ideal of perfect government intervention is even more unreal.”

Lately, Block’s ideas are being more than vindicated. A front page article in the *Globe and Mail* describing the African successes in preserving elephant herds by privatizing them, speaks volumes about the accomplishments that have been realized by applying market forces to conservation issues. The most recent experience in Canada with these ideas is to be found in the privatization of the halibut, sable fish, and geoduck fisheries in British Columbia.

As further recognition of Block’s work, the Atlas Economic Research Foundation awarded first prize in the 1991 Sir Antony Fisher International Memorial Awards to The Fraser Institute for *Economics and the Environment: A Reconciliation*. The winning entries were those which the judges felt made the greatest contribution to the understanding of the free market economy over the past two years.

Quebec Sovereignty

In response to the growing separatist debate that would infuse Canadian politics for the rest of the decade, came publication of the 1991 book *The Economic Consequences of Quebec Sovereignty*. The author, Patrick Grady, very carefully examined all the political assertions which were being made about the effect of separation, and provided empirical analysis of each. Described as the best and most complete study done on the economic consequences of Quebec separation, this book was given widespread dissemination in Quebec, and was the subject of considerable national discussion.



While, in effect, the book was a counterpoint to the proponents of separation and their economist supporters, it was only because a careful, fact-based examination of the propositions did not support the separatists’ claims. “I’m driven to applaud The Fraser

Institute for publishing *The Economic Consequences of Quebec Sovereignty*,” said Kenneth McGoogan of the *Calgary Herald*.

Gordon Gibson’s 1994 book, *Plan B: The Future of the Rest of Canada* served to define an important area of national interest; it heavily influenced the agenda and form the sovereignty debate would ultimately take. Most of the work leading up to the referendum in Quebec dealt with the implications of sovereignty for Quebec. There had really been very little discussion of the implications for the rest of Canada. In fact, the very idea of *Plan B* and the notion that there should be some “next best alternative to no deal” with Quebec became a popular subject because of this book.



As is typical of the path-breaking contrarian books that the Institute has published, this book made no pretence of considering “all sides of the debate.” This was a book which quite simply set out to create a surprise-free scenario for the rest of Canada in the event that Quebec were to leave. The purpose was to motivate Canadians to think about this important set of issues in a way that up until then they had not done. By the same token, *Plan B* was not a political book even though it served to set out the basic principles upon which the debate about the future of Canada should go forward. It is a tribute to the book that it was read carefully by the political leaders on both sides of the issue.

Looking deeper into the Quebec question was the publication of *L'Etat Interventioniste*. Although generally speaking the Institute does not publish its works in languages other than English, this is an example of a French language book which the Institute felt should be published because of its trenchant analysis of the relationship between the private sector and the government of Quebec.

“I congratulate The Fraser Institute on its 25th Anniversary and wish it many more years of success.”

President Gerald R. Ford,
38th President of the United States, 1974-77



Michael Walker, Rose Friedman, Czech Prime Minister Vaclav Klaus, and Milton Friedman discuss the Czech privatization program, 1991

North American Free Trade

International competition in a global marketplace is a fact facing all sovereign countries. In *Continental Accord*, editor Steven Globerman presented a collection of writings that offered a broad perspective on the implications of a North American trilateral trade agreement. This book was the first in a series of eight books that the Institute produced on the subject of the North American Free Trade Agreement. It laid out the case for a free trade agreement uniting the countries of North America, based on a careful assessment of the economic features of the continent and the opportunities which might be available in a broader and deeper trade agreement.

Free trade would become one of the central issues tackled by the Institute in the early nineties. In effect, this book marked the beginning of a process during which The Fraser Institute would ultimately work with 29 organizations in Mexico, the United States and Canada to investigate the features of a North American Free Trade Agreement. The free trade network that resulted from these collaborations was a very comprehensive effort to ensure that information about the content and facts of the trade agreement were made available to the broadest possible audience on the continent.

Wading further into the free trade debate, the Institute published *Assessing NAFTA: A Trilateral Analysis*, edited by Steven Globerman and Michael Walker—required reading for anybody who wanted to understand the economic implications of the North American Free Trade Agreement. Authors from all three countries probed different aspects of the deal.

Specific issues examined included the environment, agriculture, investment provisions, rules of origin, the trade in automotive goods, dispute settlement, energy, the textile and apparel sector, and the financial sector.

Of course at that time there was considerable opposition to the agreement, just as there had been to the Canadian American Free Trade Agreement which preceded it. This opposition was largely the product of special interest pleading and raised issues that had no empirical content. While it might be said that there were two sides to the trade debate, in fact there was only one scientific body of opinion, and that fell squarely on the side of supporting the principles of expanding trade built into the agreement.

Poverty

Closer to home, the publication of Professor Christopher Sarlo's book *Poverty in Canada* marked one of the first major volleys in the national debate on poverty and began an intense public discussion of the issue. One of the most profound criticisms of any system of economic organization is the prevalence of poverty in the population that lives under it, and this influential book set out to understand the phenomenon of poverty from a statistical point of view, to critique the existing relative measurements of poverty, and to propose a new approach which would stand up to careful scrutiny. The end result was the most careful examination of the issues related to the measurement of poverty ever undertaken in Canada, and the creation of a basic needs poverty line based on the actual needs of families of different sizes living in different parts of Canada.

Sarlo's book was a provocative challenge to current approaches to defining and measuring poverty, and to the adequacy of social assistance levels. The book effectively argued that Statistics Canada's low income cutoff (LICO), the standard tool used in virtually all studies measuring poverty, is badly flawed and, as a result, the prevailing estimates greatly exaggerate the number of poor in Canada.

"Many thanks for sharing your work with us. It is an invaluable resource and a great inspiration."

Harry Papatotiriou, Partner,
Society for Social and Economic Studies
(Greece)

*Richard
Rahn
discusses
the
Bulgarian
rescue
plan,
1990*



While Sarlo's approach initially was rejected, and subjected to extraordinary criticism by the people involved in what has been called the "poverty industry," contemporary wisdom has brought a measure of acceptance of the approach. In fact, the federal Department of Human Resources has recently concluded that something like a basic needs or consumption-related poverty line must be the way to realistically measure poverty in Canada in the future. As the subject of poverty moved increasingly to the front of Canada's public policy debate, Professor Sarlo's work continued to serve as the foundation for the Institute's writings and public statements on this troubling issue.

Economics: The Basics

For many years, The Fraser Institute has been trying to communicate about complex economic subjects in a way accessible to the non-technical expert—indeed, it remains one of the Institute's *raison d'être*.

The result, published in 1993, *What Everyone Should Know About Economics and Prosperity*, by authors James Gwartney and Richard Stroup, would become one of The Fraser Institute's most enduring best-sellers.

The book provides a handy synopsis of the central principles of economic analysis as applied to everyday life and has proven to be very popular as a source of information for Canadians wanting to understand the central features of economic policy and how those policies affect their lives. Like many other Fraser



Institute volumes, this book has also found a market in other countries and to date it has been translated into Russian, Hebrew, Portuguese, Spanish, French, Bulgarian and Romansch.

Funding, Staff, and Membership

Canada was recovering from a recession in the early nineties and some of the Institute's members had been hit hard by the economic times. As a result, there had been contraction in the level of membership support, fortunately offset by the success of publication sales, and the interest on the operating and endowment funds.

In order to thank a select group of supporters, a special program of "Benefactor Summits" was developed in 1990 to give contributors more in-depth information about Institute activities. In a relaxed atmosphere, guests were brought up to date on Institute research projects, met key staff, and socialized with other Institute supporters. Speakers in the series included Vaclav Klaus, then finance minister of the former Czechoslovakia, Nobel Laureate Milton Friedman, Governor of the Bank of Canada John Crowe, and Jerry Jordan, President, Federal Reserve Bank of Cleveland.

Ultimately, the Institute was able to weather the recessionary storm and by 1994 had the financial support of over 2,000 individuals, corporations, and charitable foundations, and the Institute's Endowment Fund, *The Fraser Institute Fund*, had grown to over \$1.1 million.

As well as a national economic downturn, the Institute had significant staffing changes to contend with. Keith Holman retired after eight years as



Montreal Student Seminar with McGill Professor Bill Watson, 1992

Secretary-Treasurer. And, after seventeen years at the Institute, Sally Pipes accepted the presidency of the Pacific Research Institute in San Francisco, one of the institutes founded by Sir Antony Fisher, and modeled after The Fraser Institute and the Institute of Economic Affairs. Also taking his leave of the Institute, Dr. Walter Block returned to academia and accepted a teaching post at the College of the Holy Cross in Massachusetts, later moving on to a post at the University of Arkansas. He has retained his connection to the Institute, continuing to serve as an adjunct scholar.

In the Queen's 1990 New Year's Honour Roll, the Institute's Chairman, Raymond Addington, was bestowed with the prestigious honour, Order of the British Empire (O.B.E.). Mr. Addington was cited for his contribution to commercial development at home and abroad. That same year, Mr. Addington was made an honorary member of the Institute in recognition of his outstanding contributions over the years.

Recognition was also being afforded to Michael Walker who was awarded the National Citizen's Coalition's *Colin M. Brown Freedom Medal and Award*, in 1992. The award, given annually by the National Citizens' Coalition in honour of its founder, was "in recognition of his outstanding contribution to the advancement and defence of our basic political and economic freedoms." Past winners included entrepreneur (and Institute Trustees) Thomas Bata, columnist Barbara Amiel, and the late Senator Stan Waters. In addition, Walker was chosen as a member of the Board of Directors of the prestigious Mont Pèlerin Society.

The Institute also lost two friends and supporters in those years. Professor George



Finalists in the Fraser Institute Prize for the Economy in Government competition, 1991



Tax Freedom Day Cartoon, 1992

Stigler, a member of the Institute’s Editorial Advisory Board had passed away after a short illness. Professor Friedrich von Hayek, a founding member of The Fraser Institute’s Editorial Advisory Board, passed away in Austria during 1992, at ninety-two years of age. Hayek, who was widely seen as the intellectual wellspring for the pro-market revolution which had swept the globe, was honoured with a special memorial ceremony in Vancouver at the biennial meeting of the Mont Pèlerin Society.

Student Leaders’ Colloquium

The Student Seminar Program had continued to expand in the early nineties and as further demonstration of the Institute’s commitment to providing students with a forum for trenchant economic discourse, the Student Leaders’ Colloquium was created. Launched in 1992, and held annually since then, the Student Leaders’ Colloquium was designed for students identified at the seminar program who display above average interest and aptitude in communicating their views. The

“The Institute goes beyond identifying economic woes to provide concrete public policy alternatives through its publications and many speakers at events across the country.”

Troy Lanigan,
National Communications Director,
Canadian Taxpayers Federation

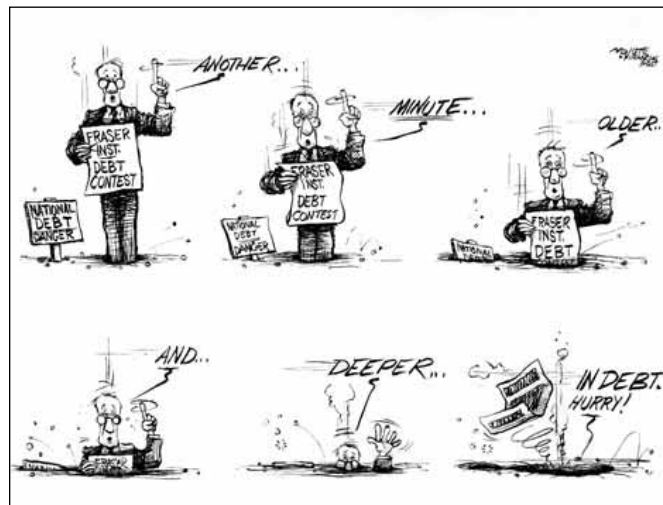
colloquiums are two-day sessions held in Vancouver in which the students educate themselves about public policy by discussing, at length, key issues of public policy concern. Limited to twenty participants, the invitation-only program has been very successful over the years in training future leaders who have gone on to excel in their careers in politics, academia, business and a variety of other fields.

One participant enthused that the Colloquium “increased my confidence in myself and in my ability to influence the country. It made me feel positive about the future.”

Canadian Student Review

Recognizing the need to provide an alternative to the standard campus newspapers which are generally hostile to balanced economic discussion, the *Canadian Student Review*, the Institute’s newsletter for students, was first published in 1992. The newsletter, which contains hard-hitting articles on various economic issues written for and by students, is now published quarterly. It offers an alternative to the standard student newspapers which are generally hostile to rational economic discussion.

By 1996, the circulation of *Canadian Student Review* had topped 10,000 per issue, and within a year the *Review* had become a quarterly publication reaching 40,000 Canadian students each year, distributed free of charge on Canadian campuses through a network of professors and student organizations. One contented reader commented, “It’s good to see an alternative to leftwing rhetoric that is typical of university student publications.”



Winner in The Fraser Institute Editorial Cartoon competition



Winner in The Fraser Institute Editorial Cartoon competition

Cultivating Our Media Profile

By this point in the decade, Fraser Institute research had been the subject of front-page stories in numerous newspapers and cover stories in several major Canadian magazines including *Maclean's*, *Equity*, *CMA Magazine*, and *BC Report*. Coverage continued in the *Globe and Mail*, *The New York Times*, *Toronto Sun*, *Montreal Gazette*, and the *Financial Post*.

Media interest continued to be intense as Fraser Institute studies were featured in front page stories in the *Globe and Mail*, and the *Toronto Star*, as well as in two front page banner headline stories on the front pages of the *Vancouver Sun* in a single week. In all, over 1000 stories featuring the Institute were appearing annually in more than 200 Canadian newspapers.

And it seemed as if the media was getting the message. “Best known for its unabashed free-enterprise philosophy, the economic think tank preaches a clear message: put the brakes on government handouts, spending and regulation,” said Brent Jang in the *Montreal Gazette*. The magazine *Saturday Night* noted that, “much of what today passes for conventional wisdom about the need for restraint in government spending, the rationalization of social programs, and the need to reduce taxes, is a reflection of the Institute’s work during these past two decades.”

Michael Walker provided economic comment to an ever-growing number of radio and TV stations and was interviewed on over 190 occasions resulting in

untold numbers of column inches and amounts of newspaper ink. The June 1990 edition of *Reader's Digest* published Walker's article “Why the National Debt Should Alarm You.”

Walker was also invited to participate in Milton and Rose Friedman's updating of their popular TV-video debate series “Free to Choose,” based on their best-selling book of the same name. The debate, “Tyranny of Control,” also featured Professor Steve Cohen of the University of California at Berkeley.

The Role of The Fraser Institute

Although the work of the Institute had made substantial inroads into the public policy debate, there was no doubt as the nineties began that considerable tasks still lay ahead. Indeed, Chairman Ray Addington noted in the 1990 Annual Report that, “As Canadians in some provinces seemingly turn their back on the evidence from the global scene and opt provincially for interventionist-minded policies, there can be no question that there continues to be a pressing need for the activities of The Fraser Institute.”

Supporting the Goals of North American Free Trade

One of the most pressing policy areas in which The Fraser Institute engaged itself throughout these years was North American free trade, specifically the issue of a trilateral trade agreement between Canada, the United States and Mexico. NAFTA proved to be a contentious debate on the national level and the Institute ensured its voice was heard by making NAFTA the subject of some 25 studies, including



Winner in The Fraser Institute Editorial Cartoon competition



*Senior Fellow Herbert Grubel shares wisdom
at a student seminar, 1990*

eight books, several publications in major journals, and conferences in Canada, the United States, Mexico, and Latin America.

The 20/20 Project

In 1990, the Institute had acquired a major grant from the Lilly Endowment, Inc. of Indianapolis to undertake a thorough investigation of the political economy of a North American market. The generous funding established the 20/20 Project—organized under the auspices of the Institute’s Centre for Comparative Policy Analysis—which formed the centrepiece of the Institute’s work on free trade. The Lilly Endowment’s four-year grant was, at that time, the most significant foundation funding the Institute had ever received, and it enabled the Institute to engage in a far-reaching program of research and publication on trade issues which would have otherwise been inconceivable. It was also the largest grant the Lilly Endowment—the world’s largest private foundation—had ever made for public policy purposes.

The 20/20 Project—a joint effort between the academic, intellectual, and political communities—was designed to achieve greater awareness of the issues surrounding hemispheric economic integration including Canada, the U.S., Mexico, and, ultimately, all of Latin America. Scholars were commissioned from across North America to study trade issues on a theoretical, as well as practical, level. In collaboration with The Fraser Institute, the Centre of International Studies at the University of Toronto undertook a

wide-ranging program of research into assessing trade relations in North America and an examination of the economic impact on specific sectors of the North American economy of liberalized trade relations. Other influential researchers at Simon Fraser University, the University of Michigan, the University of Colorado, the University of Western Ontario, and Waterloo University contributed their work to the 20/20 Project. As a result of this combined effort, studies were ultimately published under a number of broad subject areas, from *General Equilibrium Modeling*, to *the Impact of the Free Trade Agreement on Specific Sectors and the Labour Market*.

In addition to the publication of these studies, the 20/20 Project held conferences throughout North America aimed at increasing awareness of the issues surrounding free trade. The inaugural meeting was held in Mexico City, with representatives from several distinguished institutions in Mexico, Canada, and the United States brought together to assess the goals of the multi-year research program.

“Hold fast to your vision of creating a better Canada for all Canadians and there will be many more anniversaries in the future.”

G. Drummond Birks,
The Birks Family Foundation



*Lydia Miljan and National
Media Archive students, 1990*



Sally Pipes and former Prime Minister Margaret Thatcher, 1991

In 1992, conferences were hosted in Costa Rica, Canada and the United States in order to bring together those interested in an agreement that included Latin America. The conference in San Juan, Costa Rica, “An Exploration of the Dynamics of Regional Integration: NAFTA, The Americas and Beyond,” co-hosted with the Asociación Nacional de Fomento Económico, was a move to explore the possibilities of bringing other countries into the trilateral agreement.

Another potential partner in the agreement was Chile. Canadian industry had a widespread presence in the country, and by 1993 Canada had become the largest foreign investor in this Latin American “jaguar.” In addition, the Institute had a strong public policy partner in Chile, having assisted in the establishment of the Centro de Estudios Públicos in the 1970s. In 1994, the Centro and The Fraser Institute co-hosted a series of meetings that proved instrumental in moving Chile towards joining NAFTA.

Also a significant part of the process was the “Indianapolis Summit: Hemispheric Trade and Economic Integration after NAFTA,” conducted jointly with the Hudson Institute, which ensured that trade issues critical to the hemisphere were brought to the table at the next round of NAFTA negotiations at the Miami Summit.

Canada’s chief negotiator for NAFTA, John Weekes, felt that the collaborative program with the Centro de Estudios Públicos in Santiago had been a crucial element of Chile’s inclusion in the trade talks. Writing

to Michael Walker, Weekes noted, “I am not sure Institutions get the credit they deserve for good work done. I thought, therefore, I should congratulate you and The Fraser Institute on the important role you played in facilitating the discussions leading to the decision at the Miami Summit to launch a process to bring Chile into NAFTA.”

In 1993, the 20/20 Project sponsored an additional four conferences on free trade in Denver, Washington, Toronto, and San Francisco, each conference featuring just-released research on different aspects of the trilateral free trade agreement. The events were co-hosted with local institutes including the Center for the New West in Denver, the Center for Strategic and International Studies and the Brookings Institution in Washington, the Centre for International Studies in Toronto, and the Pacific Research Institute in San Francisco.

While the 20/20 Project’s prime focus was on the future of the continent, rather than specifically on Canadian prospects, it was becoming clear that Canada’s economic future and the well-being of Canadians were integrally tied to the success of economic integration in the continent and indeed in the hemisphere. Reporting on one of the project’s studies, *The Financial Post* observed, “North America requires multilateral negotiations that pave the way to a common market.”



*Economist
Walter
Williams
meets the press
in Vancouver*



Rose and Milton Friedman, with Gary Becker and Michael Walker at Milton Friedman's 80th birthday party, Vancouver 1992

Centre for Comparative Policy Analysis

As well as overseeing the North American 20/20 Project, the Centre also undertook an extensive study comparing US and Canadian income maintenance programs. The two-year, Donner Canadian Foundation-funded project included some of North America's leading academics who participated in a major program hosted by the University of Chicago in 1990. By 1992, the Institute had finished a major examination of the comparative structures of government income-support programs in the two countries, including studies on unemployment insurance, workers' compensation, and disability pensions that were ultimately published as a special edition of the *Journal of Labour Economics* the following year.

Taxation

As an outgrowth of the Institute's long-standing focus on the size of government and the annual tax burden placed on Canadians, Michael Walker announced at a press conference in Toronto, in June of 1990, the formation of the Institute's National Tax Limitation Committee under the chairmanship of Mr. Richard J. Currie, President of the Loblaw Companies Limited. The committee was charged with searching for ways to stop the increasing burden of taxation in Canada—no easy task given the public's appetite for public

expenditure. Amongst its members were 70 of the country's leading academics, economists, and business leaders, all of whom supported the fundamental principle of tax limitation. In the Fall of that same year, the Institute hosted "The National Tax Limitation Forum." Held in Toronto, this major conference—the first sponsored by the Institute's National Tax Limitation Committee—featured a program of internationally-renowned speakers. Among the key participants in this conference was the neophyte economic policy follower, Michael Harris, who would later take the issue of tax limitation and reduction into the political arena.

"The Fraser Institute audience transcends borders. The leaders and craftsmen of policy are positively influenced by what The Fraser Institute says, even though they don't always listen to the crisp ideas and solutions prescribed....The Fraser Institute is now considered one of the three most influential public policy think tanks of the world. Long live The Fraser Institute."

Gordon St. Angelo,
President & Chief Executive Officer,
Milton & Rose D. Friedman Foundation



George Shultz, former U.S. Secretary of State, Fraser Institute Roundtable luncheon, 1992



Gordon St. Angelo, Senior Program Officer Lilly Endowment, Miguel Angel Rodriguez, President of the Legislative Assembly, Costa Rica, and Michael Walker at "NAFTA: The Americas and Beyond," Costa Rica, 1992

New work also continued on the Tax Freedom front. As a result of new analysis by Institute economists Isabella Horry and Dr. Filip Palda, the tax index was expanded to include, for the first time, data on individual Canadian families, drawn from a sample of 44,500 individual surveys. The data was used to expand the Tax Freedom Day calculation to make it more directly applicable to actual families, including calculations for a family of four with two children under 18 years of age, as well as for unattached individuals. As a result of this new work, Institute economists were able to build a detailed picture of the level and kind of taxes paid by the elderly, the poor, the unemployed, and many other social groups. The results of this ground-breaking analysis appeared in the widely-read, and rapidly expanding, series of *Tax Facts* books.

Education under the Policy Microscope

Educational concerns continued to be a critical focus of the Institute's research, particularly the issues of employment equity, affirmative action, and academic freedom. In order to examine these key topics, three conferences were convened; the first, the "University in Jeopardy" conference held in Toronto, co-sponsored with the Society for Academic Freedom and Scholarship, featured Dinesh D'Souza, author of New York Times bestseller *Illiberal Education*, along with other respected speakers. The conference papers were published as a *Fraser Forum Critical Issues*

Bulletin. The second event was the "University in Peril" seminar, organized with Students for Equality, a student group formed to oppose affirmative action and hiring quotas proposed by the "Opening Doors" plan at the University of Alberta. At a third conference, "Education for the 21st Century," held in Richmond, B.C. and cosponsored with the B.C. Teachers' Association, parents, educators, and business people exchanged information and ideas on improving educational performance.

Rewarding Economy in Government

Another practical step taken in the effort to hold the federal government accountable for its bad habits came with the launch, in 1991, of The Fraser Institute Prize for Economy in Government, which invited Canadian academics, professionals, public servants, and members of the general public to provide suggestions as to how the government could reduce its spending without cutting services. The competition was designed both to find ways to cut the cost of government, and to give Canadians some input into the budgetary process.

The first year out the contest was a great success, eliciting 773 eligible entries. Twenty-eight finalists were asked to produce detailed proposals from their ideas, three winners were selected by the firm of Price Waterhouse, and a panel of experts from government, business, and academia. The prizes were presented by the Federal Minister for Finance and Privatization, John McDermid. The ideas ranged from ways of servicing the national debt through restructuring and economizing in the civil service, to program-specific measures in areas such as coast guard inspection, and prisons. The finalists came from all across Canada and represented a wide range of occupations. Significantly,

Richard McKenzie, Gary Becker, and Michael Walker, "Rating Economic Freedom" Conference, Santa Cruz, 1992





Mrs. Harriet Brown awards the Colin M. Brown Freedom Medal to Michael Walker in a Toronto ceremony, 1992

about half of them were public servants who had ideas about economization but, apparently, no listeners.

The Prize For Economy in Government Contest sparked some 150 separate stories in newspapers across the country that first year alone; it was the occasion for many radio and television interviews and even provoked the publication, by *Reader's Digest*, of three cartoons depicting aspects of government expenditure control (or lack of it). These cartoons were the best of those submitted in a Fraser Institute contest for editorial cartoonists, which paralleled the Economy in Government competition. As *The Financial Post* commented, "If [The Prize for Economy in Government] produces ideas that translate into more cost-efficient government, all taxpayers will benefit—including, whether they like it or not, members of the labour federation."

Successive years of the competition were equally impressive with entries eventually totaling over 2000 by 1994, and the competition was eventually expanded to include proposals dealing with local government programs. The impact of the competition was evidenced by the fact that many of the proposals were adopted by various governments across the country including, for example: a plan to reduce the cost of coin production, implemented by the federal government; a

re-engineering of hiring practice for firefighters in Surrey, BC; as well as a new program of voter registration adopted by the government of Newfoundland and eventually other governments.

The overwhelming response demonstrated the importance of the competition in targeting debts and deficits, and in providing Canadians with an increasingly rare opportunity to influence the governance of their country.

Provincial Policy Analysis

Ontario, with 40 percent of Canada's population and more than 40 percent of its GDP, has always been crucial to Canada's overall economic performance, and bad policies in that province can be as destructive on a national scale as good ones can be constructive. In September 1992, the Ontario Watch program, established under the direction of Institute analyst Dr. John Robson to assess the policies of the government of Ontario, produced its second Report Card on the policies of the government in Queen's Park, covering the period from the first through the second budgets of Premier Rae's NDP government. Robson was obliged to report that there had been very little improvement from the previous Report Card.

"I send Michael and his colleagues in The Fraser Institute my warmest wishes on the achievement of a very stimulating first quarter of a century and the promise of further significant achievements ahead."

Ted McWhinney, Q.C., M.P.,
Parliamentary Secretary (Foreign Affairs)



Student Leaders Colloquium, Vancouver, 1993

This first foray into provincial Report Cards was a continuation of the very successful program under which five reports monitoring the activities of the federal government had been published. The format was well-received and the research would eventually be expanded to include Report Cards on the Alberta, and British Columbia governments, as well as Ontario's subsequent Conservative government.

Response to the Report Cards was so favourable that this format would be adapted to other areas of research such as a later examination of BC's school system, *A Secondary Schools Report Card for British Columbia* in 1998.

Centre for the Study of Economics and Religion

Before making his way back to academia, Walter Block oversaw the Centre's final publication, in 1990, of *Religion, Wealth and Poverty*, written by Father James Schall, S.J. In addition, the Centre co-hosted, in June 1991, a Liberty Fund conference on economics and religion entitled "Classical Liberalism and Christian Social Ethics," which was held in Grand Rapids, Michigan. Co-hosted by the Acton Institute, along with the Paulist Fathers and the Catholic Information Centre of Grand Rapids, Michigan, the conference featured five original papers, several concerning the hundredth anniversary of the papal encyclical on economic issues: *Rerum Novarum* (*On the Condition of the Working Classes*).

Although the work of the Centre was wrapped up after Block's departure, it had occupied a unique niche in the Institute's policy research. CSER had effectively played the role of mediator throughout its existence, successfully bridging the gap between economists interested in the ethical implications of their more traditional research, and theologians concerned with economically-oriented problems such as poverty, hunger, homelessness and unemployment.

Another Milestone: The Institute at Twenty Years

As well as reaching the twenty-year mark, the Institute reached a number of milestones in 1994. The number of people who attended Institute events during the year passed the 4,000 mark with a record number of 27 conferences and roundtables having been held in nine different cities, covering a very broad range of topics and concerns. The Institute's



Michael Walker, James Gwartney, and Richard Stroup on the publication of the English edition of "What Everyone Should Know About Economics and Prosperity," 1993

program in that year included: events at which more than a third of the members of parliament were represented; student seminars on public policy; economic advisory luncheons hosting significant policy experts; the round table luncheon programs held in many Canadian cities, and joint programs with other organizations in North and South America. For the first time, total membership edged above 2,000 as a consequence of a 36 percent growth in membership during the year.

"I participated in a research programme and conference at the Fraser Institute on the services sector. This pioneering work on the role of the service sector, and my own focus on trade in services, became an essential ingredient in the Canada-U.S. Free Trade Agreement of 1987 and later in the GATT Uruguay Round, both of which dealt with trade in services for the first time. Having moved back to England this year I have noticed a big gap in market-based economics research and no organization with the influence that The Fraser Institute has in Canada. The research sponsored by The Fraser Institute in the past has been influential for both public policy and corporate international strategy but much remains to be done in the next 25 years."

Alan M. Rugman,
Thames Water Fellow in Strategic Management,
University of Oxford, England



Luis Herman Paul, John Weeks, Julius Katz, participate in The Fraser Institute's Conference on Free Trade, Santiago, Chile, 1994

A stunning debut to the twentieth anniversary year was the Round Table Luncheon Address given by Margaret, the Lady Thatcher, former Prime Minister of Great Britain, to an anniversary luncheon held in Toronto on November 8, 1993. The response was overwhelming, with over 1,400 luncheon guests present, each of whom received an autographed copy of Lady Thatcher's memoirs *The Downing Street Years* (and provoked much disappointment among a long waiting list of hopeful attendees who could not be accommodated). Lady Thatcher spoke encouragingly of the importance of the work of The Fraser Institute

and how, as a political and social reformer, she had taken many of her cues from the Institute of Economic Affairs in London, The Fraser Institute's sister organization.

Another high point was the presentation of the ninth annual Dr. Harold Walter Siebens Lecture by Nobel Laureate Milton Friedman at the 1993 Annual General Meeting. Friedman, one of the most influential economists of this century, referred to The Fraser Institute as "a remarkably influential think tank—one of the most influential in the world." The luncheon was also sold out—an understandable tribute. Rose and Milton Friedman accepted an Honorary Lifetime Membership in The Fraser Institute.

The previous year Friedman's 80th birthday had been celebrated by a stellar congregation at the 1992 General Meeting of the Mont Pèlerin Society. The assemblage included Nobel Laureate Gary Becker, and former U.S. Secretary of State George Shultz, who joined Margaret Thatcher's personal economic advisor, Sir Alan Walters, former Taiwanese Finance Minister Shirley Kuo, and His Excellency Vaclav Klaus, Prime Minister of the Czech Republic, and presidential candidates from several Latin American countries.

"No where else have I found the market approach so professionally applied to questions that account for the lion's share of public spending and control in Canada: education, pension fund, health, labour regulation, taxation, and the environment. Without the work of the Institute, my teachings and writings could not be adequate."

Jean-Luc Migué, Professor of Economics,
University of Quebec

"Over the past quarter-century, the Institute has distinguished itself with its valuable and important contributions to the public policy development process in this country. I would especially like to congratulate Dr. Michael Walker for his personal contribution to furthering thoughtful debate on Canadian public policy issues."

Elsie Wayne, M.P.,
Progressive Conservative Party

“The Fraser Institute carries a well deserved reputation for suggesting solid free market solutions to the ongoing problems of developing public policy. It merits high praise for its job of holding governments’ collective feet to the fire in its longstanding campaign for sound financial management. I am delighted to congratulate the institute on a quarter-century of service and a job very well done.”

The Honourable Ralph Klein, Premier of Alberta

Within Canada, The Fraser Institute has become by far the most influential think tank on problems of economic and social policy. Its articles and books on the control of inflation, its annual report card on the government budget, have unquestionably been major influences in leading to substantial change in monetary and fiscal policy in Canada in the past decade. Without the steady drumbeat from Fraser, it is my considered opinion that inflation would be considerably higher in Canada today than it is, and so would government spending as a fraction of income. Government spending is still much too high. Any hope of its coming down rests in considerable measure on future pressure from Fraser.

Outside of Canada, Fraser has developed an enviable reputation for a steady flow of publications of high quality on a variety of social and economic issues.

I offer my heartiest congratulations to Michael Walker and his associates and to The Fraser Institute for a twenty-five year record of extraordinary achievement.

Milton Friedman,
Senior Research Fellow, Hoover Institution,
Nobel Laureate (1976), Economic Sciences

“You are an important voice in the kind of intellectual and political debate which I favour which features the airing of every conceivable point of view so that students and the public can better decide for themselves what they think about controversial issues.”

John Crispo,
Emeritus Professor of Political Economy,
University of Toronto, Faculty of Management

“The Fraser Institute is to be applauded for its leadership role in promoting public debate on myriad issues both in British Columbia and across Canada. In-depth research and analysis contained in the policy reports released by the Institute makes them a valuable source of information for elected officials and the public...I look forward to working with The Fraser Institute for another twenty-five years as you continue to study the world in which we live and make recommendations for improving it.”

Gordon Campbell, MLA,
Leader of the Official Opposition, Vancouver

“The Insitute has had a great influence over public debate, in my opinion. I have heard many members of House use references and information supplied by The Fraser Institute in speeches on the floor, on many occasions. I believe the Institute is very effective in getting its message across and is an invaluable information resource. Best wishes for a successful celebration in honor of your 25th year”

Myron Thompson, M.P., Wild Rose, Alberta

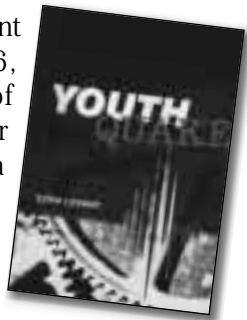
Prologue to the Millennium: 1995-99

Books and Publications

Throughout this period the Institute published a number of path-breaking books under the auspices of its various research departments.

There has long been a sense among North Americans that stock markets are little more than high-risk gambling societies, in which one person gains at another person's expense. The 1995 book by Institute Fellow Filip Palda *It's No Gamble*, looked at how stock markets work in a free economy to protect investors from risk, to raise money for new ventures, and to discipline companies who fail to respond to the marketplace. A Spanish version of the book was published by the Central American Association of Stock Exchanges and translations into other languages would soon follow.

Youthquake, written by a student intern Ezra Levant in 1996, under the careful scrutiny of Institute staff, was the first major public policy book written by a twenty year old for his generation. A best-selling survey of the key issues of concern to young people, the book has proved to be a very important adjunct to the Institute's student programs. It also serves as a model for other "student edition" books.



That same year, *Healthy Incentives*, by Michael Walker and Institute analysts Cynthia Ramsay and Dr. William McArthur, was published. This book, about how the Canadian health care system could be reorganized to take advantage of the lessons learned in other countries, also proved to be a great success. Widely cited in the debate about the future of Canada's health care markets, this book formed the basis of the Canadian Medical Association's determination of their stance on future reforms. It has also been used in other countries and translated into Japanese, amongst other languages.

Institute Senior Fellow in Canadian Studies Gordon Gibson's second book-length contribution to the ongoing Constitutional debate was *Thirty Million Musketeers: One Canada, For All Canadians*, which was co-published in 1995 by The Fraser Institute and Toronto's Key Porter Books.



Raymond Addington and Michael Walker present Alberta Premier Ralph Klein with the Institute's Fiscal Performance Award, 1995

Thirty Million Musketeers began with a careful examination of the federal government's activities, and proposed a deep decentralization and devolution of power to the provinces. The purpose of Gordon Gibson's proposals was clear: if the provinces had more power, then the separatists' arguments would be effectively disarmed.

Thanks to the generous contributions of the Institute's supporters, in 1996 *Thirty Million Musketeers* was translated into French as *Trente Millions de Mousquetaires* and re-released in Quebec. A lengthy article on Canadian unity followed in *Fraser Forum* and was excerpted in the *Globe and Mail* and *Le Devoir* newspapers.

The Institute continued its critical analysis with other publications including: *The Uneasy Case for Equalization Payments*; *Money and Markets in the Americas*; an updated edition of Professor Chris Sarlo's seminal work *Poverty in Canada*; and *Welfare—No Fair: A Critical Analysis of Ontario's Welfare System (1985-1994)*.

The following year, the Institute released a French translation of the James Gwartney and Richard Stroup best-seller, *What Everyone Should Know About Economics and Prosperity*.



Margaret Thatcher and Raymond Addington, Toronto, 1993

Economic Freedom

By the time *Economic Freedom of the World: 1975-1995* (which was co-published by the Institute and ten other like-minded organizations throughout the world) appeared in early 1996, The Fraser Institute had been writing and conducting research in this area for more than ten years.



Response to the book was immediate and overwhelmingly positive. Three Nobel Laureates in Economics—Professors Milton Friedman, Douglass North and Gary Becker—endorsed the book in glowing terms. *The Economist*, widely-regarded as one of the most influential periodicals in the world, accorded the book a cover story and a three-page review, saying, “Quite apart from being the best attempt yet to define and measure economic freedom, [this] study also produces powerful evidence in support of the liberals’ case.”

“Your publications are a valuable addition to our permanent collections and most useful to researchers and reference staff.”

Joseph P. Molnar, Head, Anglo-American Acquisitions Division, The Library of Congress, Washington

In October of 1996, the Institute co-hosted a meeting on the issue of economic freedom with Milton and Rose Friedman which included representatives from research organizations in thirty-seven countries, including Canada, the United States, Bangladesh, Korea, Germany, India and Russia. By the end of that year, the Institute had received requests from almost fifty organizations to act as co-publishers of the 1997 edition of the Index.

When the idea of studying economic freedom was first suggested in the early 1980s, participants’ ambitions were clear. They wished to change the way people talked about the role of government in society. By the time the updated index, *Economic Freedom of the World 1997 Annual Report*, was released, it was clear that this work would have a far-reaching impact on public discourse.

One example was in Sweden where that country’s Employer’s Federation made the Economic Freedom Index the centrepiece for its annual list of proposed policy changes by government. In Germany, economists at the Friedrich Naumann Stiftung used the Institute’s work to promote discussions about the reasons for Germany’s decline as an economic leader. The book was also an issue of debate in the Hungarian parliament. Meanwhile, the book was translated into languages as diverse as Icelandic, Korean, and Spanish.



Bank of Canada Governor Gordon Thiessen faces the media after the annual Siebens lecture, Vancouver 1996

Economics and the Environment

Six years after the release of *Economics and the Environment: A Reconciliation*, the Institute initiated an on-going program to examine environmental issues. The first project under this new area of studies was a series of conferences studying the future of the salmon fishery, mining and forestry industries in British Columbia. The conferences featured experts from several countries, including Canada, Iceland, New Zealand, and Sweden.

The conference on the fisheries concluded by suggesting a market-based solution, similar to approaches used successfully in Iceland, New Zealand, and Australia, to that industry's current problems. This was followed by a more focused workshop in which participants discussed how to implement the individual transferable quotas idea which had arisen from the first conference.

Further conferences on the mining and forestry sectors focused primarily on current uncertainty over land tenure and on the cumbersome regulation that companies face in British Columbia.

In 1996, the Institute began collaborating with San Francisco's Pacific Research Institute (still headed by Sally Pipes) to assemble environmental indicators for Canada and the United States. Since 1996, this project has involved several of the Institute's summer interns who have worked with economist Laura Jones in the Environmental Studies Department to examine

"I very much appreciate the way in which economic issues are discussed within The Fraser Institute. Never did I have the impression that economic problems or developments are seen in terms of black or white. On the contrary, the attitude to discuss phenomena from different points of view is prevalent. Thank you for your contribution to economic and social research, your role in promoting competitive markets, and for providing sound academic knowledge to Canada and the world. All the best for the next 25 years!"

Erwin Bendl,
Institute for Economy and Politics/
Federation of Austrian Industry



Protests outside the Institute office by the group End Legislated Poverty, April 1, 1996

trends in air quality, water quality, natural resource use, land use and solid waste disposal. Results have been published as *Critical Issues Bulletins*—one of the most effective formats for presenting new research from the Institute.

The Institute's work on fisheries management resulted in the publication of the 1997 book *Fish or Cut Bait! The Case for Individual Transferable Quotas in the Salmon Fishery of British Columbia*. Also, several short articles on the subject have appeared in *Fraser Forum* and other publications.

Problems facing the mining industry were highlighted in The Fraser Institute *Survey of Mining Companies Operating in Canada*, which looked at how taxation, regulation and uncertainty concerning land use affect these companies' decision-making processes.

In late 1997, the Institute hosted an international conference that challenged the popular, although apocalyptic, prediction of persistent global warming. The conference proceedings were released as *Global Warming: The Science and the Politics*.

Federalism

While the Institute and others were focusing on some of the issues surrounding Quebec, residents of that province went to the polls in 1995 to vote in a referendum on the province's future within Canada. The results were alarmingly close, with those in favour of separation losing by less than one percentage point.



Michael Walker, Ontario Premier Mike Harris, and Bill Siebens, 1997

Given the issue's bearing on the future of Canada, in 1996 the Institute decided to enter the debate in a more permanent way through its Canada Project, headed by Gordon Gibson. Its goal was two-fold: to foster research and discussion on questions related to the unity of the country, and to improve the quality of governance provided to all Canadians.

Gordon Gibson continues to appear frequently on radio and television, and contributes a regular column to the *Globe and Mail*. He is also the custodian of the Institute's "Canada Clock," patterned after the *Bulletin of the Atomic Scientists'* "Doomsday Clock." The setting and re-setting of the Canada Clock continues to be an event attracting annual media and public attention.

Gibson has taken part in numerous conferences, spoken before a Senate Committee on the constitution, participated in a four-hour *Newsworld* documentary on the unity issue, met with political leaders on all sides of the unity debate, and consulted privately with the governments of most provinces.

Health Care

In 1995 the Institute published the fifth instalment in the on-going *Hospital Waiting Lists* series, which included information provided by more than 2,600 medical specialists across Canada. The 1997 edition of *Waiting Your Turn* examined changes in waiting times since 1993. Not surprisingly, most provinces experienced significant increases in waiting times, this despite many provincial governments' significant and on-going reform efforts. Initially published among considerable controversy, this annual survey on waiting lists is now firmly established as part of

public policy dialogue on health care and garners considerable media coverage each year upon its release.

That same year, the Institute hosted an international conference on health care, "The Health Care Dilemma," which included speakers from Canada, the United States, England, New Zealand, Sweden, Belgium and Germany. Participants compared health care delivery in their respective countries and produced a number of recommendations for improving Canada's health care system. These were published in the 1996 book *Healthy Incentives: Canadian Health Reform in an International Context*.

Also, the Institute's 1997 conference "Putting Patients First," which was held in both Toronto and Vancouver, generated a great deal of interest among media. It also generated a great deal of opposition from protesters who were angry about the conference's discussion of the benefits of increased private sector involvement in health care.

International Centre for the Study of Public Debt

A long-time interest of the Institute has been the study of debt and deficits. In 1993, the Institute established the International Centre for the Study of Public Debt. The purpose of the Centre is to act as a clearing house for information regarding the indebtedness of Canada and its provinces, and to provide an opportunity for research into the implications of the accumulation of public sector liabilities. The Centre has already played a central role in the development of public policy in Canada.

"The publications of the Fraser Institute have helped our research activities very much, particularly in the field of public policy. Our countries face similar problems in many areas and the insight of your authors has proved a valuable guide to our own researchers. The Fraser publications have allowed us to develop our own pro-market proposals reaching literature that is now available locally."

Martin Krause,
Eseade Graduate School, Argentina

The annual compilation of the debts and other liabilities of governments which the Centre produces has become a standard reference work for those concerned about the indebtedness of government. The total liabilities approach taken in this compilation focuses attention on the unfunded liabilities of such programs as the social security and health care programs. It also captures contingent liabilities and the obligation to pay unfunded public service pensions.

Part of the work of the Centre was to produce, for the first time, calculations of the intergenerational impact of the various programs which governments offer. The Generational Accounts for Canada calculated for each generation the costs and benefits of the existing programs of government such as the Canada Pension Plan, Old Age Security, and Medicare. The study then provided an estimate of how much the tax burden of various groups will have to be increased to pay for the programs as currently structured.

The conclusion of this work was that the social programs which Canada has in place at the moment are not sustainable in the sense that the tax increases which would have to be borne by future generations are themselves not sustainable. Not, at least, unless the productivity of the Canadian economy increases faster than it has been doing recently.

The Centre played a key role in riveting the attention of the Canadian public and the federal government on the seriousness of the country's indebtedness. In November 1994, the Institute hosted a conference in Toronto entitled, "Is Canada Hitting the Wall?" The result of this conference was widespread media attention focused on the importance of cutting the

"I wish to offer my congratulations to the Fraser Institute on its 25th Anniversary. The Institute has achieved distinction for its high quality of work in advancing public policy in Canada. Although I tend to disagree with many of the prescriptions of the Institute because of a different political philosophy, there is no doubt that the Fraser Institute's positions are taken into account by those of us in government."

Hon. David M. Collenette, P.C., M.P.,
House of Commons, Ottawa



Steve Forbes
at an
Institute
Roundtable,
Toronto,
1997

level of federal spending and dealing with the federal deficit. Of this attention, the most important was a *Wall Street Journal* article which, when it was published, caused a sharp decline in the Canadian dollar and a spike in interest rates. It also ensured that the federal budget, which soon followed, marked the turning point in the financial circumstances of the country.

It is important to note that while the Institute was criticized for having played a role in these developments, its role was purely educational. The Centre's program simply provided an opportunity for the information about the country's actual circumstances to be more widely understood. The reactions to this information, while appropriate, were not the direct consequence of the Institute's actions, for indeed the government could well have chosen to ignore the information and the public reaction to it. In fact, certain provincial governments which have been provided with the same sort of information about their conduct have decided to ignore it.

The Internet and the Move to Electronic Commerce

In January 1996, The Fraser Institute established its presence on the World Wide Web at www.fraserinstitute.ca. Designed as a research tool for students, academics, journalists, government researchers, and others interested in public policy, the Institute's web site has continued to attract more and more visitors every month. Each day, more than a thousand people from around the world visit the



Senior Fellow Gordon Gibson discusses aboriginal treaties with Chief Satsan, 1998

Institute's home page to read and download information about the Institute, its programs, and its areas of research. Each month more than 50,000 pages of information are transferred to these visitors.

The web site also makes it possible for the Institute to sell its books and other merchandise to visitors. In 1999 the Institute moved its web site to a secure server, which means that patrons and customers can use credit cards to pay for their purchases. It is anticipated that this electronic commerce application will become increasingly important to the Institute as time passes, and that the online medium will be a crucial tool to fulfill the Institute's educational mandate.

In 1998, the Institute created an additional web site, www.freetheworld.com, used to distribute information regarding the Economic Freedom of the World project. The site contains links to the Economic Freedom of the World books, articles on the project, and links to members of the Economic Freedom Network.

Regulatory Studies

In 1995, the Institute launched a new Regulatory Studies Centre, the purpose of which was to construct measures of regulatory impact and to assess the implications of different regulatory regimes. The Centre's work thus far has focused on three main areas: the cost of regulation, risk management in society, and labour regulation.

The Cost of Regulation

The Institute's studies on the cost of regulation constitute the first attempt to construct measurements of the total cost of the regulatory burden which governments impose on the private sector. Through a series of individual case studies in a cross section of industrial sectors, and by using methodology developed to measure regulatory burden in the United States, the Institute has been able to construct an estimate of the total costs of regulatory compliance. This calculation, which is updated annually, has been used by the federal Treasury Board and other government agencies to assess the impact of regulation.

Risk Management in Society

Many regulations are designed to reduce or eliminate the exposure to risk. Whether they accomplish this is, of course, another question. In this context, the risk management studies of the Institute are meant to examine the basis upon which regulations are enacted, to assess their benefits and their costs, and to enquire as to whether they are the best route to the desired objective. Additionally, in those cases where regulations are designed to protect the public from

"It is my conviction that The Fraser Institute has played a very unique role in Canada at a particularly important time! Indeed, The Fraser Institute and its publications and positions first became apparent to me at least twenty years ago, at a time when some of its views were considered radical and inappropriate for Canada and Canadians. But by dint of sheer volume and quality, The Fraser Institute has slowly made an expanding circle of Canadians understand that instruments supporting free-market initiatives and open societies are not threatening, but indeed liberating and beneficial to the largest possible number of Canadians. Congratulations on what you have done and great good luck in the many challenges and initiatives that you will be undertaking in the future."

J. Trevor Eyton, Senior Group Chairman,
EdperBrascan Corporation, Toronto

hazards, the Institute explores whether the assessment of risk has been appropriately conducted and is based on the best scientific evidence available.

The Institute has initiated a series of conferences and books to explore the state of affairs in this area. During 1999, several conferences dealing with regulation and risk were held and several books were produced. The first publication, *Passive Smoke*, deals with the difficult issue of tobacco regulation, and explores the extent to which regulators have relied upon the scientific evidence in the construction of regulations respecting second-hand smoke. The other volume, untitled as this review goes to press, provides an overview of risk and regulation issues including a suggested framework for regulatory review.

Labour

The Institute's interest in issues surrounding labour markets goes back to its earliest days in 1974 and 1975 when the Institute released its research on unemployment insurance at its first conference. Since then, there have been studies on public sector unions and on other countries' experiences with the union movement.

Several papers studying labour issues have since been released, including studies of right-to-work legislation and voluntary (as opposed to coerced) unionism. A 1996 conference in Toronto that featured experts from Canada, the United States, England, and New Zealand attracted widespread media attention. A second Institute conference on right-to-work laws was held in Calgary in May 1997. A book recording the proceedings of these conferences and other research in the area was published under the title, *Unions and Right to Work Laws*, in 1998, edited by Institute Policy Analyst Fazil Mihlar.

"The subjects are well chosen for their relevance and the work behind it is scholarly and meets professional standards. The case for economic freedom in Canada and elsewhere could hardly have a better advocate."

Herbert Giersch,
The Kiel Institute of World Economics, Germany



Michael Walker and the 1997 summer student interns

Law and Markets

In mid-1996 the Institute launched the Law and Markets Project under Institute Senior Policy Analyst Dr. Owen Lippert. The purpose of this on-going program is to analyze the economic consequences of Canada's laws and legal system. Results of this research have been released and discussed through articles in *The Financial Post*, the *Globe and Mail*, *Canadian Lawyer* and other publications, and through Institute publications and conferences such as "Is Canada Inheriting America's Litigious Legacy?" which was held in November 1996 in Toronto.

In 1998, the Project held conferences and published papers on a number of topics. The issue of intellectual property and its treatment by governments in trade regulations was the subject of conferences held in Santiago, Chile and Buenos Aires, Argentina. In 1999, the Delgamuukw decision of the Supreme Court of Canada was the focus of a national conference held in Ottawa in late May.

One of the concerns of the Law and Markets Project is the extent to which the activities of the judiciary in interpreting the constitution have implications for economic activity. Judge-made law is an increasingly important feature of the governmental framework, and the attitudes and outlook of judges is therefore a potentially crucial feature of the future evolution of



Winners of the Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services with the Hon. Hilary Weston, Lieutenant Governor of Ontario, Toronto, 1998

the economic framework. As a first step in analyzing their impact, the Institute has compiled a database of the resumes of all federal judges. The intention is to use this database, together with the decision records of the judges, to attempt to better understand the evolution of the legal framework.

Securities legislation and the use of class action suits were also the focus of a study during 1999 as the Ontario Securities Commission prepared to release its recommendations with regard to this crucial issue.

Taxation and Fiscal Performance

While Tax Freedom Day continued to be an important fixture in the continuing debate about appropriate levels of government spending, The Fraser Institute continued to add more elements to its on-going attempt to measure and communicate information about governments' fiscal performance.

Accordingly, in 1995 the Institute created the "Fiscal Performance Index," patterned after a model created by the Cato Institute in Washington, DC. The Index reported on the performance of provincial governments relative to each other and relative to state governments in the United States. When the study was completed, the Institute was pleased to award its first "Fiscal Performance Award" to Alberta Premier Ralph Klein when he spoke at an Institute Round Table Luncheon in Vancouver during January 1995.

In 1999, Premier Klein was also the winner of the award, having once again bested the other fifty-five jurisdictions in North America to which his fiscal record was compared.

The Institute also created a "Budget Performance Index" to compare the budgetary activities of the federal government with those of the various provincial governments. Areas studied included taxation, debt, program spending and the size of government.

In 1995, the Institute released its first *Survey of Senior Investment Managers in Canada*. The participants in this survey, who together manage more than \$200 billion in assets, were asked for their views on key issues of fiscal and monetary policy as well as for their thoughts on the outlook for the Canadian economy and federation. This Survey continues to be published on a quarterly basis and has proved to be an important stimulus for discussion of various financial topics, and it is read with great interest in the provincial capitals, and in Ottawa.



In 1998, to further the Institute's work in the areas of fiscal performance, the David Somerville Chair in Canadian Fiscal studies was established with funding from the John Dobson Foundation. Institute Senior Fellow Herbert Grubel was the first appointment to the new Somerville Chair. The first book in this new research area was published at the end of 1998, *How to Use the Fiscal Surplus*, edited by Grubel, contains



Protester at The Fraser Institute's "Putting Patients First" Conference, Vancouver, 1997

the views of a variety of senior business economists and politicians of all political stripes on the use of future fiscal surpluses, the optimal size of government, and efforts designed to achieve balanced budgets.

Two additional books were published in 1997 that contributed to an understanding of Canada's fiscal problems. *Tax Facts 10*, like its predecessors, was one of the most popular Institute titles released during the year. Also released was *The Underground Economy: Global Evidence of Its Size and Impact*, which provided compelling evidence that Canada's "black market" could be as large as twenty percent of the country's GDP. This was in sharp contrast to Statistics Canada's estimate that the underground economy represents at most five percent of GDP.



The Social Affairs Centre

The launch of the Social Affairs Centre in late 1997 recognized that, increasingly, the problem areas of government are those associated with social policy. The central question investigated by the Centre is whether or not government control of social policy is a better, more efficient, or fairer basis for meeting popular aspirations than the competitive market model.

Research attention has primarily focused upon the issues of education and drug policy reform. The publication of *A Secondary Schools Report Card for British Columbia*, in early 1998, launched a national



Students at the Institute's 1999 Summer Colloquium, Vancouver

Nobel Laureate
Gary
Becker
at a Fraser
Institute
symposium,
Chicago,
1995



public debate over the respective merits of the measurement of school performance. Such was the institutional and grassroots influence of this publication that the research data was refined and updated in order to produce, in early 1999, a second British Columbia report card and an inaugural *Secondary Schools Report Card for Alberta*.

During 1998, the Centre organized two drug policy reform conferences, held in Vancouver and Toronto, respectively. These ground-breaking conferences successfully publicized the economic, health, legal, and philosophical arguments against the continuation of current drug laws, while highlighting other harm reduction strategies including the medicalization of the drug problem.

Building upon these and other research projects concerning the regulation of social hazards and lifestyles, the Centre endeavours to provide a vigorous critique of problematic current and proposed social policies, while attempting to educate Canadians on the merits of a shift toward private, individual, and family-based solutions to social problems.

"The Institute has turned out over the years such a high quality of research—fair and impartial—and has put together such a top group of writers that I find its work enormously interesting and valuable. I think it has been influential in Canada—mainly because of the rigor of its work."

Stephen Blank,
Director of Canadian Programs
at the Americas Society, New York



Marc Law,
student
intern,
1995

Non-Profit Studies

Nineteen ninety-eight was the first full year of studies dedicated to the non-profit sector in the Institute's newly-established Non-Profit Division. The Donner Canadian Foundation Awards for Excellence in the Delivery of Social Services was established to recognize non-profit organizations that exhibit excellence in the provision of social services. As a result of these new awards, non-profits are now able to objectively assess their performance relative to their peers. In addition to developing this objective performance measurement system, the Non-Profit Division created the Provincial Generosity Index in order to measure differences in individual generosity across the provinces.

"Although I read and write much about Canada, I cannot testify to Fraser's influence in the country. I can, however, report that many American scholars rely on Fraser publications for work on North America generally. It is considered on a par with major U.S. think tanks, such as the Hoover Institution, with which I am affiliated, and A.E.I."

Seymour Martin Lipset, Hazel Professor of Public Policy, The Institute of Public Policy, George Mason University, Virginia

National Media Archive

The Archive has continued to report on election media coverage with its analysis of the television coverage of BC's two provincial elections as well as the 1998 Alberta election. The Archive has also compared the media coverage received by different provincial politicians.

The Archive's work has been presented at many academic conferences in Canada and abroad. It has formed the basis of a number of important academic treatments of the subject, including an entire issue of the *Journal of the Canadian Communications Association*. In the case of coverage of the 1997 federal election, the principal researchers of the Social Science Research Council study used the raw data for their analysis of the vote.

In the national arena, the National Media Archive examined television's attention to the national unity debate. For example, research found that during the Meech Lake crisis CBC uncritically accepted the government's position that without the Accord the country would be ruined. This analysis prompted the Crown Corporation to reexamine its national unity coverage and during the Charlottetown Accord, a memo was issued to the reporting staff that all stories had to be balanced on the issue. The National Media Archive found that during the Charlottetown Accord Referendum, the network had lived up to its promise of provided roughly equal attention to both sides of the argument.

The rigorous attention to detail and the innovations in media content research resulted in many international organizations seeking the National



Montreal Student Seminar with Youthquake author,
Ezra Levant, 1996

Media Archive's advice on how to examine the media. In 1994, the British Commonwealth Secretariat invited Archive Director Lydia Miljan to South Africa to help the Election Commission establish a methodology to assess media attention to the election campaign.



Attendees at the 1998 Economic Freedom Network Conference in Manila, Philippines

In 1998, the Institute for Public Affairs in Australia asked for The National Media Archive's expertise in setting up a similar media monitoring organization to that of the NMA. Archive co-ordinator, Kate Morrison went to Australia on an extended trip to set up the project.

The National Media Archive has also conducted studies about the kind of news Canadians receive about the international scene. Research was conducted on the Nicaraguan election, the South African political scene, as well as studies on the media's coverage of the Gulf War. In the study on the Gulf War it was found that on CBC, George Bush was eight times as likely to be criticized as was Saddam Hussein. This prompted a furious debate at CBC where controversial CBC director John Crispo reasserted his position that CBC was acting like Radio Baghdad during the conflict.

Media research organizations were formed in Sweden, the Czech Republic and Germany with guidance and advice from the NMA. The early work with these sister media monitoring organizations led to incorporation among them as the International Media Monitoring Association. The combined studies of these groups, which includes the Center for Media and Public Affairs in Washington, D.C., appear quarterly under the title *Media Monitor International*.

"Fraser Forum, for instance, manages to provide solid economic research in an accessible and entertaining format. It's a remarkable publication that must be read by anyone serious about Canadian public policy."

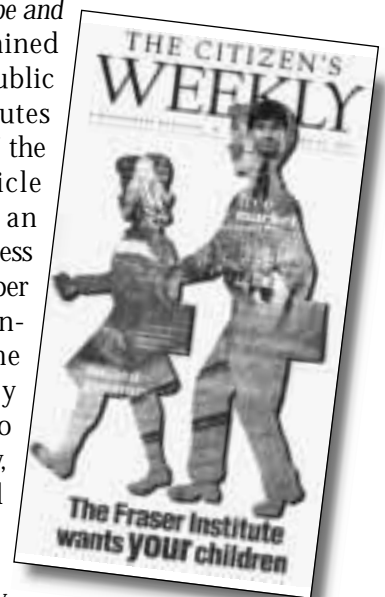
Rahim Jaffer, M.P.,
Reform Party

Media Coverage

Media coverage continues to be a key component in ensuring that the Institute's research is available and accessible to as wide an audience as possible. The Institute is regularly featured in the major print and electronic mediums across the country and is increasingly the focus of international media coverage. From the first news story in 1974, the Institute now averages over 3,300 media mentions a year.

In 1995 the Canadian Broadcasting Corporation aired a television documentary about the rise of what it termed "neo-conservatism" in Canada. Journalist Brian Stewart called Vancouver the "birthplace of modern Canadian conservatism," citing the Institute's key role in changing Canadian public policy over the previous two decades.

That same year, the *Globe and Mail* newspaper examined the work of fifteen public policy research institutes across Canada. One of the things the *Globe* article used in evaluating an organization's effectiveness was a tally of the number of mentions the organization received in the *Globe and Mail*. They found that in the two years before the study, The Fraser Institute had received more mentions in the *Globe* than all of the other public policy institutes combined.





Pulling in the crowds...Premier Mike Harris addresses The Fraser Institute AGM in Vancouver, 1997

October 1998 saw the publication of a major three-page profile in the *Ottawa Citizen*. Writer Charles Gordon took an in-depth look at the Institute, focusing in particular on the highly successful Student Program. With headlines such as “The Fraser Institute Wants Your Children,” the profile certainly had a sense of humour.

Student Internship Program

The Fraser Institute often hired university students to work in its offices, but it was not until 1995 that a more formal internship program was established. Starting with only three interns in the first year, the program has expanded to allow eight to twelve university students and recent graduates the opportunity to join the Institute for training as junior policy analysts each year. The interns work on specific research projects under the supervision of Institute staff. Research projects have ranged from an analysis of medical technologies available in Canada to a comparison of welfare levels between Canada and the United States.

“The books, essays and booklets you have published during these years have been very important for me and for my colleagues at our Graduate School. I hope that the next twenty-five years will be so productive as the first ones.”

Alberto Benegas Lynch,
Jr., Professor of Economics and Dean,
Escuela Superior de Economía y Administración
De Empresas, Argentina

The internship program is designed to train these future decision makers by developing their understanding of economic principles and problem-solving skills. The students are selected through a competitive hiring process which involves hundreds of applicants from across Canada. Each student is responsible for producing a particular research study under the direction of a policy supervisor.

An added benefit of the internship program is that some of the graduates of the program who have gone on to complete their degrees have returned to the Institute as full-time analysts, bringing the results of the Student Program full circle.

Student Essay Competition

In 1995, the Institute launched a Student Essay Competition to encourage young academic writers. That first year, entries were received from students at almost 40 Canadian universities. A number of university professors across Canada regularly make participation in the contest part of their course requirements. The essay contest has been very successful in identifying and developing future journalists and policy authors, as well as focusing attention on critical economic issues.

Student Bursaries

It is the Institute’s aim to expose students to as many of its policy events as possible. To this end, at each round table luncheon and policy conference the Institute routinely offers student bursaries to local scholars who might otherwise find the registration fees prohibitive. In 1998, bursaries were awarded to seventy-nine students across Canada with a total



*Attendees at the March 1998 conference:
The Privatization of Liquor Retailing*

value of nearly \$7,000. Institute members who realize the benefit of exposing students to these important policy events sponsored many of these students.

But have the Institute's various student programs been effective? By any measurable standard the answer is an emphatic "yes." Many of the young people who have attended the Institute's Student Leaders' Colloquia since 1992 or who have worked as interns with the Institute have gone on to make names for themselves in politics, the media, academia or in other areas of Canadian public policy. SLC alumni serve as Members of Parliament and as Assistants to the Leaders of the Reform Party and Bloc Quebecois. Others work with elected officials from the remaining three parties in Canada's Parliament. Still more are continuing their post-secondary education with a view to either working in academia or with public policy research organizations like The Fraser Institute. Others are pursuing careers in finance or business.

In 1995 the Institute's student programs received a tremendous boost from some unlikely sources. Writing in *This Magazine*, Simon Fraser University Professor Marjorie Cohen lamented that "There is no research or educational institute on the left which has anything like the capacity of The Fraser Institute to reach students." Even more intriguing to Professor Cohen was that "The evangelical strategy of The Fraser Institute even draws in students who are not ideologically inclined to participate."

Twenty-five Years On... Leaving 626 Bute Street Behind

Twenty-five years had seen a great expansion in the range and scope of the Institute's activities, and 1998 marked the year The Fraser Institute's intellectual and physical growth finally bumped into the limitations in space at its original home.

The fact that in 1996 the building on Bute Street was sold to a developer who intended to demolish the building to make way for a new hotel on the site made the need for new space an even more pressing concern. Skillful negotiation on the part of Michael Walker and then Secretary-Treasurer Victor Waese



Signing the deal for the new premise, 1998. Standing from left: Richard Benmore, T.P. Boyle, Michael Hopkins. Seated from left: Raymond Heung, Michael Walker

"The Institute has, I think, had a major influence in policy debates in Canada. The Institute, and Mike Walker in particular, deserve congratulations on the 25-year record."

James M. Buchanan,
Nobel Laureate in Economic Sciences, 1986,
Center for Study of Public Choice,
George Mason University, Virginia



The last Board of Trustees meeting at 626 Bute Street, 1998. Trustees from left, standing: Greg Fleck, Art Grunder, Edward Dato, Ev Berg, Mark Mitchell, Fred Mannix, Bob Lee, Ed Belzberg, Elizabeth Chaplin. Seated from left: Pat Boyle, Raymond Addington, Michael Walker, Alan Campney

concluded the existing lease on 626 Bute Street under advantageous terms and, in 1997, the search for a new home was well under way.

Both rental accommodation and the purchase of a building were considered. Based on the wise counsel of long-time Institute Board member Robert Lee, the decision was ultimately made that the Institute's best interests would be served by a purchase, rather than a rental agreement.

While many buildings were assessed, and offers placed on several of them, it soon became evident that the key to the success of our venture was to find a partner who would share the risk and assist with the equity capital required. Armed with funds from the Institute's building fund, foundation grants, and the generous financial support of many committed donors, the Institute continued its determined search. There were several false starts, but, with the assistance of Robert Lee, John Harbottle and Marty Dohm of Prospero Realty, and especially Raymond Heung of Vanac Developments—no doubt applying knowledge from his book, *The Do's and Don'ts of Housing Policy* published early on in the Institute's history—the Institute eventually found its way to 1770 Burrard Street and the most financially advantageous option.

In keeping with the Institute's long-standing practice of using members' resources in the most efficient manner, renovations proved to be extremely cost-effective as the previous tenants had designed their offices in a configuration that almost exactly fulfilled the needs of the Institute. In addition to more space for an expanding staff, the new offices made possible the establishment of a student centre, and a large general-purpose meeting room which doubles as meeting and event space.

And so, on December 19, 1998, the lights were turned off for the last time at 626 Bute Street, just in time to start the next twenty-five years.

“The West has become the crucible of progressive ideas and research on public policy issues, and the Fraser Institute is on the leading edge of this thrust.”

John Duncan, M.P., Vancouver Island North



Hard Hat Tour of the new premises, 1998. Patrick Basham, Angela Bell, and T.P. Boyle.



Three of the Institute's founders reunite on June 3, 1999: Michael Walker (left), Sally Pipes, and Csaba Hajdu



The new premises of The Fraser Institute, 1770 Burrard Street, Vancouver

“Whether by analysing Canadian media coverage for bias, comparing countries’ ‘Freedom Indicators’ with economic progress around the globe, or documenting the inefficiencies of the welfare state, the Institute has armed conservatives with intellectually rigorous evidence that Canada’s path ahead lies through less state intervention in the lives of citizens and economy.”

The Honourable Preston Manning,
M.P., Leader of the Opposition

“The twenty-five years in which the Fraser Institute has been active have seen a significant intellectual shift in thinking about the problems of public policy and economic management in Canada and around the world. That turnaround...was only possible with the policy shift away from increased regulation and toward greater reliance on market forces. The Fraser Institute has been a leader in contributing to the intellectual climate in Canada that has fostered that shift, not just in energy policy but in all aspects of public policy.”

Robert B. Peterson,
Chairman, President, and Chief Executive
Officer, Imperial Oil Limited

“The Institute is very effective in that they are on top of—or at least a step or two ahead—of what issues are important to our country. The thorough fact chasing and keen insights offered by the Institute are, I believe, a ‘must read’ by all Canadians to understand and appreciate the issues that face us today.”

F.P. Mannix
Chairman, Mancal Ltd.

“It would be hard to think of Canada’s public policy landscape over the past quarter century without the Fraser. What started out as a fledgling, upstart organization going against the conventional wisdom that ‘bigger governments are better,’ has become an important fixture, to the dismay of its leftist critics, in reminding us that freer markets, property rights and the rule of law are the solutions and not the problem.”

“Let me add that I’ve seen the esteem many hold for the Fraser internationally, and the respect policy experts around the world hold for Mike Walker personally. The Institute has had an impact on policy not only in Canada but in the Far East, Eastern Europe and Central and South America.”

Patrick Luciani, Executive Director,
Donner Canadian Foundation, Toronto

“I think the Institute has been highly effective. It has been the single most effective organization unabashedly and unreservedly promoting the free market mechanism in Canada over along period of time...the tough love free market approach is widely accepted today as main line thinking by most politicians and the public at large. The Fraser Institute won most of the battles and clearly won the war in this area.”

Peter Martin, Managing Director,
Economics and Financial Markets Research,
CIBC Wood Gundy Securities

“I believe the work of the Institute”

Bob Mills, M.P.,
Red Deer

The Next Twenty-five Years



In a recent article in the *Ottawa Citizen* discussing The Fraser Institute, Mr. Charles Gordon, who writes regularly for *Maclean's* magazine from a mildly left-of-centre perspective and who has noted that he himself does not agree with much that The Fraser Institute does, called the Institute "Canada's most powerful think tank." Of course, in so dubbing the Institute he was really talking about the effect of the Institute's ideas—some of which have been catalogued in this review. While it is hard for the Institute to dispute such an honorific, we do well to regard it with some scepticism, for while there have undoubtedly been some great gains, the challenges which remain are enormous.

From the theme of the preface it is clear that Canadians no longer believe that government should be the principal source of growth and development in the economy. The collapse of the Soviet Union, and the race by the People's Republic of China to embrace the fact, if not the rhetoric, of competitive markets, have taken away the grand scheme perspectives of those who promoted government "ownership of the commanding heights of the economy."

However, powerful incentives to involve government in the economy remain. It is still true that businesses often find it more convenient or productive to pursue a favour from the government than to find better ways of competing in the marketplace. Politicians still find a ready audience for claims that we could solve our economic problems if only we could tax a few more of the rich.

In spite of considerable evidence to the contrary, there is still a widespread belief that the current, centrally-controlled and centrally-financed system of health care is "the best in the world." This belief is apparently impervious to demonstrations of the waiting lists and lack of technology which are a distressingly common feature of our health care system.

While increasingly there is agreement that education is the key ingredient for future economic success, this segment of our economy remains basically a public sector monopoly which is served by a monopoly supplier of labour.

Nowhere are the threats to the well-being of Canadians more pronounced than in those areas of

endeavour which involve the use of new ideas and require the protection of intellectual property. New pharmaceuticals and new bio-engineered products which promise to make great strides in the cost of treatment and the overall costs of health care in Canadian society are the target of well-intentioned social activists who seem not to have information about the consequence of their opposition to these developments. Such opposition effectively bars these products from being developed in Canada, hindering our development as a technologically advanced country, and potentially condemning some Canadians to needless suffering and premature death.

Examples as diverse as unpasteurized cheese, silicone breast implants, second-hand tobacco smoke, and stock market class action suits are all pressures for governments to intervene in the marketplace ostensibly in order to reduce the risks which consumers face. These new incursions of government into private decision-making remind us of the admonition which Friedrich Hayek provided in his path-breaking book, *The Road to Serfdom*. Hayek noted that the greatest threat to human freedom was posed by the fact that in the understandable, but vain, hope to avoid risk, people would invite government to remove their freedom in exchange for a guarantee of income security. While there has been enough recent experience with the negative side of this transaction in the USSR and the People's Republic of China, as well as Canada, to inhibit Canadians in pursuing it, the evidence in the area of other forms of risk has not been assembled. In fact, there does not exist in Canada an organized effort to study and document the impact of differing approaches to risk management in society.

No area of policy has acquired more attention in recent years than the environment. In many ways environmental policy is a case study in risk management. Surveys of students by The Fraser Institute show that the next generation of leaders in society have already been sold on the idea that the environment is deteriorating and this influences the choices they make, and the policy options they think are relevant.

There are two main difficulties with this situation. The first is that the evidence is at variance with the common perception. The Fraser Institute, in

collaboration with the Pacific Research Institute has compiled, from government data, indices of the measured amount of pollution in Canada, the United States, Mexico and the United Kingdom. This data shows, unambiguously, that the quality of the air, the water, and the soil around us is actually improving. Considerable educational effort will be necessary to change the ingrained perception that the environment is deteriorating.

The second problem with the perception of a deteriorating environment is the fact that it is often held as a cataclysmic scenario with dramatic global repercussions. The perception of a very large threat is justification for draconian action to prevent it. An example of this sort of problem is to be found in the global warming scenario, and the policies implied by the truly catastrophic Kyoto Protocol. From an economic policy point of view, global warming is simply the latest in a series of attempts by those who harbour a strong anti-growth perspective to achieve a consensus so that they can pursue their ambition of strict controls on the economic marketplace.

The potential implications of the success of such a gambit are large. For example, one estimate rated the impact of the original Canadian proposals as three times as contractionary as the National Energy Program of the early 1980s. The original proposal has since been superseded by suggested measures which would be twice as restrictive. The Canadian public must be given the information they need to make sensible choices about these sorts of policies so that they will not be bullied by threats of environmental impact to accept policies that would have a substantial negative impact on their well-being.

While deficit financing of government programs is now certainly out of fashion, the programs themselves resist every demonstration that they could be made more efficient by reliance on incentives. The consequence is that, while careful statistical analysis of historical and contemporary experience shows that the size of the private sector should not be less than 70 percent of the total economy, it is confined, by the activities of government in Canada, to 55 percent. The losses that are imposed on Canadians' economic well-being by this deviation from the optimal size of the private sector are increasingly obvious. Relative to the United States, our standard of living is falling steadily. Our children increasingly find that opportunities for jobs and advancement in the United States far exceed what is possible in Canada.

Traditional industries are shrinking under the burden of regulation and taxation, and the blossoming of their replacements is hindered by capital gains taxation which is double the U.S. average.

Nevertheless, it is possible to reflect with some satisfaction on the effectiveness of The Fraser Institute effort which began with only the slimmest chance of success twenty-five years ago. The Institute's ideas have spread far and wide, and the general level of understanding and debate about economic and social policy is at a much more advanced level than it was when the Institute was founded. Many of the Institute's ideas have become the consensus view on topics that are crucial for the economic well-being of Canadians, and in that sense the Institute is truly achieving what it set out to do.

The most important challenge as we look forward to the next twenty-five years, is the need to recognize that each new generation has to grapple anew with the trade-offs between the reliance on markets and their replacement by command-and-control solutions to economic problems. This basic choice is crucial to economic performance and the social development which depends upon it. The education of the populace about these themes is something that, as we have seen, we ignore at our considerable peril.

Fraser Institute staff. Back row, from left: *Michael Hopkins, Patrick Basham, Peter Cowley, Claudia Rebanks Hepburn, Joel Emes, Dexter Samida, Martin Zelder, and Ryan McBride.*

Middle row from left: *Debbie Chan, Lindsey Martin, Jennifer Beauchamp, Laura Jones, Vanessa Schneider, Courtnay Hodgins, Margaret Kerr, Suzanne Walters, Sherry Stein, Karen Morgan, and Marie Morris.*

Front row from left: *Jason Clemens, Annabel Addington, William McArthur, Lorena Baran, Michael Walker, Kristin McCahon, Herbert Grubel, Pauline Collyer, and Gordon Gibson.*



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“The Fraser Institute does a terrific job in educating Canadians about the effectiveness of the market system in allocating scarce resources, and about the costs of unthinking government regulatory activity. It has taught us that market failure is less pervasive than some would have us believe, and that government intervention is not automatically justified by the observation of market failure. It has taught us that if we ignore what markets tell us, they will come back to haunt us with a vengeance. And it has taught us that high taxes lead to inefficiency because they distort the incentives on which the market system depends.”

“May I take this opportunity to congratulate the Fraser Institute for the exceptional productivity and effectiveness of its first twenty-five years of operation. There can be no question that Michael Walker’s leadership has been absolutely key to this success. May the next twenty-five years prove to be equally successful!”

Brian L. Scarfe, President,
BriMar Consultants Ltd., Victoria

“My congratulations on 25 years of thoughtful research and stimulating debate on public policy issues. Your influence on the public policy debate has been profound, both for your rigorous analyses and your willingness to research issues that the ‘politically correct’ have deemed to be off-limits. Your work is widely reported and your reputation for relevant and sound research is firmly established.”

Diane Ablonczy, M.P.,
Calgary-Nose Hill

“I believe I first heard of the Fraser Institute when I was working on a cover story for Maclean’s about the 1st anniversary of Trudeau’s wage and price controls in 1976. Amazing as it may seem, controls were universally accepted then; in fact, Trudeau had actually run to the right of the Tories in the ‘74’ election by opposing them; then he stole them. With Mike’s help, Maclean’s articulated a pure monetarist critique of them, much to the amazement of the editors who, like most journalists, were not so much biased as totally ignorant. Currently the Fraser Institute is the jewel in the Maple Leaf. I regard it as vital to me personally.”

Peter Brimelow, Senior Editor,
Forbes Magazine, New York

“There can be no doubt that the Institute has influenced the public policy debate. In addition, I know from my position as a Member of Parliament that material produced by the Fraser Institute is used from time to time in support of policy positions being adapted by politicians. Government departments also appear to monitor and react to Fraser Institute studies, as illustrated by the recent investigation by the Joint Standing Committee for the Scrutiny of Regulations of Fazil Mihlar’s work on the federal regulatory system.”

Ted White, M.P.,
North Vancouver
