



ANNUAL REPORT 2014

IDEAS FOR A MORE PROSPEROUS SOCIETY



MEI

Ideas for a
More Prosperous
Society

“The year 2014 was exceptionally fertile for the MEI, which not only reached a new peak in terms of media visibility, but also saw certain of its key concerns elevated to priority status by the new Quebec government.”

Michel Kelly-Gagnon
President and CEO

The Montreal Economic Institute is an independent, non-partisan, not-for-profit research and educational organization. Through its publications, media appearances and conferences, the MEI stimulates debate on public policies in Quebec and across Canada by proposing wealth-creating reforms based on market mechanisms. It does not accept any government funding.

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MESSAGE FROM THE CHAIRMAN OF THE BOARD



"The members of this large and ever-growing family are not related by blood, of course, but rather are united by ideas and by their support for our mission, which is to influence public policy debates in Quebec and across Canada by proposing wealth-creating reforms based on market mechanisms."

THE MEI, A GREAT BIG FAMILY THAT KEEPS ON GROWING

For over 15 years, the big family that is the MEI has never stopped growing. If you're reading this *Annual Report*, you're probably already a part of it. But you might not realize just how extensive its network of staff, supporters and friends has really become.

When he launched the MEI's operations in 1999, our current President and CEO, Michel Kelly-Gagnon, had at his disposal a staggering budget of... \$15,000, and his office equipment consisted of a telephone and a fax machine set up in one corner of his apartment. The MEI was just about completely unknown at the time, and completely absent from public policy debates. Hard to imagine, isn't it!

One year later, after having gone to great lengths to convince a small group of supporters to back this project, he could count on the help of an administrative assistant, a publications director and a communications coordinator. The MEI has not stopped growing since.

On the one hand, donors have become more and more numerous. As you know, in order for its spokespersons to have the elbow room they need to participate effectively in public debates, the MEI does not accept any government funding. Each year, though, our team succeeds in convincing new individual donors, businesses and foundations to support our mission. Thanks to them, our budget reached a new peak of \$2.25 million last year.

Our team itself has not stopped growing, either. At the end of 2014, it included 13 full-time and part-time staff. That's not counting the interns who come to us each year to gain experience for a few months, and the numerous external collaborators and associate researchers who participate on particular projects. As our President explains inside the pages of this *Annual Report*, our team will expand again in the coming year, thanks to an accumulated surplus specifically aimed at growing our resources and our firepower in terms of research and media participation.

The big MEI family also includes all of those who shared the road with us for a while and then went on to take up challenges in other fields. Did you know, for example, that Tasha Kheiriddin, columnist with the *National Post*, and Maxime Bernier, Minister of State for Small Business, Tourism and Agriculture, are both former Vice Presidents of the MEI? The MEI is a veritable training ground for dynamic public figures. And the more MEI alums who find themselves in influential positions in various fields, the more we can be assured that the ideas they defended while they worked at the MEI will find an echo out there in the world.

Among the wider MEI family, there are of course all of those who read our publications, who attend our conferences, who visit our website, who are our friends on Facebook, and also those who simply pay attention to our message when it is transmitted through the media. This extended family, located not only in Quebec but all across Canada and even around the world, is also in constant expansion, as can be seen for instance by the growing mentions of the MEI in the media, which totalled 4,387 last year.

I could also call to mind those who are not exactly part of the family, but who came to pay us a visit at one time or another over the years, as speakers for example. Among these, there are five leaders of political parties or governments (Thomas Mulcair, Mario Dumont, Stephen Harper, Mike Harris and Jean Charest), two Nobel Prize laureates (Vernon Smith and Mario Vargas Llosa), and a great many distinguished public figures like the Publisher Emeritus of the weekly business newspaper *Les Affaires*, Jean-Paul Gagn , to whom we awarded the first John Dobson Medal for Free Enterprise this fall.

The members of this large and ever-growing family are not related by blood, of course, but rather are united by ideas and by their support for our mission, which is to influence public policy debates in Quebec and across Canada by proposing wealth-creating reforms based on market mechanisms.

Some of these ideas, like the need to control spending, to stop piling up more and more debt, and to reform government services in order to make them more efficient, are now at the very heart of public debate in Quebec, thanks in part to the work of the MEI over the past 15 years.

But our influence should not be measured simply by tabulating new laws or policy changes. Public policy debates are characterized by a constant succession of proposals that, were they to be adopted, would take us further and further away from an efficient market

economy and freedom of choice. By providing a permanent counterweight to these noxious ideas, the MEI has also helped keep the situation from deteriorating in certain areas, which is itself a victory.

To continue its work, the MEI will need the renewed support of all the members of its extended family in 2015. It will certainly be able to count on mine, and I sincerely hope, on yours as well!

H el ene Desmarais



Michel Kelly-Gagnon and R mi Marcoux present the John Dobson Medal for Free Enterprise to Jean-Paul Gagn .

MESSAGE FROM THE PRESIDENT AND CEO



“The evolution of the MEI’s status to that of a privileged media partner was confirmed in 2014. Never worried about stirring things up and ruffling a few feathers, the MEI’s researchers are still ready and willing to challenge preconceptions. But they are now increasingly cited for their original research, referenced as representative of one of the main positions in a debate, and invited to help clarify a complex public policy issue.”

A VOICE FOR CHANGE, A PATH TO PROGRESS

The year 2014 was a year of great societal debates. In Quebec, an election campaign brought a new government to power and catapulted the issue of the province’s ailing public finances onto the front pages. Across Canada, the energy file occupied a prominent place in the news, due among other things to fiercely contested pipeline projects.

This charged context was fertile ground for the MEI, which achieved a new summit of visibility. Our organization, devoted to promoting wealth-creating public policies and to informing the general public about the principles underlying a sound and dynamic market economy, was more present than ever in the media across Quebec, the rest of Canada, and even abroad.

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From all of these angles, 2014 was a testimony to the growing influence of the MEI. Combining rigorous analysis and research with a real talent for making its work accessible and communicating it to a wide audience, our team plays an active role in the evolution of our society.

We do so with passion, thanks to the support of our donors. A sincere thank you to all of the individuals, foundations and businesses that allow us to carry out our work freely and without interference from the public authorities.

THE MEI IN THE MEDIA



Michel Kelly-Gagnon, Première Chaîne Radio-Canada



Youri Chassin, Market Sense, BNN



Jasmin Guénette, LCN News Network



Yanick Labrie, Canal Argent

GENERAL MEDIA IMPACT

The MEI is without a doubt one of the most mediatized economic think tanks in the world for its size. One of its distinctive features is communicating both in French and in English, which gives it a media reach that extends all across Canada.

In 2014, the MEI was mentioned 4,387 times in the media—an average of 12 mentions per day! This shows to what extent our organization is both prolific and in high demand. Breaking this number down, we can see that the work of the MEI’s staff and associate researchers reached a very large part of the population with 414 mentions in the print media, 283 on television, 235 on the radio and an impressive 3,455 mentions on the Internet.

The MEI was also very present on the Web. Indeed, on search engines like Google, the MEI is at the top of the list for searches like “Quebec debt” and “politiques énergétiques.” Increasingly, members of the general public get their information through their tablets and smartphones, and we are adapting our methods to this increasingly mobile era. Without neglecting traditional media like newspapers, television and radio, where we have always had a strong presence, we plan on continuing to grow our social media presence.

As president and CEO, I of course have many opportunities to write opinion pieces in newspapers and to speak in public. But I am also solidly supported by a whole team of spokespersons who contribute to

this media presence. My colleagues Youri Chassin, Yanick Labrie, Martin Masse and Jasmin Guénette appeared on numerous shows and panels and signed nearly half of the 151 blog posts and op-eds produced by the MEI in 2014. Associate researchers from the world of academia like Germain Belzile, Vincent Geloso and Ian Irvine also contribute to our media visibility. This flurry of activity requires efficient organization, provided by our Director of Communications, Mariam Diaby.

With an approach resolutely in favour of a market economy and a less interventionist state, the MEI is a distinctive voice in our public debates. But it is also a research institute that deepens our understanding of issues by disseminating data and new perspectives on economic challenges. In this regard, 2014 was very fruitful, with a substantial increase in the number of publications produced, from 15 to 22. We launched 3 *Research Papers*, our longest, most in-depth type of publication; 11 *Economic Notes*, our flagship publication; and 6 *Viewpoints*, our most compact publication, which briefly explores a particular topic. In addition, we published two booklets. Finally, we also commissioned two polls, one of them pan-Canadian, and produced two short documentaries.

“The MEI was also very present on the Web. Indeed, on search engines like Google, the MEI is at the top of the list for searches like ‘Quebec debt’ and ‘politiques énergétiques’.”

MEI numbers

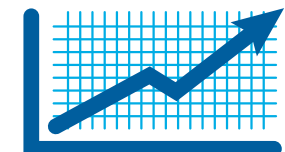
MEI Publications



22

publications

- 11 *Economic Notes*
- 3 *Research Papers*
- 6 *Viewpoints*
- 2 *Booklets*



47%

increase in the number of publications

The MEI in social media



2,307
+ 26%



3,590
+ 16%



24,401
Views



2 surveys



2 documentaries

The MEI in the media



4,387
media
mentions



12 daily mentions



151 opinion pieces

PUBLIC FINANCES: THE OMNIPRESENCE OF THE MEI'S DEBT CLOCK

In 2014, the need to get Quebec's public finances in order became the dominant topic of public debate. This is an issue that the MEI has been hammering away at for years. This year, our Debt Clock was more visible than ever. In the middle of the election campaign, the leader of the Coalition Avenir Québec, François Legault, used it as a backdrop during a press conference; Richard Martineau, one of Quebec's most influential commentators, wrote an article about it; the editorial cartoonist for the *Journal de Montréal* who goes by the pen name "Ygreck" even imagined our Debt Clock taking the place of the controversial crucifix that hangs in Quebec's National Assembly!

The MEI has once again been very active on the issue of public finances over the past year. Various publications documented the size of Quebec's public debt; debunked the myth that businesses do not pay their fair share of taxes; demonstrated that increasing government revenues is an ineffective way to deal with a structural deficit; and finally illustrated that if the Quebec government had decided to be disciplined 11 years ago instead of always putting it off for another day, it would have accumulated a \$15-billion surplus.

It is moreover quite remarkable that our 2011 video on "The Story of Quebec's Debt" continues to attract thousands of Internet viewers each year and has now been viewed 76,000 times.

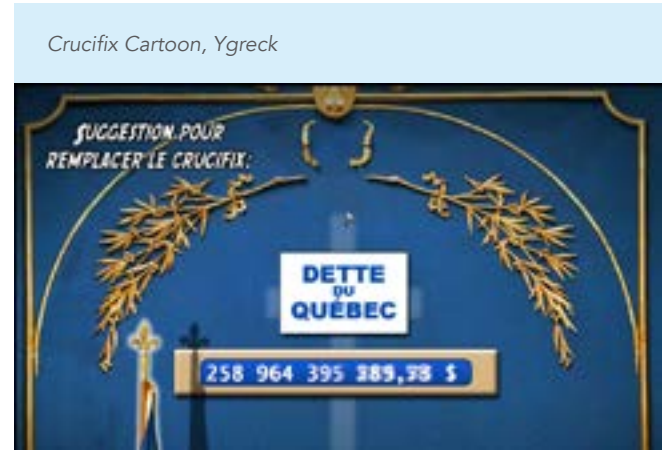
This enthusiasm for the goal of getting our public finances in order has not prevented us from criticizing the way in which this is to be done when we have found it inappropriate. Indeed, some were surprised to see me arguing for the respect of signed municipal pension plan agreements when the government tabled a bill that modified those agreements retroactively. And in order to reform government, why not increase the salaries of public sector employees in exchange for a reduction in their number? These positions testify to the nature of the MEI as an organization that is not attached to the triumph of an ideology, but rather to the defence of principles that are fundamental to a healthy economy like respect for contracts and remuneration that follows productivity.

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DEDANS JUSQU'AUX DENTS

July 15, 2014, Richard Martineau

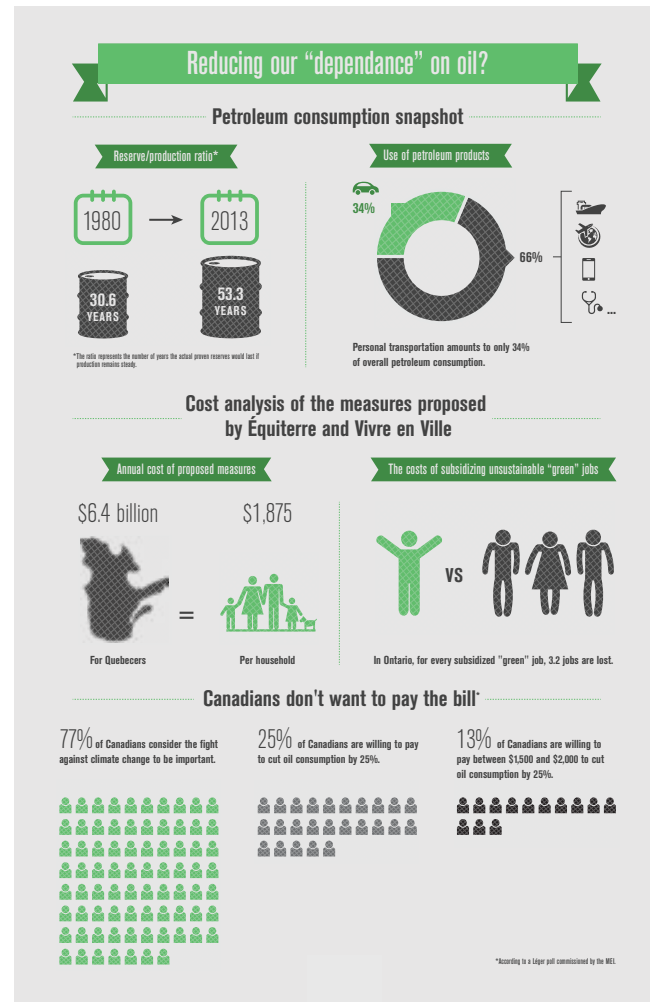


ENERGY AND ENVIRONMENT: CHALLENGING PRECONCEPTIONS, BEING WARY OF FASHIONS

In 2014, the vast energy and sustainable development file continued to be front and centre across Canada. We put our research team to work covering as many aspects of this file as possible and informing Canadians about issues that are crucial for our prosperity.

First, at the beginning of the year the MEI launched a booklet answering 40 common questions about energy, aimed at Canadians curious to know more about the subject. A *Research Paper* explored the true costs of an accelerated energy transition from oil to green energy sources in order to illustrate the unrealistic nature of the proposals of certain environmentalist groups. In an *Economic Note*, we demonstrated that electric car subsidies were an extravagantly expensive and ineffective way of reducing greenhouse gas emissions. A media campaign backed up by a poll regarding the imminent establishment of a carbon market in Quebec allowed us to direct public attention toward the costs of this initiative and to call into question the pretense of unanimity regarding the relevance of these new economic constraints. Furthermore, Prime Minister Couillard recognized shortly thereafter that setting up a carbon market solely between Quebec and California was not ideal.

Like everyone, we are in favour of sustainable economic development. But in this area, where ideological fashion and the desire to appear virtuous tend to trump economic logic, it is important to clarify the debate and provide a better understanding of the costs and the actual effectiveness of proposed measures. If the efforts of our researchers sometimes seem designed to stir things up, that does not make them any less important. Indeed, it is MEI studies that were the first to question the economic model of Quebec's wind energy sector and to highlight the positive aspects of pipeline projects.



CALGARY HERALD

ALBERTA'S OIL INDUSTRY IS A BLESSING
May 26, 2014

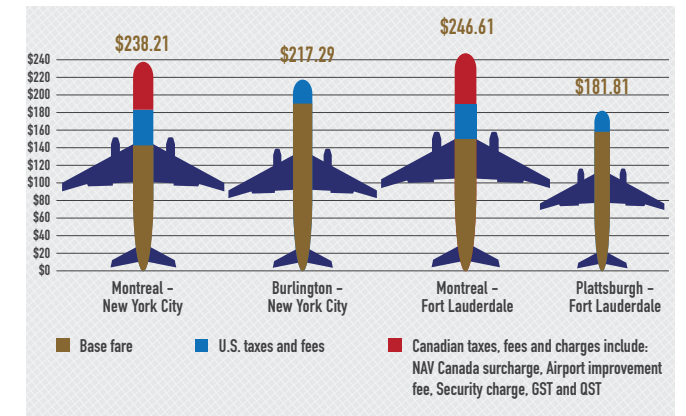
NATIONAL POST

IMF'S IMAGINED SUBSIDIES
May 22, 2014, Youri Chassin

THE INTERESTS OF TAXPAYERS AND CONSUMERS

The year 2014 provided several examples of research and communications efforts focusing on the interests of taxpayers and consumers. For example, a study on airfares in Canada generated considerable media interest across the country. This study explained how a multitude of taxes, charges and fees required in Canadian airports understandably push thousands of Canadian travellers to American airports, which entails a significant loss of economic activity in this country.

The advantages that commercial ride-sharing applications could hold for consumers were put forward in a *Viewpoint*. We also released a publication on the telecom sector in Canada that caught the attention of the media and allowed us to debunk the myth that the wireless industry suffers from a lack of competition that is harmful to consumers. On the contrary, Canadians pay prices that are comparable to those in effect in most industrialized countries and have access to one of the most technologically advanced networks in the world.



LA PRESSE

POURQUOI VOS BILLETS D'AVION COÛTENT-ILS TROP CHER?
March 30, 2014, Stéphanie Grammond

LE JOURNAL DE MONTREAL

LES VOLS PLUS CHERS À PARTIR DU CANADA March 28, 2014, Michel Munger

THE GLOBE AND MAIL

STUDY SHOWS OTTAWA'S PURSUIT FOR FOURTH NATIONAL CARRIER IS 'WASTEFUL'
May 6, 2014, Barrie McKenna

métro

L'IEDM APPUI UBER
November 21, 2014, Mathias Marchal

MONTREAL GAZETTE

NO, RIDE-SHARING APPS WILL NOT BE DISASTROUS FOR MONTREAL
November 25, 2014, Jasmin Guénette and Vincent Geloso

TORONTO STAR

AN UBER BATTLE IS AFOOT
November 22, 2014, Vanessa Lu

FINANCIAL POST

BILLIONS LOST BUT WIRELESS PUSH CONTINUES September 17, 2014, Terence Corcoran

SPECIAL EVENTS AND RELEASES

In addition to its regular activities, the MEI undertakes special activities each year that contribute to its reputation and stimulate interest in economic issues among the community.

In 2014, the MEI presented, as part of its Policy Briefings series, a luncheon conference with Nathalie Elgrably-Lévy and Marcel Boyer, co-authors of *Réinventer le Québec : douze chantiers à entreprendre*.

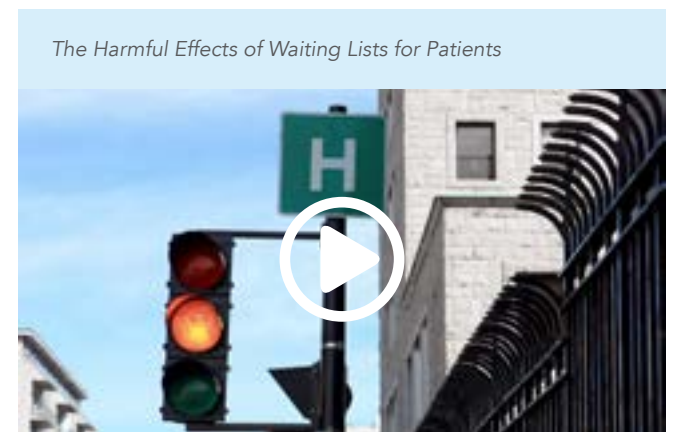
The 4th edition of the George Lengvari Sr. Lecture Series allowed the MEI to present to the Montreal public a very popular conference by world renowned British historian Andrew Roberts. This eminent specialist dissected for us the economic thought of Winston Churchill. Thanks to the financial support of Mr. George Lengvari Jr., this annual event has become an absolute must and attracts a veritable who's who of Montreal's business community.

We also revisited the previous edition of these conferences in a very particular way by publishing a trilingual booklet (French, English and Spanish) of an edited transcript of Mario Vargas Llosa's extraordinary

presentation, which so moved and enthralled the audience in 2013. In *My Intellectual Journey*, this world renowned Peruvian author explains why, in his youth, he believed in communism, like many intellectuals of his generation, and how through his disillusionment and his questioning, he discovered another vision, one of liberty, tolerance and democracy. This booklet is not only available in Quebec bookstores; it will also be available as an eBook around the world through websites like Amazon.

Finally, once again this year we have continued our foray into the world of video by launching two short documentaries that can be viewed online. The first sketches a realistic picture of the Quebec forest narrated by those who make their living from it, showing how wildlife recreational activities coexist with logging activities by visiting an outfitter in northern Quebec. In the second, the Vice President of the MEI, Jasmin Guénette, met with patients and medical professionals in order to better understand the harmful effects of waiting lists, one of the most worrisome shortcomings of our public health care system.

"Finally, once again this year we have continued our foray into the world of video by launching two short documentaries that can be viewed online."



THE HARMFUL EFFECTS OF WAITING LISTS



ARIANA JALFEN (mother of a patient)
 "We are at around \$80,000 by the end of this year that we will have invested in Tea's well-being—that we had to suddenly come up with."



DARCY ALLEN (patient)
 "After waiting for surgery in Canada for approximately two years, we decided to get the surgery done in the United States. We ended up having to take out a line of credit on our house."



CAROLINE BRUYÈRE (patient)
 "Your quality of life is gone. You can't really work. 'Waiting list.' That's it. You wait."



NATHALIE PRUD'HOMME (patient)
 "It's like our lives are being held hostage because of these waiting lists."



NATHALIE RODRIGUE
President, Quebec Cancer Coalition
 "Patients who are on waiting lists are harmed in a number of ways. I would say that the three main ones are deteriorating health, psychological distress, and loss of income."



ME PHILIPPE TRUDEL
Partner, Trudel & Johnston
 "Legally, this psychological stress is a violation of the right to security of the person."



DR ROBERT OUELLET
Past President, Canadian Medical Association
 "We don't realize that waiting lists in Quebec and Canada are costing us a fortune."



JACQUES HENDLISZ, Former Director General, Douglas Mental Health University Institute
 "We at least have some potential solutions. And we have some examples of successful solutions."

AN ORGANIZATION IN GOOD FINANCIAL HEALTH

With passion and rigour, the MEI carries out a demanding educational mission geared toward the pursuit of greater prosperity for all Canadians. A non-profit organization, the MEI is financed by voluntary donations. By their growing number, as well as by their varied provenance, our donors allow us to act freely. We jealously guard this intellectual independence, which is why we neither solicit nor accept any government funding.

For several years, the growing reputation of the MEI has been reflected in the support that it receives, and its funding is in constant progression. In 2014, the total revenues of the MEI amounted to \$2,248,740, an increase of 12% compared to the year before. Our expenses for their part totalled \$1,841,846, which represents a decrease of less than 1% compared to 2013.

We are extremely gratified by these results. The surplus recorded this year will among other things allow us to deploy an ambitious hiring plan to grow our human resources in order to respond to needs that have become essential in the context of our expansion over the past few years. This plan has already been set in motion in the second half of 2014 with the arrival of two new researchers, a full-time anglophone editor and translator, as well as an administrative assistant in order to allow one of our current assistants to play a larger role in supporting our fundraising efforts.

This expansion will continue in 2015 with the hiring of two, and possibly three new employees to work on research and publications. This additional firepower will obviously allow us to produce more studies, on a greater variety of topics, but also to comment more regularly on the news of the day in the media. Having a greater media presence is a priority for us, and for it to become a reality, we must not constantly be in a situation where practically all of our resources in terms of writing and research are already mobilized for medium- and long-term projects.

This year's surplus also contributes to growing our financial reserve, which has now reached \$2.3 million. The consolidation of a reserve equivalent to around 12 months of operations, as recommended by the best practices applicable to the management of think tanks, must ultimately bring us to a context of budgetary balance or smaller surpluses. This will allow us to ensure the long-term health of our organization and to shield us from revenue fluctuations.

A FULL SLATE OF PROJECTS

The year 2014 was exceptionally fertile for the Montreal Economic Institute, which not only reached a new peak in terms of media visibility, but also saw certain of its key concerns elevated to priority status by the new Quebec government.

As I write these lines, several research projects are underway and the entire MEI team is working to shed some light on important debates concerning issues related to energy, public finances, health care and education, and many other topics. The MEI is doing well, it has the wind in its sails, and thanks to the trust of its donors, it is a force for change and progress in the pursuit of greater economic freedom.

Michel Kelly-Gagnon



The MEI team, from left to right:

Mariam Diaby, Bradley Doucet, Yuri Chassin, Carole Fiset, Alexandre Moreau, Martin Masse, Michel Kelly-Gagnon, Jasmin Gu nette, Gabriela Aguilar, David Desc teaux, Guillaume Tremblay, Johanne Dandurand and Yanick Labrie.

EVENTS

Debate Youri Chassin-Jacques Létourneau, February 22, 2014

Debate between Youri Chassin, Economist at the MEI, and Jacques Létourneau, President of the CNTU, organised by the Fédération étudiante collégiale du Québec.

Market Solutions to Public Healthcare, February 22, 2014

Presentation by Jasmin Guénette, Vice President of the MEI, at the sixth annual colloquium of the *McGill Journal of Law and Health*, in Montreal.

Designing for Auction Success: Lessons Learned from Around the World, April 24, 2014

Participation by Paul Beaudry, Associate Researcher at the MEI, in a panel discussion as part of the Designing for Auction Success: Lessons Learned from Around the World Conference, organized by Mobile Future, an American think tank, in Washington.

The State of Quebec's forests, April 26, 2014

Presentation by Jasmin Guénette, Vice President of the MEI, in the context of the annual meeting of the Association québécoise des entrepreneurs en travaux d'aménagement forestier.

Enactus Canada's 2014 National Exposition, April 30, 2014

Participation by Michel Kelly-Gagnon, President and CEO of the MEI, as a jury member at Enactus Canada's 2014 National Exposition, in Calgary.

Panel on telecommunications, May 1st, 2014

Participation by Martin Masse, Senior Writer and Editor at the MEI, in a panel discussion as part of the Law Society Of Upper Canada Communications Law and Policy Conference, in Ottawa.

Annual Civitas Conference 2014, May 3rd, 2014

Presentation by Michel Kelly-Gagnon, President and CEO of the MEI, at the 18th Annual Conference of Civitas Canada, in Toronto.

Financing the Health Care System: Towards New Solutions, June 11, 2014

Panel presentation by MEI Economist Yanick Labrie as part of the Conference of Montreal.

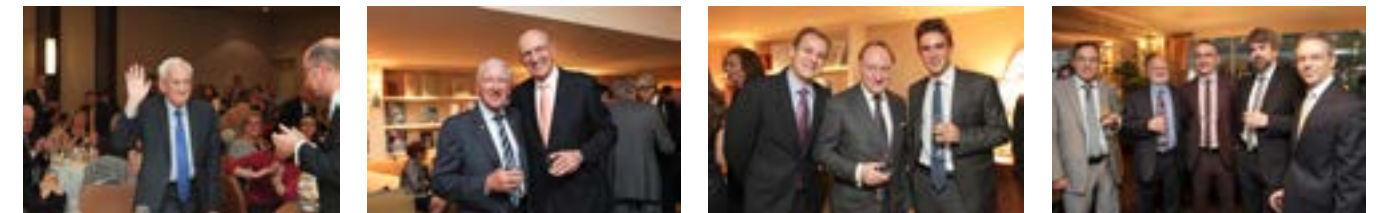
The MEI's Policy Briefings Series: Réinventer le modèle québécois, May 21st, 2014

Luncheon conference with Nathalie Elgrably-Lévy and Marcel Boyer, co-authors of *Réinventer le Québec: douze chantiers à entreprendre*.

The George Lengvari Sr. Lecture Series, September 24, 2014

The 2014 edition of the George Lengvari Sr. Lecture Series featured Andrew Roberts, historian, biographer and a world renowned expert on Winston Churchill.

An evening with Andrew Roberts, September 24, 2014



The MEI's Policy Briefings Series: Réinventer le modèle québécois, May 21, 2014





MEI

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