

# UNEVEN

# RECOVERY

Much of Ontario Still Hasn't  
Fully Recovered from  
the 2008 Recession

Steve Lafleur  
Ben Eisen

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## Executive summary

In recent history, Ontario has suffered more than its share of economic pain. From 2003 to 2015, real per-person economic growth in Ontario was roughly half of the rate in the rest of the country at 0.5 percent annually. Thanks to a steep recession and a tepid recovery since (although a recovery that has gained some steam in very recent years), Ontario's economic performance looks even worse if you consider a somewhat shorter timeframe. From 2008 to 2015, for example, Ontario's economy grew at an average annual rate of just 0.3 percent.

While Ontario as a whole has suffered from weak economic performance in recent years, the economic pain in the province has not been spread evenly. In fact, the province's economic performance has been uneven geographically, and some regions of the province have suffered significantly more than others.

In order to illustrate the uneven recovery in Ontario, this study examines available economic metrics for the province's urban areas, which are classified into Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs). The paper pays particular attention to metrics of labour force performance, and especially to rates of job creation in the various urban areas. The CMAs and CAs are grouped in order to highlight common themes, for the most part by geography.

The study finds that most of the province's job creation took place in its largest urban areas, as well as several metropolitan areas that are closely connected to the Toronto economy. In fact, the Toronto and Ottawa CMAs alone created the equivalent of 98.6 percent of all new net jobs in Ontario between 2008 and 2016. In other words, if the rest of Ontario outside of Toronto and Ottawa is taken as a whole, there has been almost no job creation at all since 2008.

But even excluding the two big engines of job creation, there were large variations among CMAs and CAs, ranging from an 18 percent increase in employment levels in Oshawa to a nearly 33 percent decline in Cornwall.

This paper builds on past analysis from a 2016 Fraser Institute paper that divided Ontario into five major regions or "Solitudes," and employs a modified version of this framework for grouping the province's major urban

areas that are examined in this paper. The results show that outside of Ottawa and the Greater Golden Horseshoe (including Toronto), major regions of the province have experienced little or no job creation in recent years. All of the CMAs and CAs in Northern and Eastern Ontario (excluding Ottawa) experienced job creation rates below the national and provincial averages between 2008 and 2016. The same is true of nearly all urban areas in Southwestern Ontario. In fact, the only CMAs other than Ottawa and Toronto that enjoyed job creation rates above the national average were Kitchener-Waterloo-Cambridge, Guelph, and Oshawa—all of which are within the Greater Golden Horseshoe.

The paper shows that although job creation in Ontario as a whole has been weak in recent years, many of the province's urban centres have actually experienced job losses. In fact, out of the 23 CMAs and CAs examined during this period, 11 experienced net job losses between 2008 and 2016. Furthermore, taken together, the province's non-CA/CMA areas (rural areas and very small towns) also experienced net job losses.

Examining the data in individual CMAs and CAs is crucial to understanding the province's economy, since provincial-level data is so dominated by the large Toronto and Ontario CMAs that it is easy to miss the economic pain that persists in various regions and cities of the province, many of which still have not recovered to pre-recession job levels nearly a decade later. This paper shows that while the province's recovery from the 2008/09 recession can generally be characterized as tepid, there are many areas of the province where it can be better characterized as virtually non-existent.

## Introduction

Ontario has historically been amongst Canada's most important engines of economic growth. However, the province has experienced more than its share of economic pain since the onset of the Great Recession. The recession itself was steeper in Ontario than in most of the rest of the country, and the recovery has been tepid, marked by relatively weak growth.

While the province as a whole has suffered from generally weak economic performance over the past decade, the economic pain has not been spread evenly across the province. While some major urban areas (Toronto and Ottawa, for example) have performed somewhat better, other large regions of the province, including most of Southwestern, Eastern, and Northern Ontario, struggled severely during the recession and the immediately following years.

A 2016 Fraser Institute study, *The Five Solitudes of Ontario* (Eisen and Emes, 2016), highlighted the unevenness of the recovery throughout the province. The study divided the province into five regions: the Greater Golden Horseshoe (GGH), Ottawa, Southwestern Ontario, Eastern Ontario, and Northern Ontario. Among the most troubling takeaways from the study is that as of 2015, total employment in each of Southwestern, Eastern (excluding Ottawa), and Northern Ontario had still not recovered to pre-recession levels.

This study builds on the data and analysis provided in that report by examining economic and especially labour market performance in each of the province's major urban centres between 2008 and 2016. Specifically, while the 2016 Fraser Institute study showed variation in economic performance among the province's various "solitudes," this report measures variations in economic performance within the solitudes. Economic performance across Ontario has been highly uneven over the near-decade since the great recession began; this paper measures the differences among Ontario's urban areas to help the public and policymakers better understand the extent of the economic pain that has been experienced in many urban centres across the province.

## Modifying the “five solitudes” of Ontario

Before considering the Census Metropolitan Area (CMA) and Census Agglomeration (CA) data that compares economic performance of municipalities within Ontario, it is first important to consider the broader context: Ontario as a whole has experienced weaker economic growth in recent years than the rest of Canada.

Between 2008 and 2015, Canada’s overall national economic growth has been relatively weak. Inflation-adjusted per-person GDP across Canada increased at an average annual rate of just 0.4 percent during this time. This is still slightly higher than Ontario, which averaged 0.3 percent growth during this period.

Ontario’s performance appears even worse in the context of comparatively weak economic performance in the years prior to the 2008 recession. Taking a longer historical view, from 2003 to 2015 real per-person economic growth in Ontario averaged just 0.5 percent annually. This is approximately half of the economic growth rate in the country taken as a whole. This weak economic growth has had an impact on job creation, wage growth, household income, and other important economic metrics that directly impact the lives of Ontarians. In short, when considered as a whole, Ontario has suffered more than its share of economic pain in recent years. However, that pain has not been spread evenly either across the province or indeed within individual regions.

Ontario is a geographically large province, occupying nearly three times the geographic footprint of Germany. Its population of 13.8 million makes it the most populous Canadian province, and more populated than many European countries. At the same time, its population is unevenly distributed with 90 percent clustered in the southern portion of the province and the remaining ten percent spread out across the northern 90 percent of the province’s landmass. As such, one would expect the economic conditions of different parts of the province to vary considerably.

In a previous paper, *The Five Solitudes of Ontario*, we highlighted how the economic fortunes of the province have varied between five broad regions since 2008: The Greater Golden Horseshoe, Southwestern Ontario, Northern Ontario, Eastern Ontario, and the Ontario portion of the Ottawa region.



Dividing up the province isn't an exact science, but doing so helps to identify regions experiencing economic challenges that might be missed when looking at the broader provincial picture.

This paper will examine the Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs) within the various regions of the province, though for this paper it is more analytically useful to categorize the regions somewhat differently.

Since 2008, Ontario's two largest CMAs, Toronto and Ottawa, have been among the strongest economic performers according to many metrics. Indeed, as we will show, a large share of the employment that has occurred in Ontario over the past decade has been in either Toronto or Ottawa. It is therefore worthwhile to consider these two higher-performing large CMAs together rather than grouping Toronto with more geographically proximate jurisdictions in the Golden Horseshoe.

Aside from this, our analysis will examine each of the remaining CMA/CA urban centres making use of roughly the same geographic groupings as in the 2016 paper.<sup>1</sup> CMA/CAs in the Golden Horseshoe will be considered together, with the Toronto CMA excluded.<sup>2</sup> The only other change is that Cornwall, which had been part of the Ottawa "solitude" in the original paper, will be grouped together with the rest of Eastern Ontario.

Below is a map of the five solitudes, followed by a table showing which CMA/CAs are located in each solitude.<sup>3</sup>

The following section will overview each of the regional "solitudes" into which we have grouped the province's urban centres, with a discussion of each CMA and many of the CAs for which adequate information is available.<sup>4</sup>

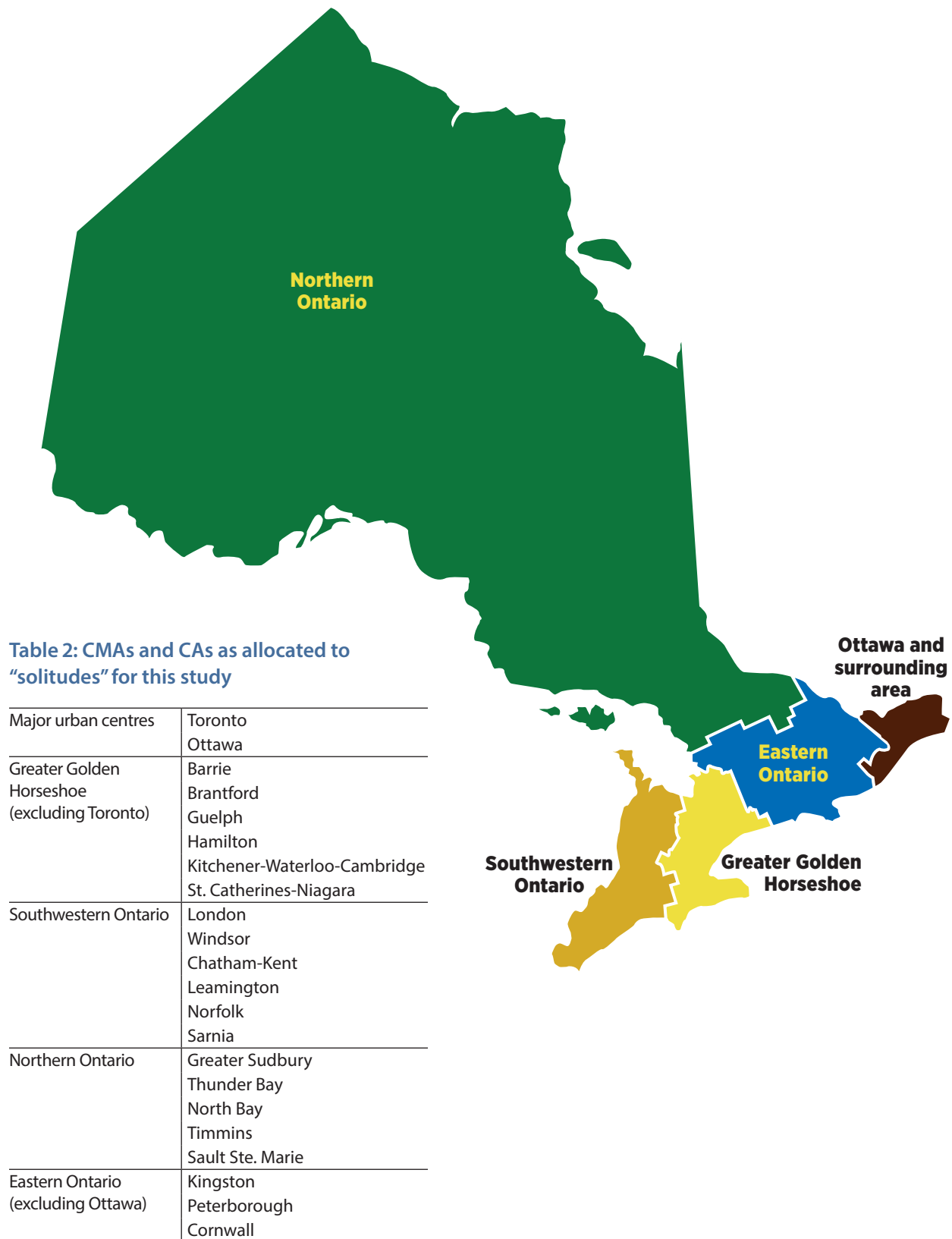
1. Only CMAs and CAs for which Statistics Canada publishes Labour Force Survey data will be included.

2. Several other large municipalities such as Mississauga are also in the Toronto CMA, and therefore are also excluded from discussion of the Golden Horseshoe.

3. See appendix for an overview of the CMAs and CAs in each solitude.

4. All CAs for which Statistics Canada Labour Force Survey data is available are included.

## Ontario's five solitudes



## How the metropolitan areas have performed—the big picture

Overall, Ontario’s economic performance relative to the rest of Canada has been weaker in the time period from 2008–2016. However, there is substantial variation in terms of how various CMAs and CAs across the province have fared. Specifically, while Ontario’s two largest CMAs have outperformed the rest of the province (along with some CMAs close to Toronto such as Guelph), many of Ontario’s other urban centres have performed poorly.

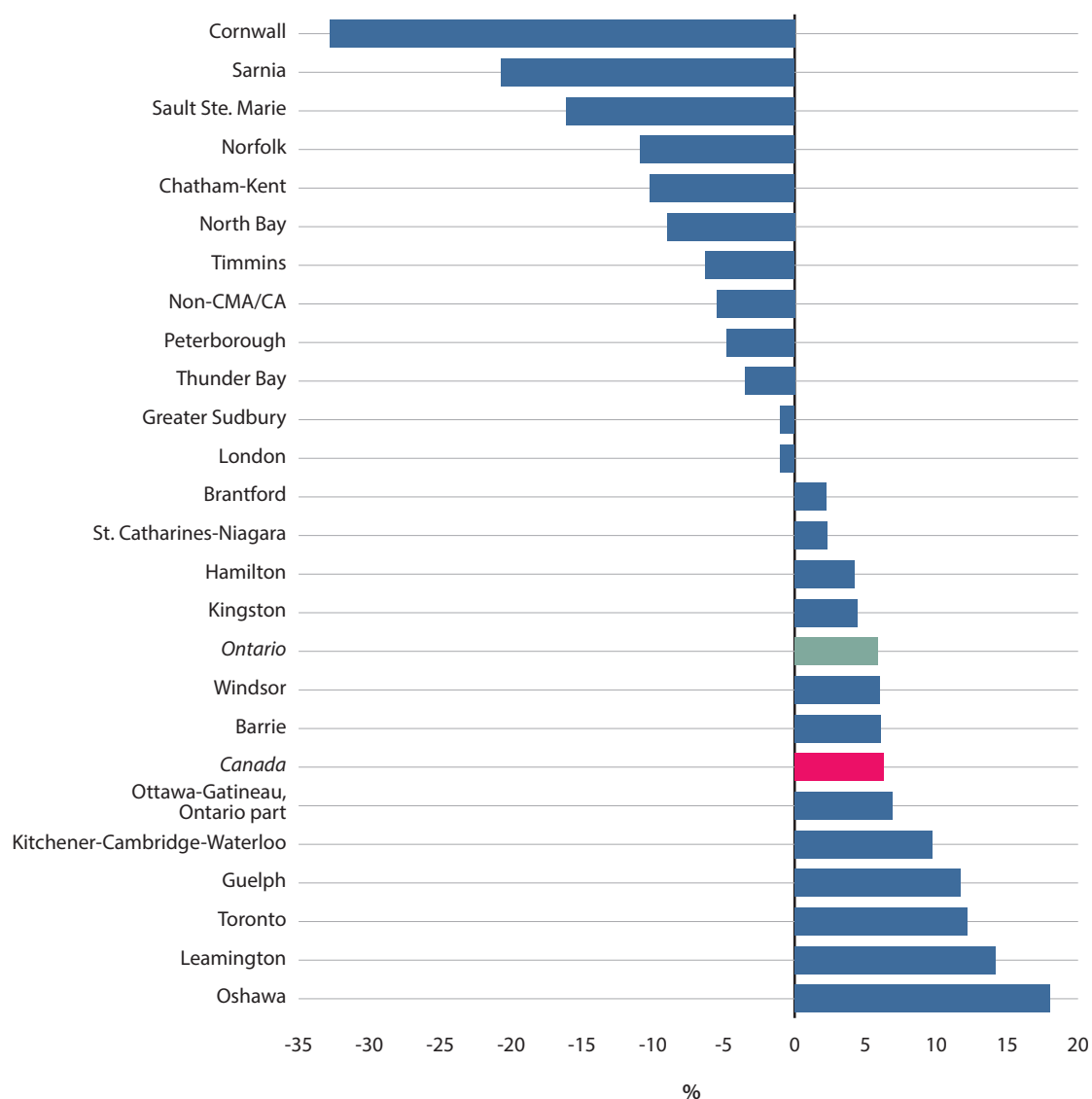
This section will show the variation in economic performance across Ontario’s urban areas by comparing them across a range of indicators of economic performance, with a particular focus on labour market outcomes.

The majority of this section will proceed by discussing the performance of the major urban centres in each of Ontario’s “solitudes” as we are here defining them in turn. This discussion will include a more detailed analysis of performance in the province’s CMAs and a less detailed, more general discussion of performance in the CAs, due to the fact that less specific data is available for these smaller jurisdictions. Despite the dearth of data, inclusion of the CAs further highlights some of the trends in the various “solitudes,” particularly in those such as Eastern Ontario and Northern Ontario where CMAs are few and far between.

Before focusing on each of the province’s economic solitudes in turn, it’s worth presenting a broad overview of all of the CMAs and CAs in the province that will be subsequently examined to show the degree of variation in their economic fortunes. A quick overview of key statistics for all of the CMAs and CAs in the province will also help illustrate the extent to which higher and lower performing jurisdictions are clustered within each of the solitudes.

One metric that can give an idea of the varying fortunes is job creation. While job creation statistics don’t tell the full picture, they are a useful starting point. **Figure 1** shows the percentage change in total employment for each of the CAs and CMAs between 2008 and 2016.

**Figure 1**  
Change in total employment, CMAs and CAs, 2008–2016



Source: Statistics Canada, 2017f.

The first thing that stands out is the substantial divergence between the CMAs/CAs near the top and bottom of the list. More than 50 percentage points separate Oshawa and Cornwall, and while four CMAs/CAs saw total employment increase by more than ten percent, five saw it decrease by more than ten percent. In aggregate, CMAs saw a 7 percent increase in total employment between 2008 and 2016, while employment in smaller CAs fell to 86 percent of their 2008 level and non-CMA/CAs saw their totals fall slightly to just under 95 percent of their 2008 levels by 2016. This means that for the most part, larger urban centres have experienced more job creation than smaller urban (and non-urban) centres in the province.

The second thing that stands out from figure 1 is the fact that higher performing municipalities—those above the national and provincial average for job creation—are concentrated almost entirely in three areas—the Greater Toronto Area, Ottawa, and the area on the border of the golden horseshoe and Southwestern Ontario comprised of Guelph and Kitchener-Cambridge-Waterloo.

All of the urban areas in Northern Ontario and Eastern Ontario fall below both the national and provincial averages, as do most of the urban areas in Southwestern Ontario (excluding the bordering tri-city area noted above). Job creation in major urban centres outside of Ottawa and the Greater Golden Horseshoe, including London, Greater Sudbury, Thunder Bay, and St. Catharines-Niagara, were all either negative, or in the last case, positive but well below the national and provincial averages.

A third striking fact that emerges from figure 1 is that just 6 CMAs and CAs in Ontario experienced job creation rates above the national average between 2008 and 2016, while 17 were below the national average. Furthermore, rural and quasi/rural areas lumped together in the “non-CMA/CA” category also fell below the national and provincial averages. In fact, almost half (11/23) of all Ontario’s CMAs and CAs have experienced negative job growth over this time period.

A relatively clear picture emerges from figure 1: the majority of Ontario’s municipalities have struggled since 2008 with either negative or only very slightly positive rates of job creation. Much better performance in a small number of very large jurisdictions, especially Toronto, pulls the provincial average up closer to the national average. However, these data show that looking at provincial level metrics alone likely gives a distorted view of the experience of residents of many of Ontario’s towns and cities, many of which have suffered significantly worse economic outcomes since 2008 than one might think by looking only at the provincial averages.

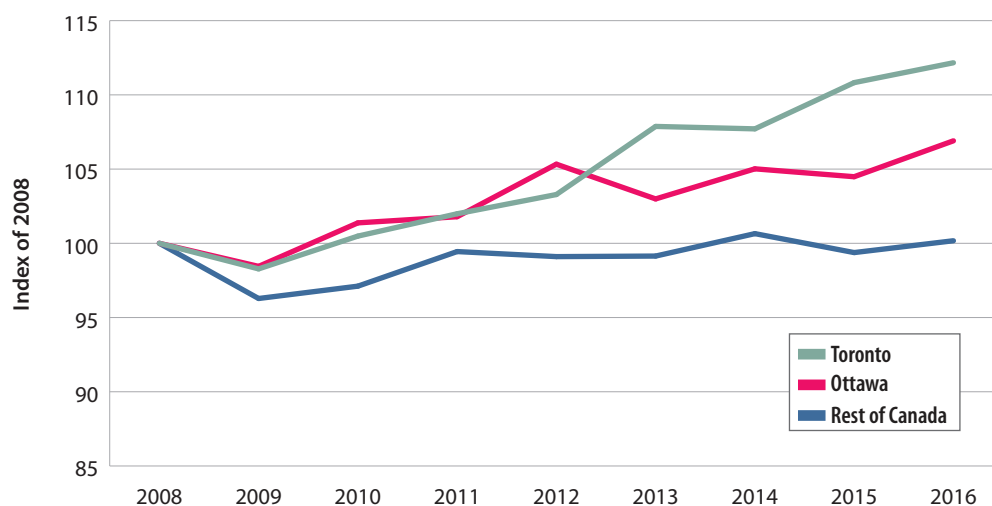
## Toronto and Ottawa

The preceding sub-section showed that Ontario’s largest urban areas have performed comparatively well since 2008, exerting substantial upward pressure on provincial averages. Meanwhile, smaller urban areas in the less densely populated “solitudes” have generally struggled. We now examine each of the major categories into which we have grouped Ontario’s urban centres in turn, to provide more detailed data that sheds light on the comparative economic performance of Ontario’s various solitudes and the urban areas within them. We begin with the novel grouping that has been created for this paper, which consists exclusively of the province’s largest two CMAs, Toronto and Ottawa.

The Toronto and Ottawa CMAs (excluding the Quebec portion) are the two largest CMAs in Ontario, accounting for nearly 54 percent of all jobs in the province in 2016. The Toronto CMA, which in addition to the City of Toronto includes Mississauga as well as several other proximate municipalities, accounted for roughly 46 percent of all Ontario jobs on its own in 2016. Due to the overwhelming proportion of employment the two CMAs account for, they have a substantial impact on provincial level statistics, which can potentially mask weaknesses in other parts of the province. Indeed, figure 1 suggests that is the case.

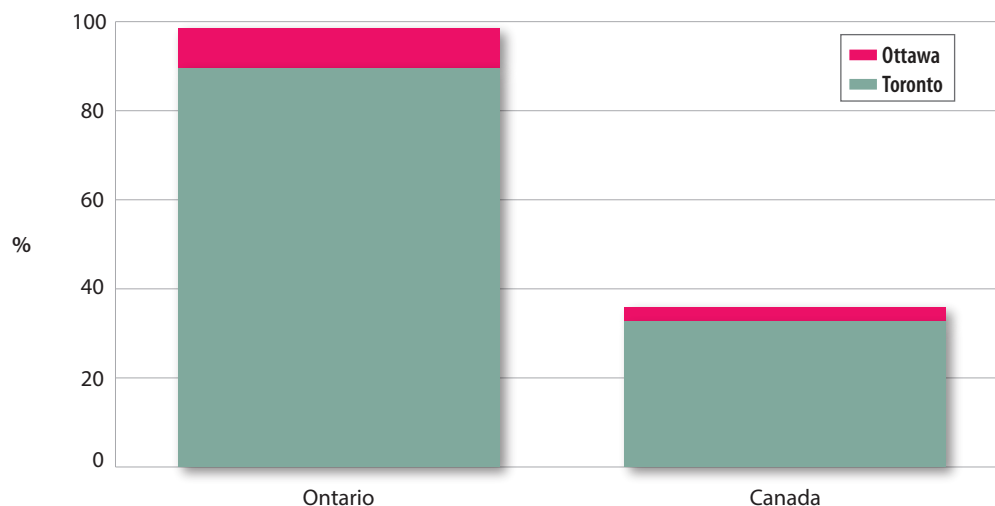
Total employment in the Toronto CMA increased by over 12 percent between 2008 and 2016, while the same metric increased by nearly 7 percent in Ottawa (figure 2). This contrasts sharply with the rest of the province, which saw virtually zero net job creation during the period. Moreover, while Toronto and Ottawa returned to pre-recession job levels one calendar year after the dip in 2009, the rest of the province didn't return to pre-recession employment levels until 2014.

**Figure 2**  
Total employed as an index of 2008, all industries



Source: Statistics Canada, 2017e, 2017g.

The Toronto and Ottawa CMAs combined to create the equivalent of 98.6 percent of all net new jobs in Ontario between 2008 and 2016 (and roughly 36 percent of all net new jobs nation-wide) (figure 3). Of course, there were other regions that also created new jobs on net, but those were mostly offset by other regions shedding jobs. Examples of each will be discussed in subsequent sections.

**Figure 3****Toronto and Ottawa contributions to net job creation in Ontario and Canada**

Source: Statistics Canada, 2017e, 2017g.

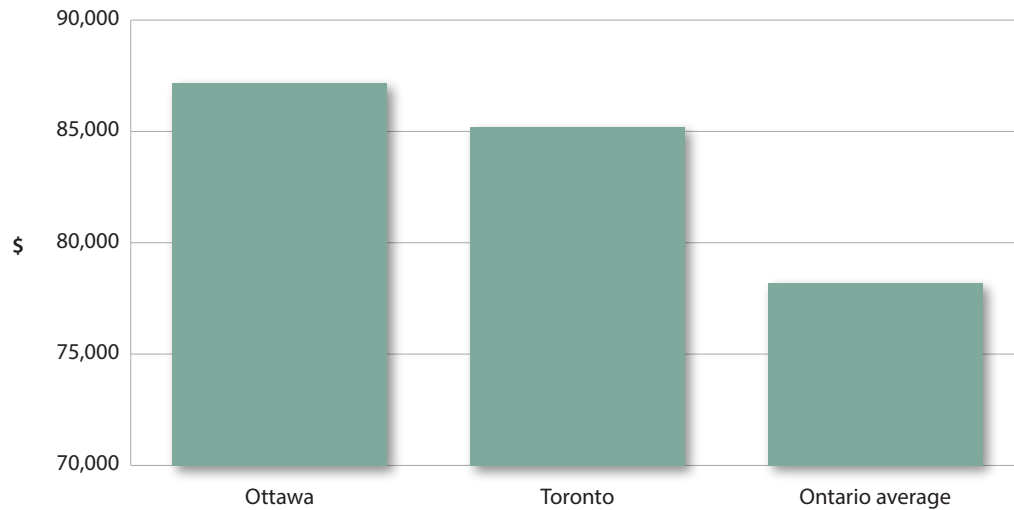
While the economic statistics are generally positive for the big urban areas, Toronto's unemployment rate has been persistently above the provincial average going as far back as 2002 (ranging from roughly 0.2 to 0.8 percentage points over the provincial average). However, this could be driven by the fact that so many people move from the rest of the province and country to Toronto in search of employment.

The jobs created in Toronto and Ottawa have on average been relatively high paying, with employment income increasing by roughly 10 and 9 percent respectively during the period, which was near the middle of the pack for CAs and CMAs. However, they began the period as the two CMAs with the highest average per-capita employment income, so that was sufficient for them to stay on top. In 2015, per-capita employment income in the Ottawa CMA was over \$87,000, nearly \$9,000 more than the provincial average (**figure 4**). In Toronto, per-capita employment income was slightly lower at over \$85,000, nearly \$7,000 above the provincial average.

While the manufacturing sector is an important part of the overall provincial economy, the share of manufacturing jobs fell by three percentage points in both Toronto and Ottawa. New job creation was driven in both CMAs by the service sector.

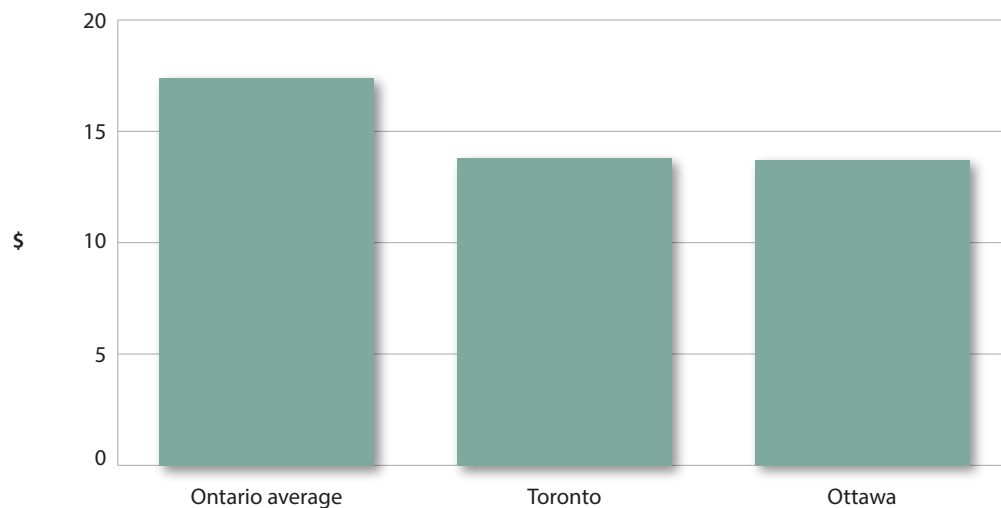
While one might assume that this would mean an increased share of public administration jobs in Toronto and especially Ottawa, given that they are the provincial and national capitals, respectively, the share of jobs in public administration fell one percentage point in each to 19 percent in Ottawa and 3 percent in Toronto. The sector that increased most in Ottawa was healthcare, which increased by three percentage points. In Toronto, "Finance,

**Figure 4**  
Per-capita employment income, 2015



Source: Statistics Canada, 2017b.

**Figure 5**  
Economic dependency ratio (total government transfers per \$100 employment income)



Source: Statistics Canada, 2017c.

Insurance, Real Estate, Rental and Leasing” climbed to 11 percent of all jobs, as did “Professional, Scientific, and Technical Services,” three percentage points above the provincial average in both cases. That shouldn’t come as a surprise given Toronto’s real estate boom and the fact that the region is home to several major research universities and Bay Street.



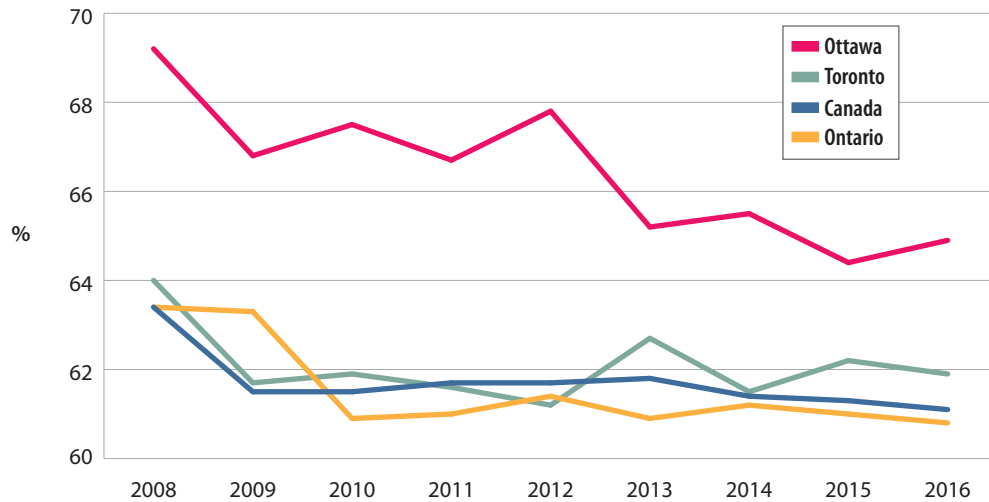
The fact that the two largest CMAs have prospered has likely contributed to the fact that they are relatively less dependent on the provincial and federal treasuries for transfer income.<sup>5</sup>

Residents of the Toronto and Ottawa CMAs receive less in government transfers on average per \$100 of employment income, at \$13.8 and \$13.7, respectively, compared to the provincial average of \$17.4 (figure 5). Having said that, nearly one in five jobs in Ottawa are in public administration, so the region certainly does benefit from the federal treasury. That isn't to say that public employment and transfer income are equivalent, but is merely to note that the rest of the province does underwrite a large proportion of the CMA's employment.

One potentially problematic sign for Ottawa and Toronto is that the employment rate has decreased in both—by 4.3 and 2.1 percentage points, respectively, between 2008 and 2016 (figure 6). Having said that, their 64.9 percent and 61.9 percent employment rates are both still above the provincial average.

Despite ending on that slightly down note, Toronto and Ottawa have clearly seen better outcomes than the provincial average on the metrics noted above, and the comparatively strong performance of these two large urban areas has exerted substantial upward pressure on provincial averages for several metrics.

**Figure 6**  
Employment rates, 2008–2016



Source: Statistics Canada, 2017d.

5. Another major contributing factor is their relatively youthful populations.

## Greater Golden Horseshoe (excluding Toronto)

The Greater Golden Horseshoe (GGH) stretches roughly from Oshawa west to Waterloo, then southeast around Lake Ontario to Niagara. Because we are grouping Ontario's two largest cities together for the analysis in this paper, the Golden Horseshoe category analyzed here does not include the city of Toronto and other cities such as Mississauga that fall within the Toronto CMA boundaries.

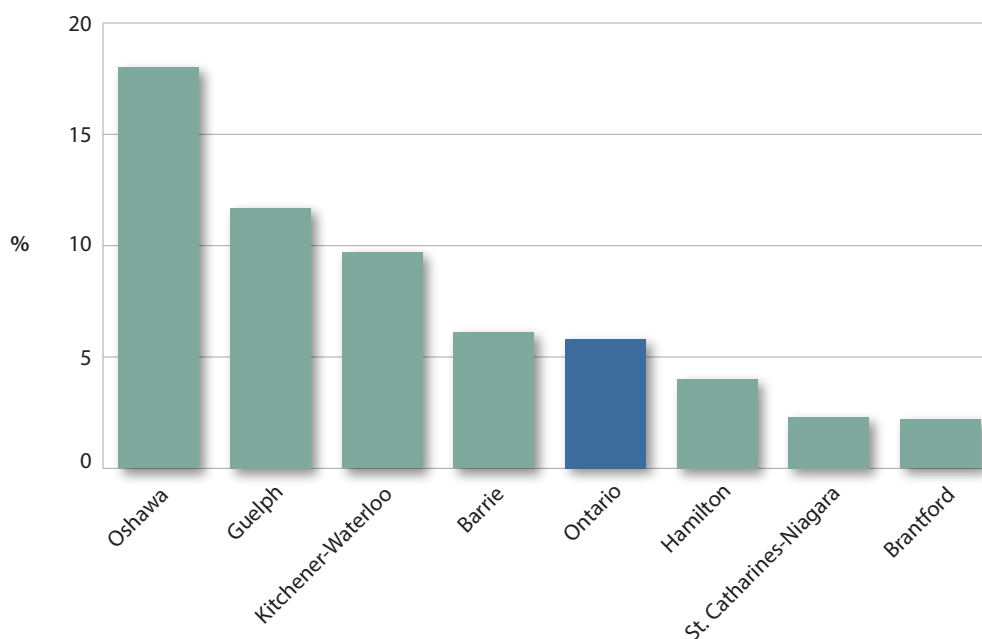
Even excluding Toronto, seven of Ontario's 15 CMAs are in this region. Before examining how the CMAs performed on various indicators, this section will note that there are two general groupings of CMAs in the region that have had divergent economic outcomes.

The first group of CMAs we will discuss are larger and closer to the core of the region. Residents of those CMAs are on average proximate to more jobs. For instance, many residents of Hamilton and especially Oshawa commute into Toronto for work—and each is a large employment centre in its own right. Kitchener-Waterloo and Guelph aren't quite as close, and are separated by the Greenbelt, but they are major employment centres and also relatively close to the Toronto CMA. These CMAs have also generally seen better economic outcomes than the remaining GGH CMAs.

The other three CMAs in the GGH—Barrie, Brantford, and St. Catharines-Niagara—are distinct from the first group for two reasons. First, they are each either smaller or more remote from major employment centres than the first group. For instance, while St. Catharines-Niagara is larger than Oshawa, it is much further from the core of Toronto. Each of the four is fairly peripheral to Toronto. While that is also true of Kitchener-Waterloo and Guelph, Waterloo is a large employment centre in its own right, and Guelph is sandwiched between Kitchener-Waterloo and Toronto, so has access to both labour markets, as well as Pearson airport. There is admittedly some subjectivity in determining which CMAs (and CAs) to group together, but given that we are merely attempting to show how the province's CMAs and CAs performed on various metrics rather than ranking or judging them, this approach allows us to more effectively highlight some of the commonalities shared by various CMAs and CAs. And, second, these three CMAs have seen fairly similar, mixed economic results in contrast to the above batch that saw more positive outcomes.

The divisions between the two groups are generally visible within the indicators we examined. For instance, [figure 7](#) shows the change in total employment for each CMA as an index of the 2008 level. The top three CMAs, Oshawa, Guelph, and Kitchener-Waterloo-Cambridge, all saw employment increases of near or above ten percent between 2008 and 2016—well in excess of the provincial average of 5.8 percent. Hamilton, the other CMA from our first group, fared less well on this indicator. The second group ranged from slightly higher than average employment growth in Barrie, to less than half the average rate in St. Catharines-Niagara and Brantford.

**Figure 7**  
Change in total employment, 2008–2016

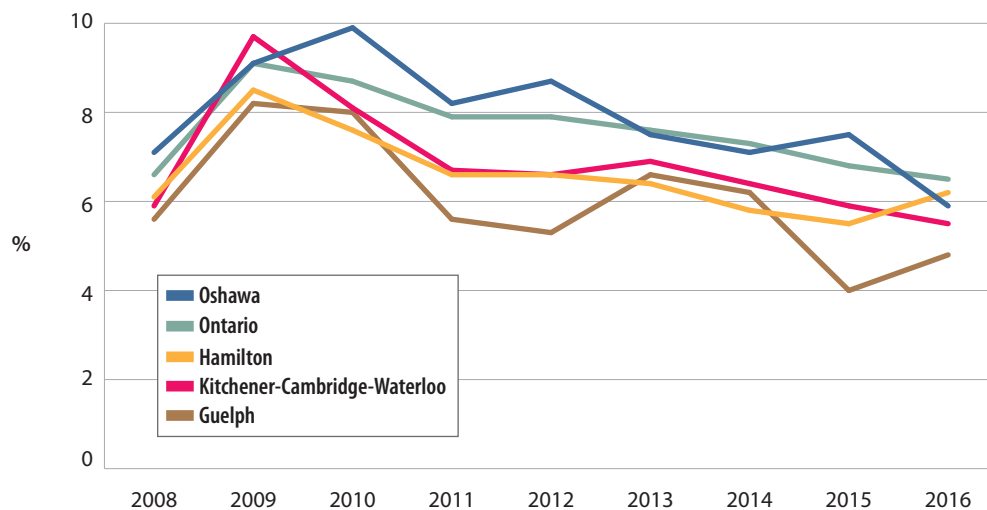


Source: Statistics Canada, 2017f.

Another important indicator of labour market performance is the unemployment rate (**figures 8a** and **8b**). Here again Guelph, Kitchener-Waterloo-Cambridge, and Oshawa stand out, with unemployment rates all below 6 percent (lower than their pre-recession levels), while Hamilton's 6.2 percent rate was also below the 6.8 percent provincial average. The most positive change was Oshawa, which saw its rate move from more than a half percentage point above the provincial average to nearly a full point below the provincial average, likely aided in part by an increase in residents commuting into the Toronto labour market.

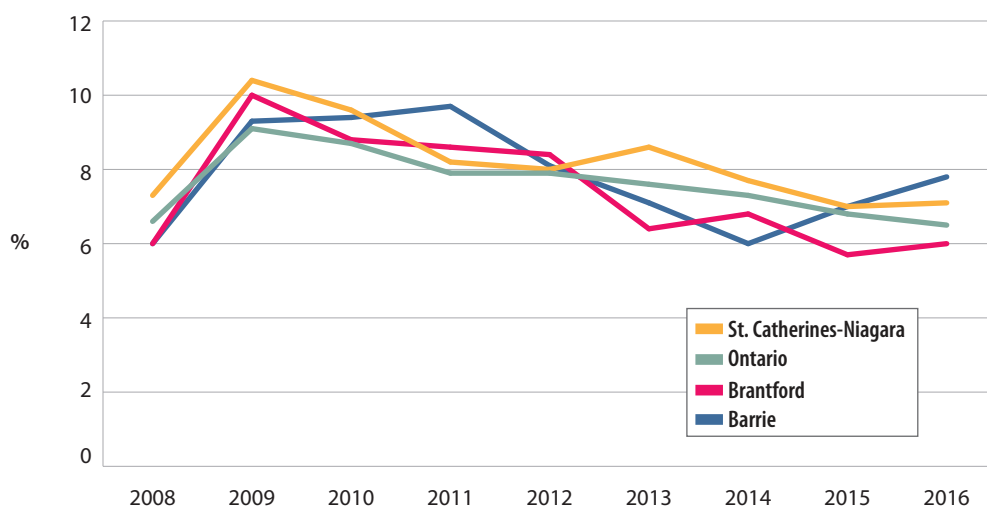
Brantford fared best among the second group with an unemployment rate slightly under the provincial average, while the unemployment rates in St. Catharines-Niagara and Barrie each exceeded the provincial average. Barrie stands out as particularly worrisome, since in 2008 its unemployment rate was nearly half a percentage point below the provincial average, while it is now roughly a full point above.

**Figure 8a**  
Unemployment rate by CMA/CA, 2008–2016



Source: Statistics Canada, 2017f.

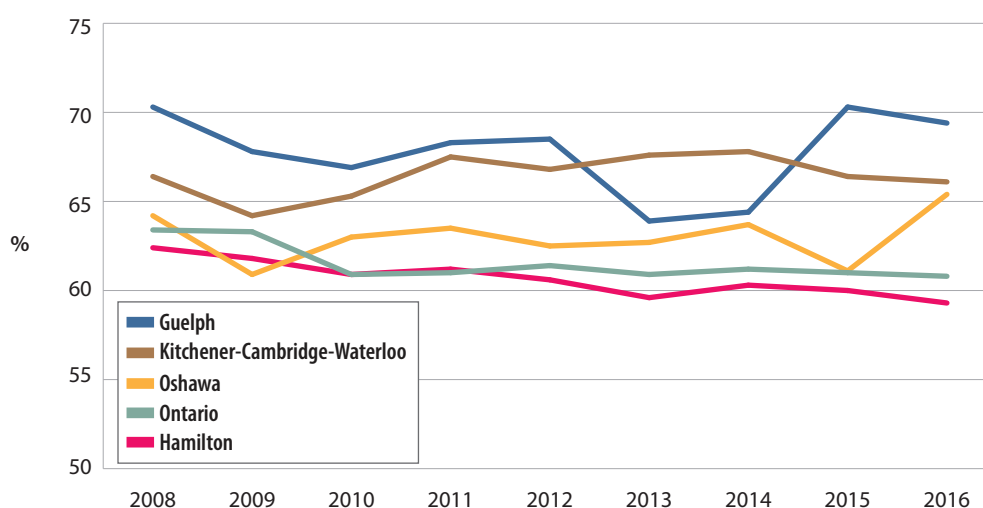
**Figure 8b**  
Unemployment rate by CMA/CA, 2008–2016



Source: Statistics Canada, 2017f.

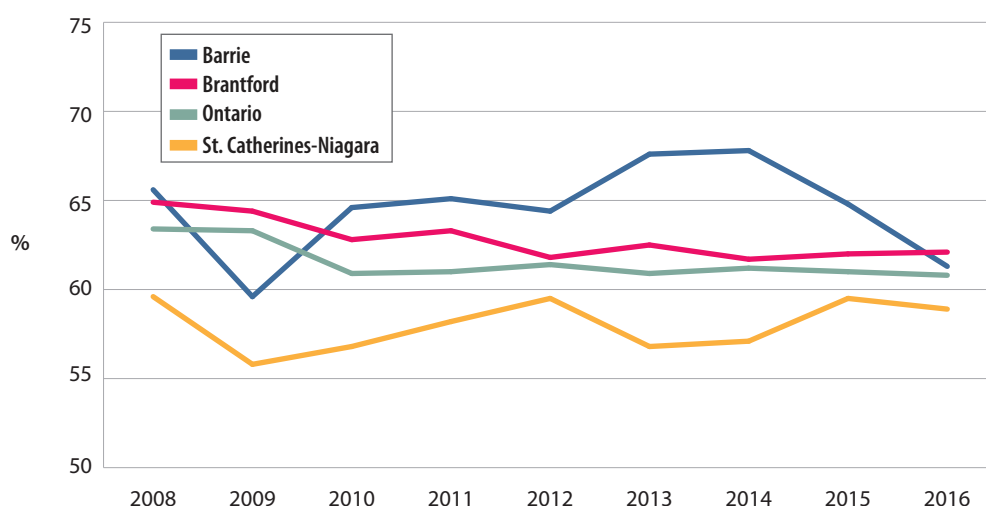
As noted above, the unemployment rate is only one part of the employment picture. We consider the rate of employment in **figures 9a** and **9b**. Once again Guelph is at the top, roughly 8.6 percentage points above the provincial average, while Kitchener-Waterloo-Cambridge and Oshawa again round out the top three. In this category Hamilton fared particularly poorly, not only registering below the provincial average but finishing second to last among all CMAs and CAs in the Greater Golden Horseshoe.

**Figure 9a**  
Unemployment rate by CMA, 2008–2016



Source: Statistics Canada, 2017h.

**Figure 9b**  
Unemployment rate by CMA, 2008–2016

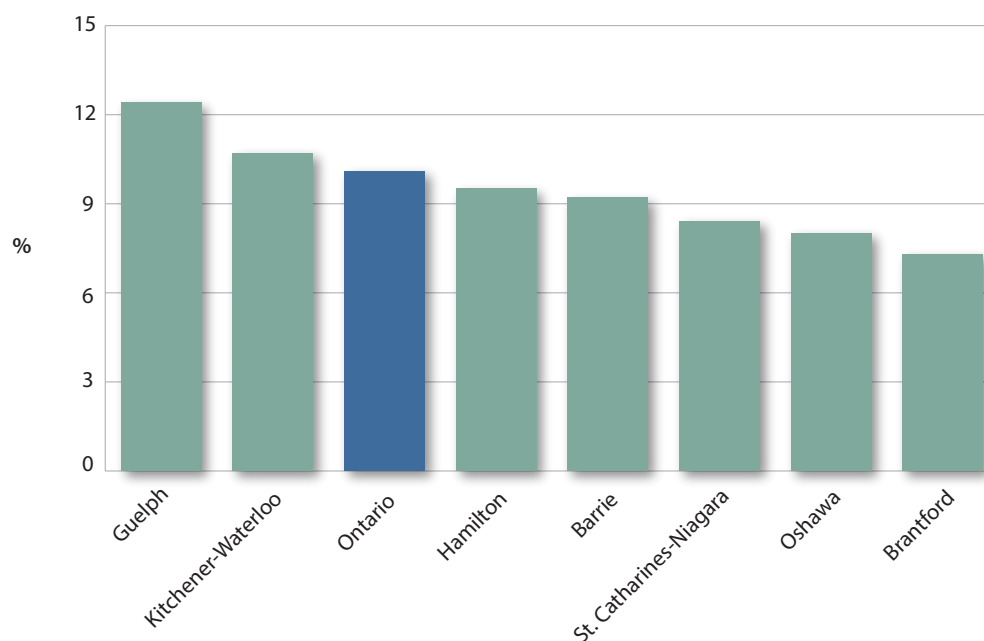


Source: Statistics Canada, 2017h.

Brantford and Barrie both finished above the provincial average, though they saw their rates fall by 2.8 and 4.3 percentage points, respectively. St. Catharines-Niagara also saw its rate decline, and had the lowest employment rate in the Greater Toronto and Hamilton Area (GTAH).

Next we consider employment income. Guelph and Kitchener-Waterloo-Cambridge set the pace for employment income growth, not only topping the provincial average, but also growing at a faster pace than Toronto or Ottawa ([figure 10](#)). In fact, Guelph was the only CMA in the entire province that saw employment income increase more rapidly than the national average.

**Figure 10**  
Change in employment income, 2008–2016



Source: Statistics Canada, 2017b.

Hamilton saw the third highest employment income growth rate in this solitude, and was closely aligned with the provincial average. Oshawa performed relatively poorly in this category, finishing second to last, while all of the municipalities from our second group finished below the provincial average. This is particularly problematic given that the three CMAs in that second grouping had the lowest average employment income of the GTAH CMAs going into the period, and are now falling further behind.

Last year's *Five Solitudes of Ontario* paper showed that the Greater Golden Horseshoe has been, overall, one of the highest performing regions in Ontario since 2008. In this paper, however, we have shown that there is substantial variation within the golden horseshoe itself. Specifically, there has

been a noticeable divergence between the CMAs in the GTAH *that are more closely connected to the Toronto economy and those that are on the fringes of the region*. Guelph and Kitchener-Waterloo-Cambridge stood above the rest, with strong growth in the number of jobs and employment income, while their unemployment and employment metrics remained relatively strong. Oshawa saw strong employment growth, and despite slow growth in employment income over the period still enjoyed the second highest average employment income of the CMAs in this solitude examined in 2015, and performed relatively well on employment and unemployment metrics. Hamilton performed the least well of the core GGH CMAs, though its employment metrics were generally close to the provincial average, and it does have a relatively high (though slow-growing) average employment income.

The three CMAs in the GGH that are less connected to the Toronto labour market generally performed less well. Barrie saw employment grow slightly faster than the provincial average and its employment rate also remained slightly above the provincial rate, but it experienced a worrisome increase in its unemployment rate to well above the provincial average while average employment income grew more slowly than the provincial average. St. Catharines-Niagara and Brantford finished near the bottom in most indicators. It would be fair to characterize these three CMAs as relatively low-income, low-growth CMAs that have experienced more than their fair share of economic pain in the years during and since the 2008/09 recession.

## Southwestern Ontario

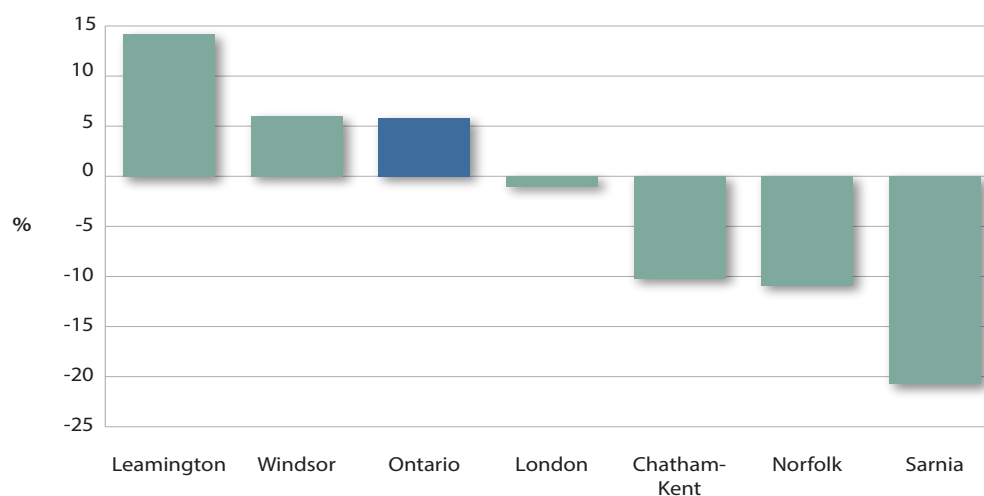
Southwestern Ontario is anchored by London in the northern portion and Windsor near the southern border with the United States. There are additionally four CAs for which data is available (Norfolk, Chatham-Kent, Leamington, and Sarnia). As a traditional manufacturing hub, the region is highly dependent on exports, which are funneled into the United States via Highway 402, which crosses the border at Sarnia, and Highway 401, which enters Detroit from Windsor. As we shall see below, manufacturing remains the major story for the region, and while manufacturing has bounced back to an extent, the region has experienced a good deal of pain since the global financial crisis.

The first metric to consider is job creation since 2008, which has been highly uneven in the region ([figure 11](#)). Windsor, buoyed by strong job growth in 2016, had 6 percent more jobs that year than it did in 2008.<sup>6</sup>

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6. Windsor's seemingly impressive performance during this period could be in part due to the fact that it had experienced significant job losses between 2006 and 2008 while the rest of the provincial economy grew during that period. As of 2016, Windsor still had not caught up to its 2006 employment levels.

**Figure 11**  
Change in employment, 2008–2016



Source: Statistics Canada, 2017f.

While that represents a relatively small annual rate of job creation, it at least matched the provincial rate. Leamington was the only one of the remaining CAs and CMAs that didn't lose jobs on net during this period, though the seemingly impressive 14 percent job growth during the period may be slightly misleading. Large variations in smaller markets can be skewed by a single factory opening or closing, and given that the number of jobs is only 4.8 percent greater than in 2006, some skepticism is warranted.

The net job creation picture in the rest of this solitude is less ambiguous: there was none. In fact, employment declined between 1 percent in London and 20.7 percent in Sarnia.

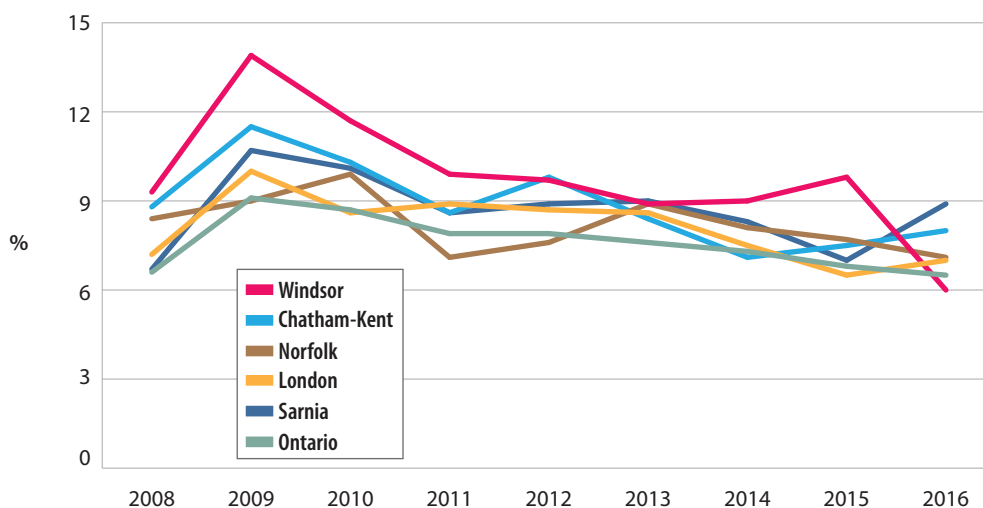
The weak to negative employment growth among most Southwestern CMAs and CAs have translated into generally weak employment metrics. **Figure 12** shows the unemployment rates between 2008 and 2016. Aside from Windsor, each CA and CMA for which data is available had a higher unemployment rate than the provincial average in 2016, though all at various points saw unemployment cross above the provincial average during the period—most notably, Windsor and Sarnia's jarring four percentage point unemployment rate increases in 2009.<sup>7</sup>

Some of the pain during the period receded as unemployment rates tapered off, and even fell below their pre-recession levels in most cases (Sarnia is an exception, with an unemployment rate 2.2 percentage points higher in 2016 than in 2008). Unfortunately, despite small decreases in Chatham-Kent, Norfolk, and London, all still had elevated unemployment levels in 2016. The good news is that Windsor saw a sharp decrease in its unemployment rate from 9.3 percent in 2008 to 6 percent in 2016, roughly in line with the provincial average.

7. The 2016 unemployment rate is unavailable for Leamington.



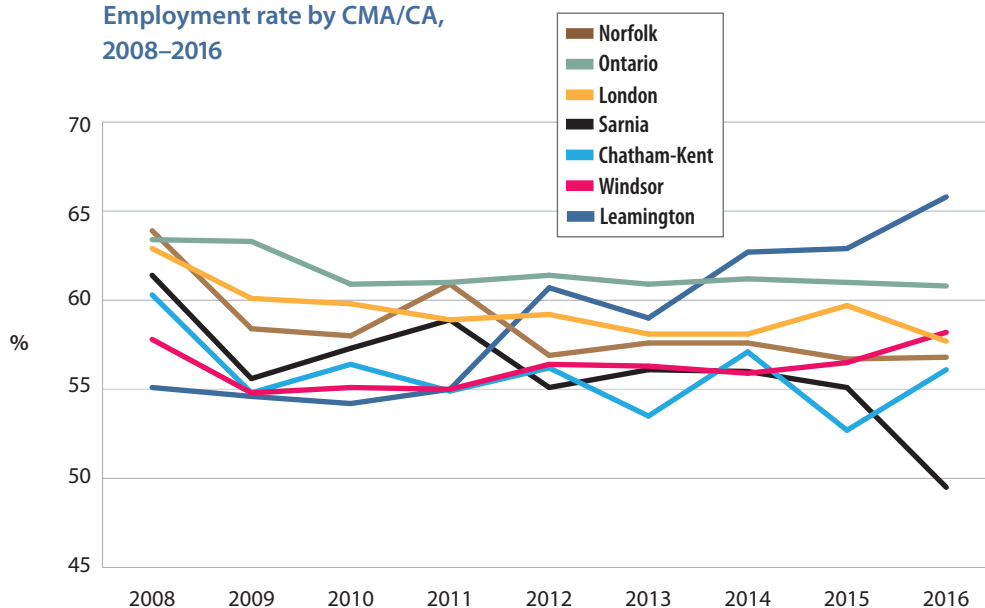
**Figure 12**  
Unemployment rate by CMA/CA, 2008–2016



Source: Statistics Canada, 2017f.

Digging into employment rates tells a slightly less encouraging story for Windsor, and a generally negative story for the region. Windsor's employment rate in 2016 was below the provincial average, as was every CA and CMA examined here, other than Leamington ([figure 13](#)). Sarnia was hit particularly hard, with its employment rate plummeting from 61.4 percent in 2008 to 49.5 percent in 2016—more than ten percentage points below the provincial average.

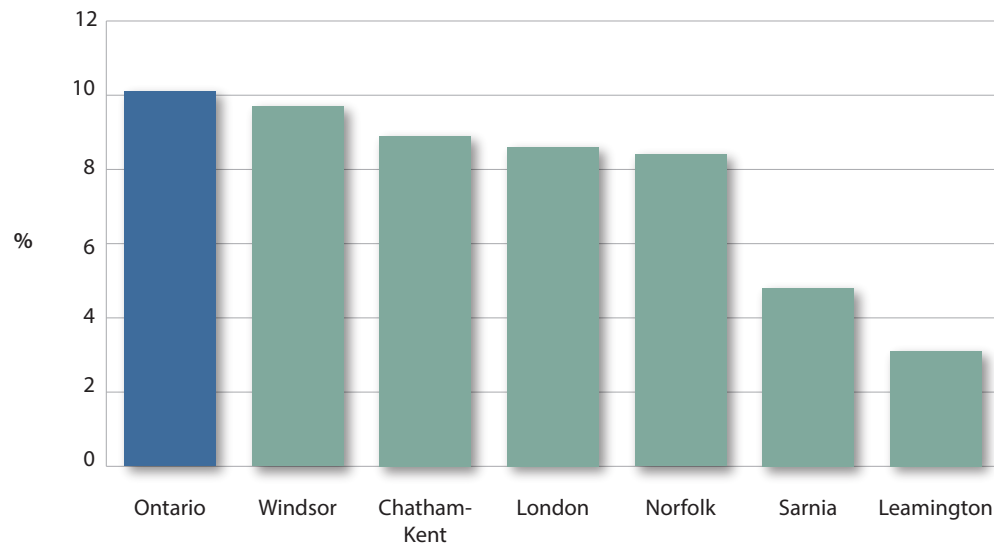
**Figure 13**  
Employment rate by CMA/CA, 2008–2016



Source: Statistics Canada, 2017h.

A similar story holds for employment income ([figure 14](#)). While Windsor nearly kept up with the provincial average, every CMA and CA in Southwestern Ontario saw per-capita employment income grow less rapidly than the provincial average.

**Figure 14**  
Change in employment income per capita, 2008–2015

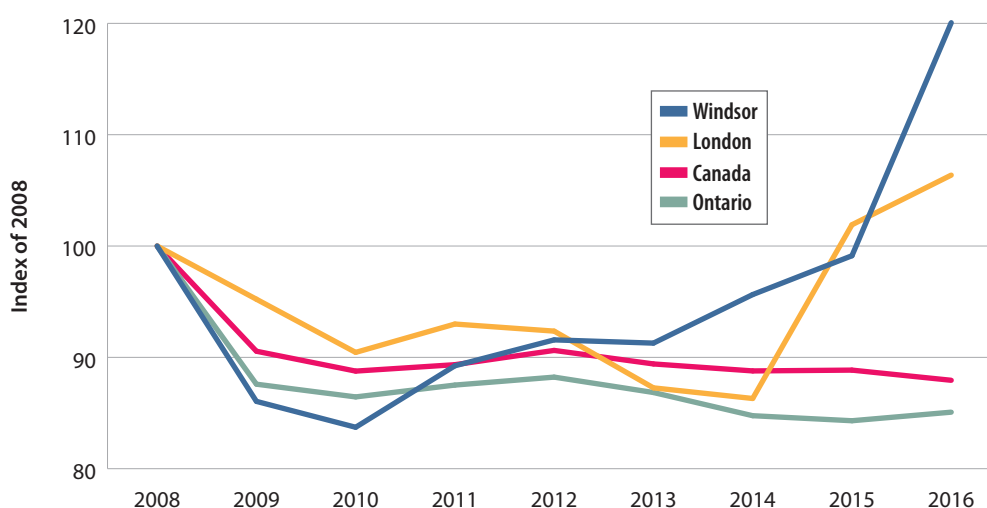


Source: Statistics Canada, 2017b.

Finally, given the role of manufacturing in the region, it is worth looking at how manufacturing employment has held up since 2008. Interestingly, the two CMAs for which data is available both have seen manufacturing employment grow while it has shrunk at both the national and provincial level ([figure 15](#)). Windsor's 20 percent growth in manufacturing jobs is by far the fastest in the province, and London is the only other CMA that has seen manufacturing employment grow at all.

Nevertheless, despite the fact that both CMAs in the region saw manufacturing jobs increase rather than decrease, the overall economic situation in the region is generally negative. While Windsor performed near the provincial average on most metrics (though it falls nearly \$10,000 below the provincial average for per-capita employment income) and Leamington performed surprisingly well by some metrics, the other CMAs and CAs in the region performed below the provincial and national averages, and in some case far below.

**Figure 15**  
Manufacturing jobs (index of 2008)



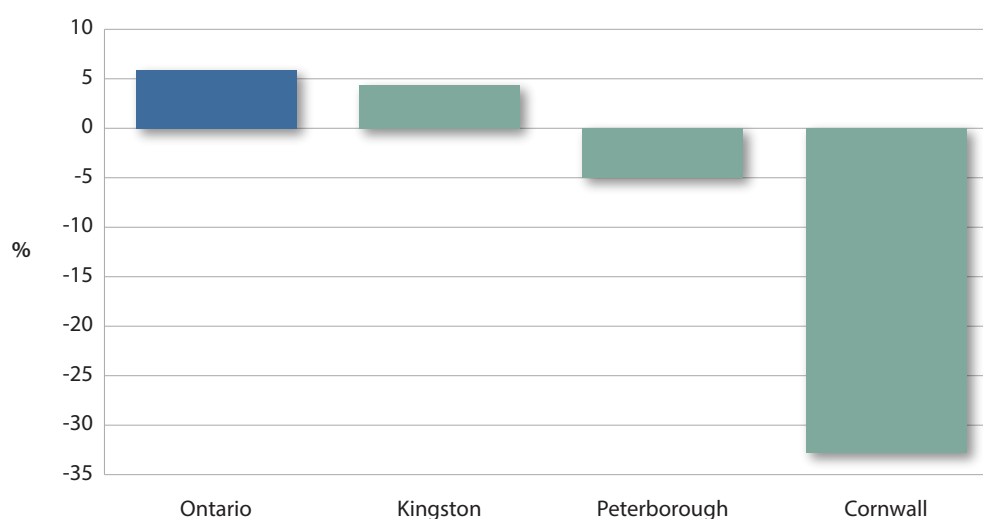
Source: Statistics Canada, 2017e.

## Eastern Ontario

Eastern Ontario is the smallest solitude, including two CMAs (Kingston and Peterborough) and one CA (Cornwall). Despite the small number of urban areas, there are some commonalities to discuss.

For one thing, none of the three CMAs/CAs has seen substantial job creation. Indeed, while Kingston saw a modest 4.4 percent net job growth between 2008 and 2016, employment decreased by 5 percent in Peterborough during that period and collapsed by nearly 33 percent in Cornwall ([figure 16](#)).

**Figure 16**  
Employment change, 2008–2016

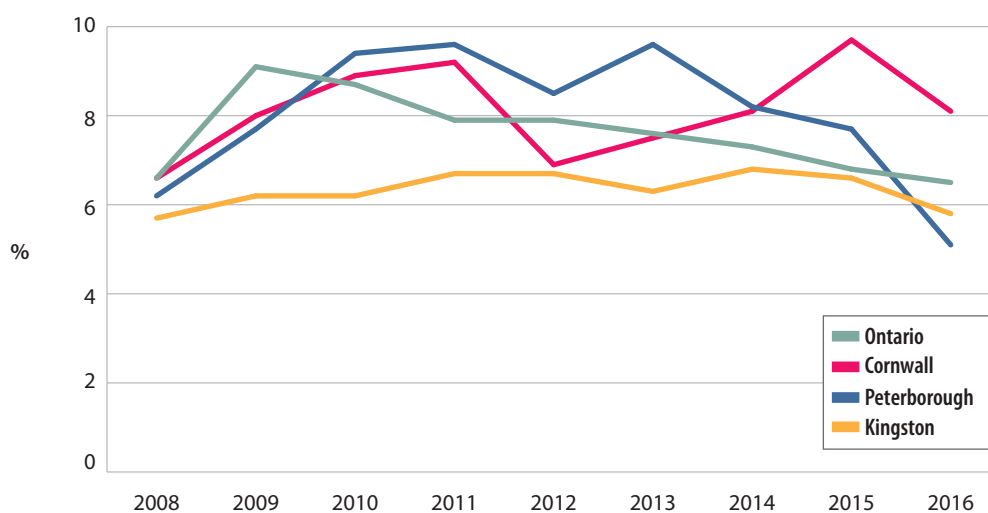


Source: Statistics Canada, 2017f.

Part of this is likely explained by the decline in manufacturing employment. While manufacturing employment hasn't been as big a contributor to total employment in Eastern Ontario as it has been in Southwestern Ontario and the Greater Golden Horseshoe, the 1.2 percent decline in manufacturing's share of jobs in Kingston and 3 percent decrease in Peterborough have not been offset by a commensurate number of new service jobs. While the data on manufacturing employment is not available for Cornwall, it seems likely that manufacturing decline is likely a contributing factor to its job losses.

Next, we look at the unemployment rate. Cornwall saw its unemployment rate hit 8.1 percent in 2016—1.5 percentage points higher than it was before the onset of the recession—while the unemployment rate was fairly stable in Kingston and even fell in Peterborough over time ([figure 17](#)). The persistently low unemployment rate in Kingston and decrease of unemployment in Peterborough suggest that aging demographics are potentially a reason for the relatively slow job growth. This is also reflected in the fact that “Healthcare and Social Assistance” has increased from 15 to 17 percent of jobs in Kingston and from 14 to 18 percent in Peterborough, while manufacturing employment as a share of jobs in Kingston is roughly half the provincial average and in Peterborough is just over three quarters of the average rate.

**Figure 17**  
Unemployment rate by CMA/CA, 2008–2016

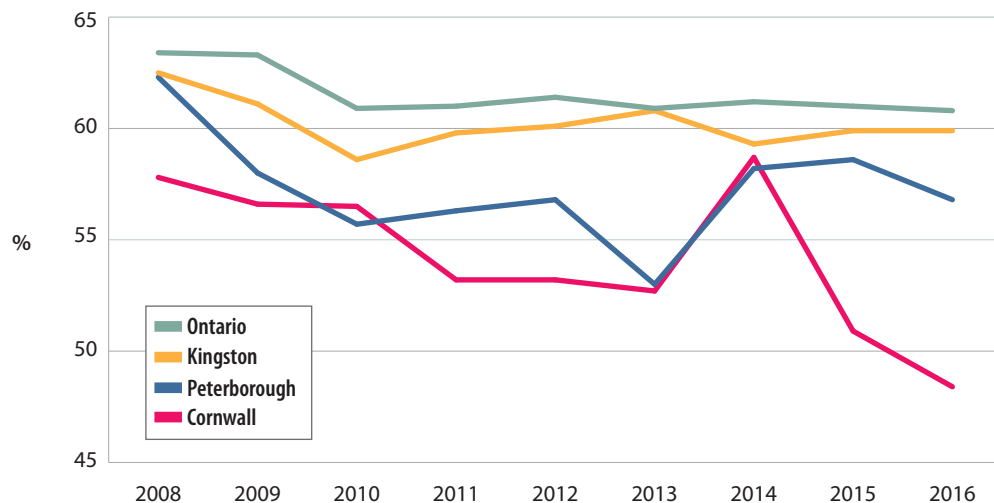


Source: Statistics Canada, 2017f.

Kingston's relatively more stable employment situation is likely in part due to the large footprint of higher learning institutions, as well as the military. Kingston's share of public administration jobs is three percentage points above the provincial average, while educational services account for more than twice the amount of jobs (15 percent) than the provincial average. Peterborough also saw a jump in educational services employment, increasing from 8 percent to 11 percent of all jobs, well above the provincial average of 7 percent.

Kingston, Peterborough, and Cornwall both have employment rates that are below the provincial average. But while Kingston is only slightly below the provincial average, Cornwall's employment rate is below 50 percent—a nearly 10 percentage point decrease since 2008 (**figure 18**). All three CAs/CMAs in the Eastern solitude have employment rates below the provincial average, which is consistent with an older population. Kingston saw its employment rate dip by 2.6 percent, less than the average change in the province, but Peterborough saw it decline by 5.5 percent and Cornwall by 9.4 percent.

**Figure 18**  
Employment rate by CMA/CA, 2008–2016

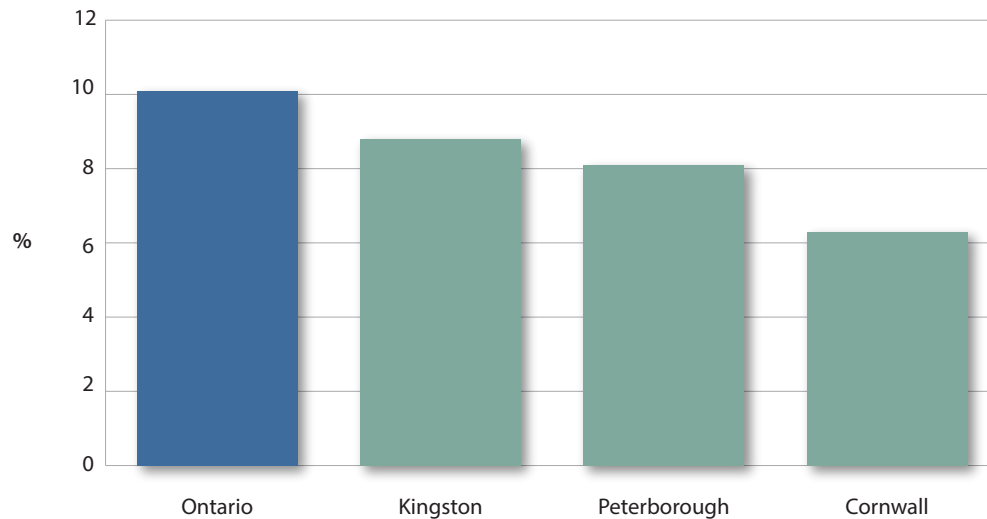


Source: Statistics Canada, 2017h.

The low employment rate in this solitude could potentially be due to the fact that it has the highest share of residents 65 years of age or older of any of the five regions described in the report (Eisen and Emes, 2016). However, it is not clear to what extent aging is driving the decline in the employment rate, as opposed to a simple lack of opportunity.

Lastly, another unfortunate similarity shared by Kingston, Peterborough, and Cornwall is that per-capita employment income grew more slowly than the provincial average (**figure 19**). Cornwall's growth rate was less than two-thirds of the provincial average, while Kingston and Peterborough's rates were 88 and 81 percent of the provincial rate respectively.

**Figure 19**  
**Change in per capita employment income, 2015**



Source: Statistics Canada, 2017b.

In addition to the slow rate of per-capita income growth, the average employment income in all three is well below the provincial average, by roughly \$9,900 in Kingston, just under \$15,000 in Peterborough, and over \$23,000 in Cornwall. This highlights just how far Eastern Ontario (outside of the Ottawa CMA) has diverged from the more prosperous parts of the province.

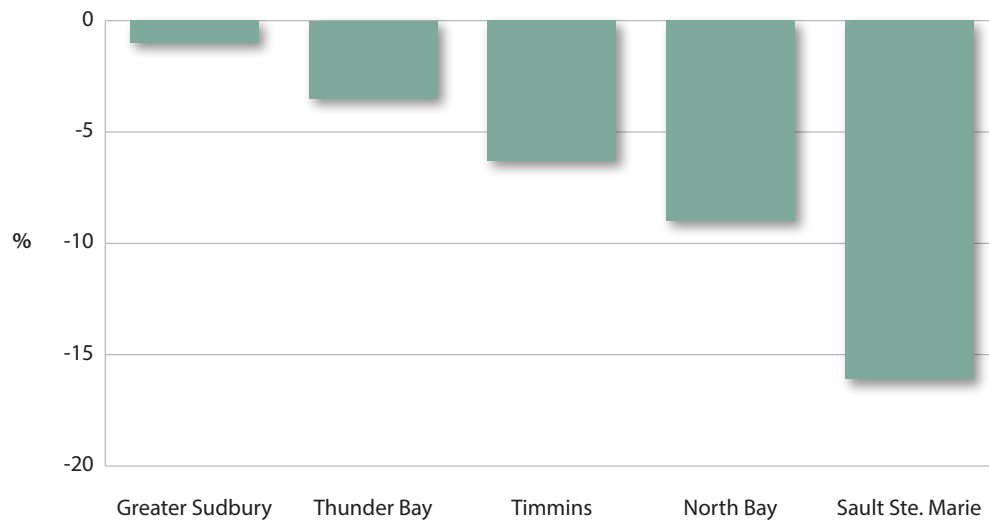
Unlike the other solitudes, the story here is consistent: all three CMAs/CAs in the Eastern solitude underperformed relative to the provincial average on the relevant metrics. These CMAs and CAs have lower employment rates, in part due to older populations, but also due to slow job creation. Additionally, the already low average per-capita employment income levels have fallen further behind the rest of the province.

## Northern Ontario

Northern Ontario has long seen its economic fortune diverge from the more prosperous parts of Southern Ontario. The region is more similar in many respects to Eastern Ontario than the rest of the province, having lower manufacturing employment, relatively high rates of employment in industries dominated by the public sector, and an older population. One unique feature of the region is the role that natural resource extraction plays in the local economies, with 7 percent of all employment in 2015 falling into the “Forestry, Fishing, Mining, Quarrying, and Oil and Gas” category as defined by Statistics Canada’s Labour Force Survey.

But while the region as a whole has some distinctive elements compared to the rest of the province, there are also substantial variations between CMAs and CAs in the region. The most prominent example is the change in total employment (**figure 20**).

**Figure 20**  
Change in total employment, 2015

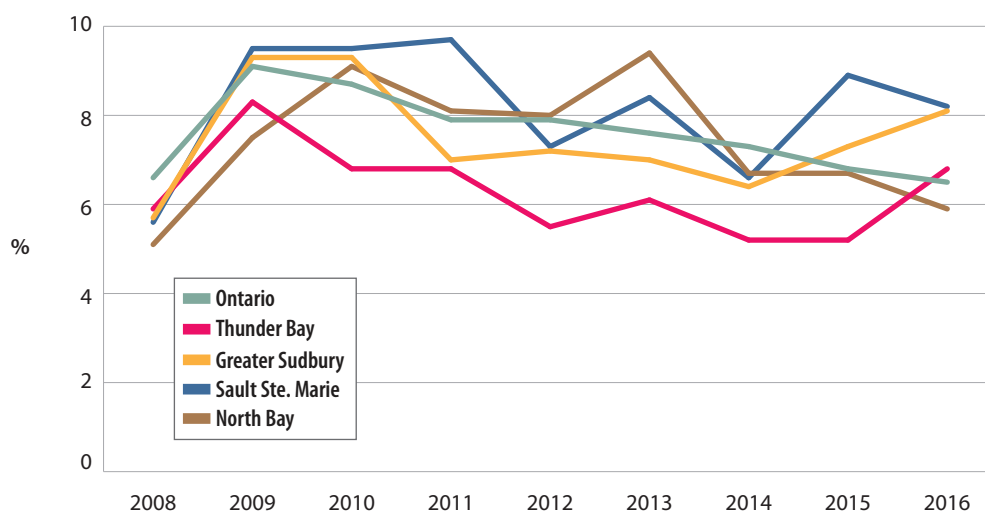


Source: Statistics Canada, 2017f.

Each of the CMAs and CAs lost jobs on net, contrasting with the provincial average of a 5.9 percent increase. But the degree of losses varied considerably, from one percent in Greater Sudbury to 16.1 percent in Sault Ste. Marie. It's notable that the two CMAs, Greater Sudbury and Thunder Bay, saw lower employment decreases than the CAs. That is consistent with the provincial trend of CMAs generally creating more jobs than their smaller cousins, CAs. The two seem to have been buoyed in part by a disproportionate level of employment in healthcare and social assistance (17 percent in Greater Sudbury and 19 percent in Thunder Bay, compared to the provincial average of 12), consistent with the aging Northern Ontario population.

The impact of the job losses are particularly evident in Sault Ste. Marie and Greater Sudbury, both of which saw their unemployment rates jump more than two percentage points between 2008 and 2016 to 8.2 percent and 8.1 percent, respectively (**figure 21**). Timmins and Thunder Bay also had unemployment rates slightly above the provincial average, while North Bay's rate was slightly below.

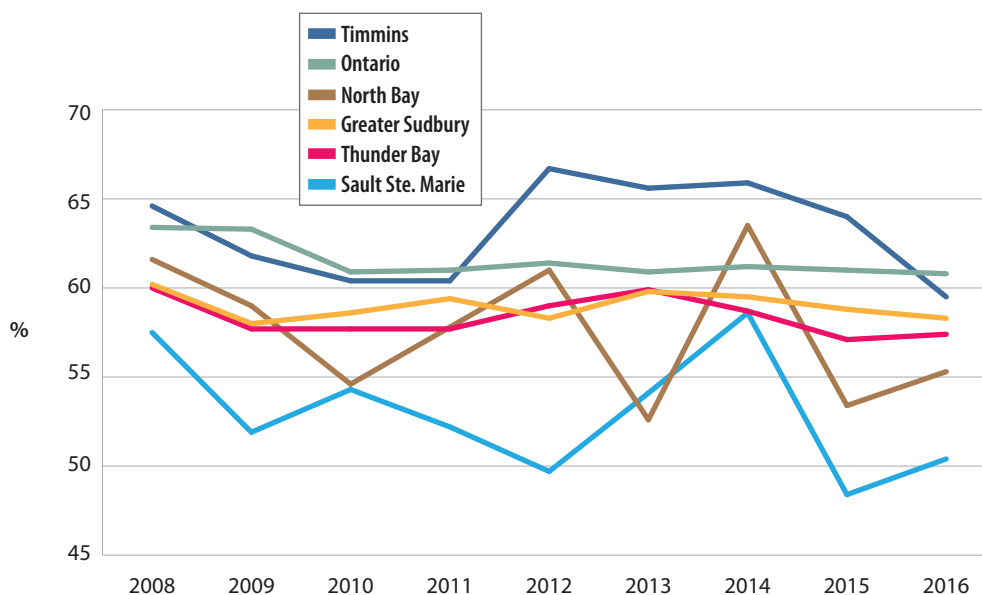
**Figure 21**  
Unemployment rate by CMA/CA, 2008–2016



Source: Statistics Canada, 2017f.

In addition to the high unemployment rates, each of the Northern CMAs and CAs had lower employment rates in 2016 than the provincial average and all were below 60 percent, with a low of 50.4 percent in Sault Ste. Marie ([figure 22](#)). Employment rates in each CMA/CA fell during this period between 1.9 and 7.1 percentage points.

**Figure 22**  
Employment rate by CMA/CA, 2008–2016



Source: Statistics Canada, 2017h.

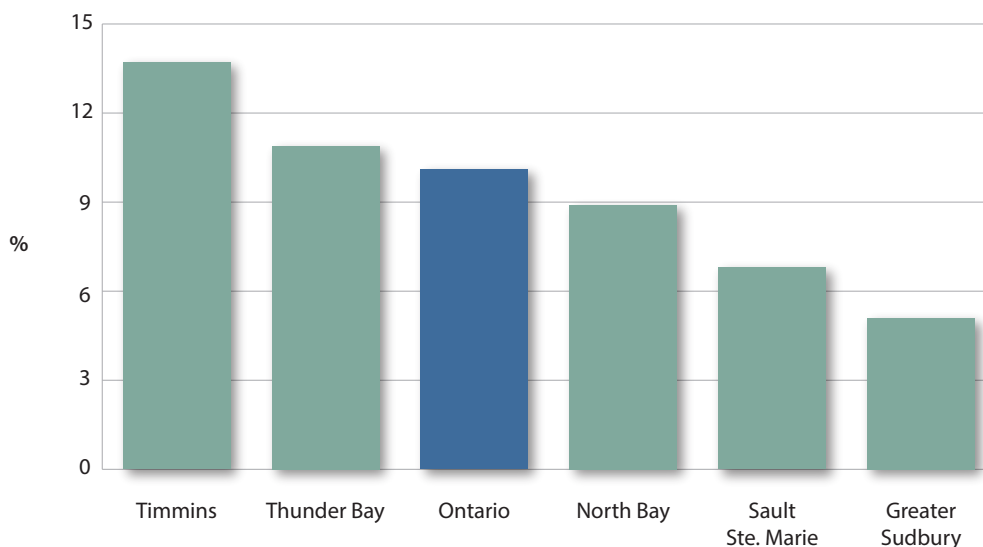


One bright spot is that Timmins and Thunder Bay saw per-capita employment income grow by more than the provincial average during this period (**figure 23**). But while North Bay nearly kept up with the provincial average, Sault Ste. Marie and Greater Sudbury lagged behind.

Moreover, while Sault Ste. Marie, North Bay, and Thunder Bay have per-capita employment incomes well below the provincial average, Greater Sudbury's per-capita employment income is within 5 percent of the provincial average, while Timmins is actually slightly ahead of the provincial average.

In summary, the Northern Ontario CMAs and CAs have all seen net job decreases since 2008. Much like their Eastern counterparts, they have less favourable employment metrics for the most part, but have a mixed record on employment income growth and per-capita employment income.

**Figure 23**  
Change in per capita employment income, 2008–2015



Source: Statistics Canada, 2017b.

## Non-CMA/CA

In addition to the CMAs and CAs discussed above, a good chunk of the province's residents live in areas that are neither considered CMAs or CAs. These areas are either smaller centres with populations below 10,000 residents, or rural areas.<sup>8</sup> As noted above, these areas fared less well than CMAs with respect to job creation, retaining only 95 percent of the jobs in 2016 that existed in 2008. This is a slower reduction of employment than seen in CAs (which are anchored by relatively small cities). This paper does not examine the reasons for negative job creation in Ontario's non-CA/CMA areas, but the data clearly shows that like the CAs anchored by small cities, areas of Ontario not sufficiently populous to be grouped into CAs or CMAs also fared poorly with respect to job creation in comparison to larger urban centres (CMAs).

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8. For a detailed definition of CMAs and CAs, see Statistics Canada (2015).

## Conclusion

The Great Recession has had a significant, lingering impact on Ontario, with the provincial economy continuing to lag behind the national average on many key metrics. But as this report has shown, the impact varied greatly not only by region, but by agglomeration, and the recovery has been also been uneven. Following on our previous study, *The Five Solitudes of Ontario*, this paper has attempted to bring those disparities into focus.

While Ontario as a whole has largely recovered from the recession, albeit with substantial pain in between and facing a number of significant fiscal and economic hurdles, not all of Ontario has even recovered to pre-recession employment levels. For instance, while CMAs as a category saw net jobs increase by 7 percent between 2008 and 2016, CAs and non-CMA/CAs have seen an outright decline in the number of jobs since then, retaining only 86 and 95 percent of their 2008 employment totals in 2016. This is easy to miss by looking at overall provincial indicators, since job growth in Toronto in particular can paper over serious weaknesses in other regions, such as in Northern and Eastern Ontario (outside of Ottawa).

This paper has further highlighted that even within the broad “Five Solitudes” identified by our previous work, great variations exist. While there are some broad commonalities among many CMAs and CAs within the solitudes, there are many large variations. This is highlighted by the fact that 11 out of 23 CMA/CAs in the province have experienced net job losses since 2008, as did areas that were not large enough to be categorized as CMAs or CAs. Identifying those discrepancies will hopefully focus attention on the fact that many parts of the province have been left behind. And while it is very important to the province for the Greater Golden Horseshoe and Ottawa to prosper, it is also important to ensure the health and prosperity of those areas currently left behind.

## Appendix

Below are the Census Metropolitan Areas and Census Agglomerations included in this paper, listed by “solitude.” The definitions are based on Statistics Canada (2011).

### Toronto and Ottawa

#### Toronto CMA

Includes 24 Census Subdivisions: the City of Toronto as well as Mississauga, Brampton, Markham, Vaughan, Richmond Hill, Oakville, Ajax, Pickering, Milton, Newmarket, Caledon, Halton Hills, Aurora, Georgina, Whitchurch-Stouffville, New Tecumseth, Bradford West Gwillimbury, Orangeville, East Gwillimbury, Uxbridge, King, Mono, and Chippewas of Georgina Island First Nation.

#### Ottawa CMA (Ontario part)

Includes the City of Ottawa, Clarence-Rockland, and Russell Township.

### Greater Golden Horseshoe

#### Oshawa CMA

Includes Oshawa, Whitby, and Clarington.

#### Barrie CMA

Includes the City of Barrie, Innisfil, and Springwater.

#### Kitchener-Waterloo-Cambridge CMA

Includes Kitchener, Cambridge, Waterloo, Woolwich, and North Dumfries.

#### Hamilton CMA

Includes Hamilton, Burlington, and Grimsby.

### **Guelph CMA**

Includes the City of Guelph, Guelph/Eramosa Township, and Puslinch.

### **Brantford CMA**

Includes the City of Brantford, Brant, and Six Nations (Part) 40.

### **St. Catharines-Niagara CMA**

Includes the City of St. Catharines, Niagara Falls, Welland, Fort Erie, Lincoln, Port Coborne, Thorold, Pelham, Niagara-on-the-Lake, and Wainfleet.

## **Southwestern Ontario**

### **London CMA**

Includes the City of London, St.Thomas, Strathroy-Caradoc, Middlesex Centre, Thames Centre, Central Elgin, Southwold, and Adelaide-Metcalf.

### **Windsor CMA**

Includes the City of Windsor, Lakeshore, LaSalle, Tecumseh, and Amherstburg.

### **Chatham-Kent CA**

Includes Chatham-Kent and Moravian 47.

### **Sarnia CA**

Includes the City of Sarnia, St.Clair, Point Edward, and Sarnia 45 Indian Reserve.

### **Norfolk CA**

Includes Norfolk County.

### **Leamington CA**

Includes Leamington and Kingsville.

## **Northern Ontario**

### **Greater Sudbury CMA**

Includes the City of Greater Sudbury, Whitefish Lake 6 Indian Reserve, and Wahnapiet 11 Indian Reserve.

### **Thunder Bay CMA**

Includes the City of Thunder Bay, Oliver Paipoonge, Shuniah, Neebing, Fort William 52, Conmee, O'Connor, and Gillies.

### **North Bay CA**

Includes the City of North Bay, East Ferris, Callander, and Bonfield.

### **Timmins CA**

Includes the City of Timmins.

### **Sault Ste. Marie CA**

Includes the City of Sault Ste. Marie, Macdonald, Meridith, and Aberdeen Additional Township, Garden River 14, Laird, Prince, and Rankin Location 15 D Indian Reserve.

## **Eastern Ontario**

### **Kingston CMA**

Includes the City of Kingston, South Frontenac, Loyalist, and Frontenac Islands.

### **Peterborough CMA**

Includes the City of Peterborough, Smith-Ennismore-Lakefield Township, Cavan-Monaghan, Douro-Dummer, Otonabee-South Monaghan, Curve Lake First Nation 35, and Hiawatha First Nation.

### **Cornwall CA**

Includes the City of Cornwall and South Stormont Township.

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## About the authors



### Steve Lafleur

Steve Lafleur is Senior Policy Analyst at the Fraser Institute. He holds an MA in Political Science from Wilfrid Laurier University and a BA from Laurentian University where he studied Political Science and Economics. His past work has focused primarily on housing, transportation, local government, and intergovernmental fiscal relations. His current focus is on economic competitiveness of jurisdictions in the Prairie provinces.



### Ben Eisen

Ben Eisen is Director of Provincial Prosperity Studies at the Fraser Institute. He holds a BA from the University of Toronto and an MPP from the University of Toronto's School of Public Policy and Governance. Prior to joining the Fraser Institute, Mr. Eisen was the Director of Research and Programmes at the Atlantic Institute for Market Studies in Halifax. He also worked for the Citizens Budget Commission in New York City, and in Winnipeg as the Assistant Research Director for the Frontier Centre for Public Policy. Mr. Eisen has published influential studies on several policy topics, including intergovernmental relations, public finance, and higher education policy. He has been widely quoted in major newspapers including the *National Post*, *Chronicle Herald*, *Winnipeg Free Press*, and *Calgary Herald*.

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