

ENTREPRENEURSHIP

ENERGY TAX COMPETITION
PROSPERITY

ECONOMIC WEALTH
GROWTH CREATION

INNOVATION

LIBERALIZATION

FREE
TRADE

FREE ENTERPRISE
2016

ANNUAL
REPORT
2016



MEI

Ideas for a
More Prosperous
Society



“ The best intentions
in the world don’t
lead to positive
social outcomes if
they’re not grounded
in sound economic
principles. ”

- Leonard Read

BOARD OF DIRECTORS

Chairman of the Board:
Hélène Desmarais

Directors:

Jean Bernier
Randall Birks
Eric Boyko
Reuven Brenner
Léon Courville
Stéphan D. Crétier
Jacques Drouin
Nathalie Elgrably-Lévy
Richard Hylands
Michel Kelly-Gagnon
Stéphanie Kennan
Normand Lebeau
George F. Lengvari Jr.
Pierre Simard
Guy Tremblay

BOARD OF GOVERNORS

The Honourable Baljit S. Chadha, P.C.
Mario Charpentier
Jean-Guy Desjardins
Daniel R. Dorey
Marcel Dutil
François Hudon
Donald J. Johnston
Léo-Paul Landry
Bernard Lord
Reford MacDougall
Eleanor Nicholls
Adrien D. Pouliot
Yves Rabeau
Jeremy H. Reitman
Maureen Sabia
Dennis Sharp

STAFF

Michel Kelly-Gagnon
President and CEO

Mathieu Bédard
Economist

Germain Belzile
Senior Associate Researcher,
Current Affairs

Youri Chassin
Economist and Research Director

Sabine Clavel
Administrative Assistant

Pascale Déry
Senior Advisor, Communications,
Current Affairs

Patrick Déry
Writer and Editor
(since January 2017)

Bradley Doucet
Editor and Translator

Carole Fiset
Development and Administrative
Coordinator

Jasmin Guénette
Vice President

Karl-Javid Lalonde-Dhanji
Analyst and Coordinator, Current Affairs

Martin Masse
Senior Writer and Editor

Alexandre Moreau
Public Policy Analyst

THE TEAM





Hélène Desmarais

MESSAGE FROM THE CHAIRMAN OF THE BOARD

It is always a pleasure to be the bearer of good news, and there's no doubt about it: 2016 was the MEI's best year ever, in every respect. That's saying something, too, because this organization has always been a very effective one, both when it comes to producing solid yet accessible policy work and when it comes to disseminating the results of that work to the general public through the media.

This past year, while maintaining our ambitious research agenda, we have expanded the educational outreach portion of our mission with the creation of a Department of Current Affairs operating within the MEI. Its job is to leverage the intellectual capital we have accumulated over more than 15 years in order to respond quickly to the top economic and public policy stories of the day, making sure that sound economic arguments are heard before public opinion crystalizes one way or another.

I believe such a Department is particularly necessary given the ever-increasing pace of today's world.

Building on strengths developed over the years, we published more than twice as many two-page *Viewpoints* in 2016 as in any other previous year. We also released considerably more additional targeted press releases. All of this work helped the MEI generate a truly outstanding 8,073 media mentions for the year, or 22 per day, almost double our previous record. Finally, we have become more active than ever on social media as well, tweeting several times a day and regularly posting video blogs and links to our work on Facebook. You will find details regarding these activities in the message from our President and CEO, Michel Kelly-Gagnon, in the pages that follow.

This whole new level of outreach would not have been possible without the major, transformational financial contributions of some of our key donors who understood the vision behind the establishment of this new Department of Current Affairs, and who trusted us to make that vision a reality. We are profoundly grateful for their generous support.

A very special thanks goes out to Mr. Peter Munk, as well as to these other donors, for their significant support, which made possible the establishment of our Department of Current Affairs.

As a non-profit think tank that neither solicits nor accepts any government funding, we depend on the many individuals, companies, and foundations that support our mission of economic research and education. Indeed, the breadth of our donor base is one of the safeguards that ensure that we can carry out our work in a completely independent manner.

In addition to the operational changes mentioned above, in 2016, our Board of Governors welcomed the Honourable Baljit S. Chadha, P.C., a successful entrepreneur and generous philanthropist.

Dr. Léo-Paul Landry, formerly a member of our Board of Directors, also joined the ranks of our Board of Governors in 2016. Dr. Landry was a very active member of the medical community, and was secretary general of the Canadian Medical Association for many years.

When the climate of opinion in a society changes, it is generally only a matter of time before public policies follow suit, for better or for worse. Politicians, after all, if they want to have a chance at re-election, cannot stray too far from what they think their constituents want.

The work we do at the MEI, thanks to all of you who have trusted us over the years and lent us your financial and moral support, helps to inform the climate of opinion in all of the many and varied ways described in this report. I hope you will continue to trust us in 2017, and that others will join you.

With your help, the MEI's dedicated and energetic team, now at 13 employees, will continue to make a difference on the road to a more prosperous and responsible society.

Aéline Desmarais



Michel Kelly-Gagnon

MESSAGE FROM THE PRESIDENT AND CEO

Our Best Year Ever

The year 2016 was an exceptional one for the MEI team. It was our most fruitful year ever, in every sphere of activity.

Our team once again picked up the pace of production, releasing a record 32 publications. But most impressively, the MEI dramatically increased its firepower in January with the creation of a Department of Current Affairs. This marks a turning point in the development of our Institute, in that it allows us to intervene even more rapidly in the public policy debates taking place in Quebec and across Canada, sometimes only a few hours after the appearance of a significant news story.

With information circulating ever more rapidly, it has become crucial for us to intervene as soon as a news item appears and to provide the media with relevant analysis that emphasizes wealth creation, entrepreneurship, and free enterprise. The media environment is evolving, and the MEI, which acts as a content provider for the media, must evolve as well.

During its first 12 months of operation, the new Department has exceeded all our expectations, as much for the quantity of our media interventions as for their quality. We have devoted additional human resources to media monitoring and to generating tailored content. With the collaboration of our team of researchers, the Department produces value-added content in a timely manner in the form of *Viewpoints*, press releases, opinion pieces, blog posts, and video commentaries. The entire team remains available and ready to give media interviews at all times.

Importantly, this additional production did not come at the expense of our more in-depth publications, like our *Economic Notes* and our *Research Papers*. On the contrary, these remain the foundation of the MEI's intellectual capital. Our current affairs interventions complement our other kinds of publications, leveraging them to increase their visibility and their dissemination.

This success is not a coincidence, but the result of careful planning. And this plan would not have been possible without the contribution of our entire team, of our Board of Directors, headed by a dynamic, credible, and respected chairman, and of all our donors.

It is also important to say a few words about the election of the new President of the United States, a major event which will be a source both of risks and also of opportunities for Canada and the rest of the world. The MEI will address this essential theme in 2017. We have developed an impressive network of connections over the years with important think tanks in Washington, D.C., which will place the MEI in an enviable position in terms of inserting its ideas into the public debate, and even influencing the development of public policies. We anticipate being quite active in this respect over the coming year.



OUR MEDIA IMPACT

Our media coverage set a new record again this year. The Department of Current Affairs without a doubt contributed to the Institute's 8,073 media mentions throughout the year—the equivalent of 22 mentions a day—which is nearly double last year's results! The success of this Department reflects on our organization as a whole. The bar was already high, and we raised it once again.

Our presence is growing in both the francophone and the anglophone media, and the MEI's influence is felt across Canada, with a presence outside Quebec that is constantly growing. Furthermore, the quality of these interventions remains high, including opinion pieces published regularly in major Canadian newspapers like *The Globe and Mail* and *La Presse*.

Our presence outside of large urban centres also continues to grow thanks to our contributions on subjects that are of particular concern for the economies of rural regions. For example, our *Economic Note* on the regional impacts of a potential increase of the minimum wage to \$15/hour was covered by over 30 regional newspapers in the province of Quebec. Our publications on the forestry industry also always echo widely in regional media, both print and broadcast.

The MEI, while being more and more present in the traditional media, also seeks to connect with the next generation and share its work of economic education through non-traditional channels. Thus, we continue to make efforts to increase our reach on the Internet. The number of people who follow us on Twitter and Facebook increased by 30% in 2016. And with social media initiatives to raise the visibility of our public debt clock—one of our flagship products—and the MEI's all-new mobile app for smartphones and tablets, we are making sure that this online presence continues to grow.



THE MEI IN FIGURES A RECORD-BREAKING YEAR

32

PUBLICATIONS

10

Economic Notes

DECEMBER 2016
WOULD A \$15 MINIMUM WAGE ACCELERATE THE RURAL EXODUS?
By Mathieu Bédard and Annette Minnie

A strike of fast food restaurant employees in New York in 2012 gave birth to a movement demanding a substantial increase of the minimum wage in the United States, calling for it to rise to \$15 an hour.¹ Since then, several cities and states have established timelines for raising the minimum wage to that symbolic threshold, including New York, San Francisco, Seattle, Los Angeles, and Washington, D.C., as well as the province of Alberta.² In Quebec, the major labour unions have taken up the charge, along with the symbolic \$15 target.³

Many analysts who have commented on this debate have pointed out that a large number of jobs would be threatened if the hourly minimum wage rose rapidly from its current level of \$10.75 to \$15. Indeed, an employer would consider additional staff for an employee, but if that value is less than the employee's salary, it is not in the company's interest to employ that staff.

Jobs are therefore destroyed when the minimum wage increases too rapidly. Some economists estimate that 160,000 jobs would be lost in Quebec on the long term if this change were to take place in 2016, or 80,000 if it were to take place in 2022, whereas others think instead that 20,000 jobs would have been lost in 2015.⁴

Whether we adopt one estimate or another, the effect of this policy on the province's total regions can show a light on the extent of its negative impact. Indeed, the jobs at risk represent a disproportionate share of rural employment, and such a measure could very well exacerbate the rural exodus.

DIFFERENT EFFECTS FROM ONE REGION TO ANOTHER
The minimum wage, which is determined by the Quebec government for the entire province, does not affect all regions the same way. This is due to the fact that the volume of economic activity is not the same across Quebec.

These developmental differences affect the job that fast-food stores in particular are often places where productivity is low.⁵ This is not due to workers and

5

Research Papers

MEI Ideas for a More Prosperous Society

NOVEMBER 2016
ENTREPRENEURSHIP AND ECONOMIC FREEDOM: AN ANALYSIS OF EMPIRICAL STUDIES
By Mathieu Bédard

17

Viewpoints

MEI Ideas for a More Prosperous Society

AUGUST 2016
ABOLISHING SCHOOL BOARDS TO PROMOTE STUDENT SUCCESS
By Yvan Chénier, with the collaboration of Vincent Gauthier

Since 1990, the participation rate in school board elections has fallen drastically. Despite a warning from then-Education Minister Yves Bolduc that the participation rate would determine the future of school boards,¹ only 5.54% of Quebecers voted during the 2014 elections (see Figure 1). The participation rate was higher in English school boards (16.85%) than in French ones, where the 5% threshold was not even reached (8.37%). In addition, over 40% of "elected" school board representatives are appointed unopposed and without an election.² Such participation levels show a lack of legitimacy for an institution that was designed to promote proximity between schools and their communities.

These most recent election results represented a golden opportunity to do away with this superfluous institution in order to allow the emergence of more autonomous schools. In December 2015, the Quebec government introduced a bill that went in this direction.³ However, the new Education Minister, Sébastien Proulx, decided to drop the structural modifications and focus instead on academic success.⁴ Yet abolishing school boards and entrusting schools with more autonomy would in fact promote the success of students.

ARE SCHOOL BOARDS NECESSARY?
School boards take care of many aspects of managing both teaching and non-teaching school staff hiring, firing, evaluation, promotion, etc., ensure the maintenance of facilities,

provide pedagogical support to staff, and organize school transportation operations. However, these priorities could all be undertaken by autonomous schools themselves. In fact, there are cases in Quebec of schools doing without the support provided by school boards: the 242 schools within the private school network.⁵ These schools each individually manage their own staff, pedagogical services, and facilities. In many of them, boards of administrators composed of staff members and members of the community supervise the school principals and their teams.⁶

The experience of private schools suggests that school boards are superfluous. Defenders of school boards often refer to there are economies of scale in numerous expenditures related to management or to bulk purchases for necessary goods. Although these might exist,

248

BLOG POSTS AND OP-EDS

FINANCIAL POST

FP COMMENT
More debt and poorer for the Ontario is the new Quebec
TRENDS: Donald Trump / Canadian author Family Financial Times (CFO Press) / FP&A / TFS&A

More debt and poorer for the Ontario is the new Quebec
By Mathieu Bédard and Yvan Chénier, written by Annette Minnie
Posted on 2016-11-18 at 10:00 AM EST

Lawrence Solon: The FN are rising up to...
Howard Levitt: Early negotiations could...
Employer and employee should be aware of the implications
Ontario has announced \$150 billion in...
The Montreal Economic Institute...
Olympic reportedly made US\$10 million...
This is the second major climate...
... compared to Ontario's total over

44%

more than 2015

THE MEI IN FIGURES

A RECORD-BREAKING YEAR

PROGRESSION OF MEDIA MENTIONS SINCE THE START OF THE MEI

8,073

86% more than 2015

22 mentions per day



4,326
followers

51%

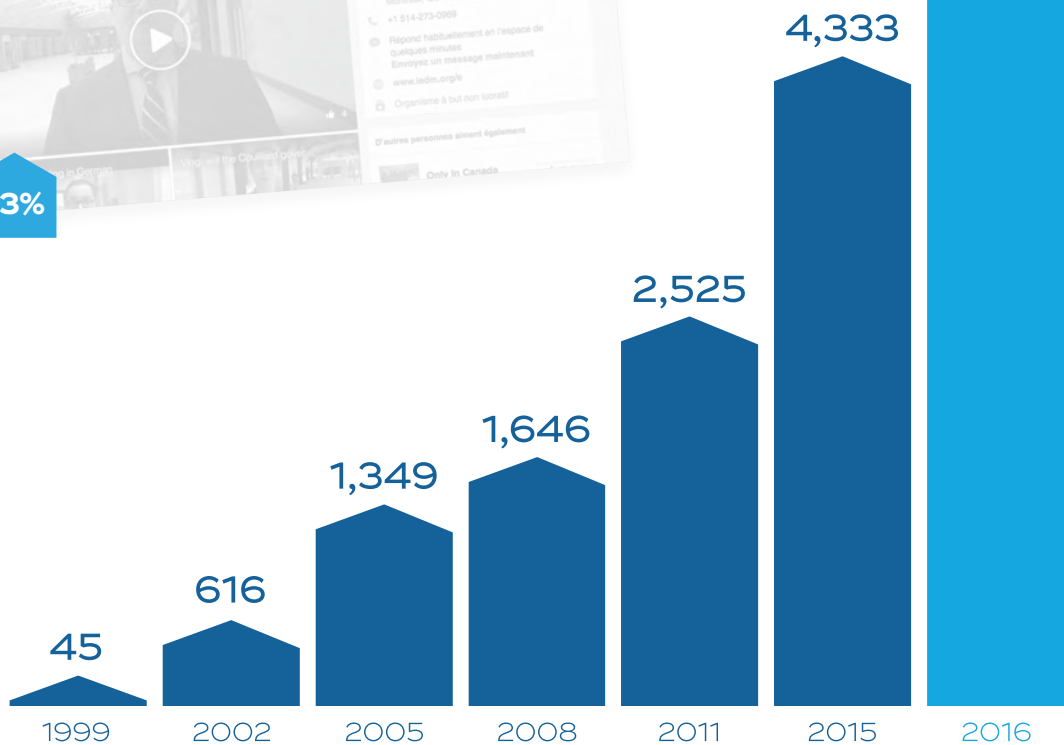


4,064
followers

13%



53,540
views



DEPARTMENT OF CURRENT AFFAIRS

A few excerpts from our opinion pieces:

June 6, 2016

Canada's sky-high airport fees create turbulence for carriers

THE
GLOBE
AND
MAIL

"There's no good reason why Canadian airports and airlines cannot compete successfully in the global marketplace, to the benefit of Canadian travellers everywhere. The federal government should lighten the fiscal burdens that keep them from soaring as high as they can go."

November 1st, 2016

The topsy-turvy world of hospital budgets

MONTREAL
GAZETTE

"Imagine a business complaining about having too many clients. Sounds crazy? Welcome to the topsy-turvy world of public health care in Canada."

September 15, 2016

Canadian wood producers face 25 per-cent tariff in border fight

VANCOUVER
SUN

"The softwood lumber conflict highlights a fundamental aspect of protectionism: It concentrates benefits within a limited group, whereas costs are spread over a large number of economic actors."

December 7, 2016

Can the market support Energy East after Trans Mountain approval? Let the market decide

TJ

"It is not the proper role of government to decide on the economic viability of business ventures. Market actors, investing their own funds, are much better placed to make such decisions – and have a much better track record making them."

July 23, 2016

Province has tossed out a tried and tested recipe for success



“Unfortunately, recent public policy decisions in the province are very far removed from the sound policies that made Albertans so rich in the first place. Let’s hope for the sake of all Canadians that Alberta rediscovers its tried-and-tested recipe for success.”

July 4, 2016

It’s Time To Embrace Green Innovation (Wherever It Emerges)



“This may not get any cheers from green groups with a knee-jerk hatred for all things oil-related, but finding ways to produce oil more efficiently can be a part of the solution.”

October 14, 2016

Privatizing, partnerships future of public transit



“Such innovations, including privatizing, delegating, and creating partnerships, are the future of local transit.”

December 22, 2016

Income equality, well oiled



“Provincial governments shouldn’t act like jealous siblings. We’re all winners when Saskatchewan and Alberta are thriving, and we’re all losers when huge infrastructure projects like these are gridlocked.”

REGULATION

MAKING THE PUBLIC SECTOR MORE FLEXIBLE AND LIBERALIZING THE PRIVATE SECTOR



Economics confirms beyond any doubt the benefits of entrepreneurship, of openness to competition, and of loose, flexible regulation in the efficient achievement of goals, both in the private sector and in public administration. This is why, in all of its public interventions, the MEI promotes broad economic freedom and warns against a certain tendency of governments to want to maintain bureaucratic control over public services and to unduly regulate some private industries. At a time when new technologies are revolutionizing business models and entire industries, regulation as an area of research is more relevant than ever.

One government-controlled sector in which the advantages of competition could benefit people is public transit. The day that the Montreal Transit Corporation celebrated the 50th anniversary of the city's subway system, our researchers showed that it had a long record of inefficiency and that all Quebec taxpayers end up footing the bill. Elsewhere in the world, numerous governments have either privatized their transit systems or delegated portions of their activities to private companies, resulting in a better service at a lower cost. The Corporation had to react publicly to our study, which was one of our biggest media successes of the year.

Another study that was widely discussed in Quebec media looked at the rules that make it extremely difficult to fire a teacher. Over the past five years, only seven permanent teachers out of a total of nearly 60,000 working for the province's school boards were fired for incompetence. This study put the unions in the hot seat. While the MEI was defending the interests of parents and students, the unions pretended that there were simply no incompetent teachers among their members.



In August, the MEI also published a study showing that supply management policies in the milk, egg and poultry sectors disproportionately hurt the poor. By keeping prices very high for these basic foodstuffs, this system pushes nearly 200,000 Canadians below the poverty line. The MEI pointed out that those who are concerned about the plight of the poorest members of society should demand better public policies, for example a gradual end to production quotas and tariff barriers.

New technologies are disruptive, but they also create opportunities, a dynamic that was raised in a publication on the underestimated economic benefits of the Internet. The Internet is in the process of bringing about what some are calling a 4th industrial revolution. This *Economic Note* warned governments not to hinder its development with inappropriate and unnecessary regulation, as they unfortunately tend to do in numerous sectors.

In the same vein, the MEI was at the forefront of the debate about the presence of Uber in Canada, proposing a liberalization of the taxi industry along the lines of what was done in Australia. Since then, several commentators have proposed similar solutions, some having been adopted by provincial or municipal governments, to allow consumers to enjoy the benefits of ride-sharing applications.

Finally, the third annual edition of our *Research Paper* on the state of competition in the Canadian telecommunications industry was a resounding success across the country this year, and was the publication that generated the most media mentions. As in preceding years, this *Paper* looked at different aspects of a sector that is crucial for the future of the Canadian economy, pointing out that competition remains a better guarantor of innovation and the provision of quality services than the micromanaging regulation of the CRTC.



“With the election of a new federal government in 2015, now is the time to reconsider the need for constant intervention,’ the Montreal Economic Institute says in the 2016 State of Competition in Canada’s Telecommunications Industry research paper.”

TAXATION AND PUBLIC FINANCES FOR THE RIGOROUS MANAGEMENT OF PUBLIC FUNDS

In certain provinces and in Ottawa, the year 2016 was marked by a return to policies of stimulus through deficits. True to its role as the defender of taxpayers and the promoter of the sound management of public funds, the MEI notably contributed to debates over this issue by comparing two ways of stimulating the economy: through government spending and through private investment.

One of our publications thus showed that pipeline projects currently in development in Canada represent enormous private investments capable of stimulating the Canadian economy much more efficiently and sustainably than the federal government's projected deficit of tens of billions of dollars for this year. Supported by figures, the *Note* challenged the preconceived notion that stimulating the economy is necessarily a matter of increasing government spending.

Another publication on taxation explained why it is mistaken to think that because interest rates are currently low, the government should borrow more. Indeed, those who use this argument forget that interest charges are not the only cost associated with a deficit.

We also called on governments not to repeat the errors of the past in terms of tax policy. Among other things, we released a *Viewpoint* explaining that for over 10 years, Ontario has been implementing costly public policies similar to those that make up the "Quebec model," with similar results: an exploding public debt and the impoverishment of Ontarians.



HEALTH CARE REFORMS IN THE INTEREST OF PATIENTS

Once again in 2016, the MEI was at the forefront of the debate on reforming Canada's health care system. Some fifteen years ago, we were the first organization in Quebec to call into question the existing public monopoly and propose market solutions for increasing patient choice and improving service quality, all while maintaining universality. Over the years, these proposals have struck a chord with the media and with certain politicians, and reform ideas that used to be taboo are now regularly in the news.

This year, we produced four publications that pursue these efforts and offer solutions for modernizing the health care system which are both innovative and pragmatic.

In Quebec, the Health Minister put in place a plan to gradually implement activity-based funding in hospitals, replacing yearly global budgets. This is standard practice in many industrialized countries, and means that each patient becomes a source of income for a facility instead of being a cost to be avoided in order to respect the budget. The MEI took the opportunity to explain once again the benefits of activity-based funding, pointing out that it would undoubtedly reduce waiting times in Quebec hospitals.

FINANCIAL POST



In order for a patient to be able to make an enlightened choice regarding the hospital most likely to provide the treatment required, however, another reform element must see the light of day: the presence of hospital performance indicators. Such a system encourages hospitals to raise their quality level to attract more patients, especially in a context in which hospitals are funded based on services rendered. In collaboration with a German health economist, the MEI took inspiration from the German experience to propose reforms applicable to our own health care system.



The MEI also produced a publication and short documentary looking at the efficiency of a new model of clinics led by specialized nurse practitioners, or “super nurses.” This is an example of an innovative private sector solution that is being smothered by the rigid, bureaucratic model in place. The object of these outputs was to show that the government should instead allow such solutions to emerge in order to respond to the needs of patients who have no family doctor and who do not want to wait around in emergency rooms.

Finally, let us note the MEI’s collaboration with a prestigious expert during the year, namely Professor Frank Lichtenberg of the Columbia University Graduate School of Business, an internationally renowned researcher on the topic of pharmaceutical innovation. Mr. Lichtenberg signed an MEI *Research Paper* illustrating how the development of new drugs allows patients to live longer and healthier lives, all while leading to savings in the health care system.



MEI documentary—Doctorless clinics: Why not let patients decide?

“Julie White, Barrette’s press attaché, said on Thursday that activity-based funding is the ‘third pillar’ of the minister’s health reforms—the first two dealing with streamlining governance and improving access to family doctors. ‘Yes, we will implement this type of financing in Quebec,’ White added in an email.”



DEVELOPING OUR NATURAL RESOURCES AND ENERGY SOURCES

The Canadian economy, especially outside of big cities, is heavily dependent on the development of natural resources. For several years, our research program has devoted substantial attention to two sectors in particular that provide jobs for hundreds of thousands of Canadians: forestry and energy. Unfortunately, these sectors currently suffer from excessive regulation that limits their potential for wealth creation.

A voluminous *Research Paper* devoted to the evolution of the forest regime in Quebec thus highlighted the tendency toward bureaucratic centralization in this sector, which explains the lack of investment and the slowdown of this industry. The publication showed why, instead of adding new administrative structures, it would be better on the contrary to give companies on the ground greater latitude in order to allow our forestry industry to innovate and remain competitive internationally.

Another publication warned the Alberta government about the adverse effects of unduly regulating the electricity market. Indeed, that province is in the process of following the path taken by Quebec and Ontario with new “green energy” policies that will inevitably lead to higher electricity rates.

Finally, in addition to the *Economic Note* mentioned above on the huge impact of pipeline projects in Canada in terms of investments, we contributed to this debate by commissioning a Léger poll on the perceptions of Quebecers. Its results indicated that generally speaking, and contrary to the received wisdom, Quebecers are open to the development of oil, and prefer oil from Western Canada and its transport by pipeline. These polls lend support to the messages contained in our more traditional publications by showing that they correspond to what the majority of the population thinks.



A majority of Quebecers prefer that their province exploit its own natural resources.



February 5, 2016



A majority of Quebecers prefer that their province source its oil from Western Canada than from foreign countries.



IDEAS THAT INTEREST THE POLITICAL CLASS

Because of their relevance and their practical application in improving public policies, our publications often end up at the centre of debates and on the desks of decision-makers.

In particular, figures and conclusions contained in our publications were cited during debates in the House of Commons. MP Denis Lebel declared, in a statement directed at the Finance Minister, “I would like to once again quote the Montreal Economic Institute, which said, ‘The best way to stimulate growth is to remove obstacles for entrepreneurs and innovators by reducing taxes and the regulatory burden’.”

Provincial MNA François Bonnardel also took inspiration from the MEI’s figures in the National Assembly (while citing our researcher on Twitter) during a discussion on the growing tax burden of Quebec taxpayers.

The federal Minister of Agriculture personally responded to our Vice President to comment on our study on supply management. And in reaction to our publication on the beneficial effects of gentrification, Montreal politician R al M nard said he was rather in agreement with the notion that it revitalizes a neighbourhood and brings in new stores, all while being critical of other aspects of our study.

Obviously, political decisions always depend on a multitude of factors, and it is impossible to evaluate the influence that our arguments have had on them. The MEI nonetheless views positively any reform that comes about some time after one of our publications on the same subject has elicited public debate.



For example, Quebec Health Minister Gaétan Barrette at first seemed rather critical of our publication on the subject of super nurses and the SABSA clinic when he commented on it. Yet just a few weeks later, he changed his mind and decided to integrate the clinic into the health care network, as we recommended.

After several MEI interventions, including the publication of an *Economic Note*, on the savings that could be had by refocusing the work of police officers on their essential functions and relying on other categories of personnel for auxiliary and administrative tasks, the administration of Montreal Mayor Denis Coderre announced that it was considering hiring civilians to direct traffic around construction sites instead of paying police officers high salaries to do so.

Our *Economic Note* on the impact for rural regions of a potential increase in the minimum wage to \$15/hour even elicited a reaction from Quebec Minister of Justice Stéphanie Vallée on a local radio program. Michel Merleau, Prefect for the Vallée-de-la-Gatineau region, said for his part that “it’s excellent to have this kind of document that provokes reactions. It calls for action and reflection. It’s good because it allows us to analyze our situation. These are figures that we can share, that we can contest, but we cannot ignore them.”



“ It’s excellent to have this kind of document that provokes reactions. It calls for action and reflection. It’s good because it allows us to analyze our situation. These are figures that we can share, that we can contest, but we cannot ignore them. ”

– Michel Merleau

Prefect for the Vallée-de-la-Gatineau region

EVENTS

The issue of inequality | January 18, 2016

Participation of Youri Chassin, Economist and Research Director at the MEI, in a panel discussion on the concept of inequality, its economic foundations and the attention devoted to the issue in the public debate, as part of a day of debates organized by Generation Screwed.

Austerity: Impact on the mission of universities | January 23, 2016

Invited by university student unions on the occasion of a day of reflection on the issue, our Economist and Research Director, Youri Chassin, discussed the meaning of the term “austerity,” the situation of Quebec’s universities and the relation between the two issues.

L'économie du partage et le consommateur | February 20, 2016

Participation of Youri Chassin, Economist and Research Director at the MEI, in a panel discussion on the concept of the “sharing economy” at the Forum économique de la relève d'affaires, organized by the Regroupement des jeunes chambres de commerce du Québec.

Lessons from Anticosti: More economic strangulation via green regulation | April 30, 2016

Presentation by Jasmin Guénette, Vice President of the MEI, as part of CIVITAS’s 2016 Annual Conference.

Les forces et les faiblesses des think tanks économiques au Canada | May 6, 2016

Presentation by Jasmin Guénette, Vice President of the MEI, as part of the Students For Liberty Leadership Forum.

Le rôle des think tanks au Canada | May 7, 2016

Presentation by Jasmin Guénette, Vice President of the MEI, as part of Generation Screwed’s 2016 Quebec Conference.

Association des enseignantes et enseignants en économie des cégeps du Québec | June 7, 2016

Participation of Youri Chassin, Economist and Research Director at the MEI, in the annual conference of the Association des enseignants en économie au collégial (AEEECQ).

J'aime Hydro | June 8, 2016

Participation of Youri Chassin, Economist and Research Director at the MEI, at the presentation of the play J'aime Hydro during this year's Festival TransAmériques.

Environnement vs développement économique | September 28, 2016

Presentation by Youri Chassin, Economist and Research Director at the MEI, at this Soirées libres-penseurs.

Quebec investing opportunities through Oil and Gas projects | November 1st, 2016

Participation of Youri Chassin, Economist and Research Director at the MEI, in a panel discussion as part of the 8th annual conference of the Quebec Oil and Gas Association (QOGA).

How to encourage entrepreneurship? | November 4, 2016

Official launch of the *Research Paper* entitled *Entrepreneurship and Economic Freedom: An Analysis of Empirical Studies* at which Michel Kelly-Gagnon and Mathieu Bédard, respectively President & CEO and Economist at the MEI, presented the conclusions of the publication and talked about the best public policies for supporting business creation.



THE MEI IN GOOD FINANCIAL HEALTH

As a non-profit organization that neither solicits nor accepts any public funding, the MEI depends entirely on its generous donors. Thanks to them, the MEI remains in good financial health and its revenues continue to grow. These reached another record-setting level last year.

In 2016, the MEI's total revenues amounted to \$2,750,187, which represents a 19% increase compared to 2015. Expenses totalled \$2,280,927, which represents a 0.18% increase compared to 2015. The resulting surplus amounts to \$469,260. This surplus will serve in part to finance two additional hires for 2017 and to ensure that our financial reserve remains more or less equivalent to 12 months of operations. The reader will understand that this amount fluctuates, and must among other things increase along with our increasing operating budget. Having no formal endowment fund—a fact which may of course change someday—such a reserve constitutes an essential tool for dealing with economic cycles and for financing particularly strategic initiatives, which could quickly become necessary without our being able to fundraise in a timely manner.



MEI

Ideas for a
More Prosperous
Society

As explained by the Chairman of our Board of Directors in her message at the beginning of this Annual Report, it is thanks to exceptional sums offered by generous donors that we were able to launch our new Department of Current Affairs this year. I would like to take this opportunity to point out that major donor commitments stretching over several consecutive years give us the room to manoeuvre that we need in order to plan more targeted, structured initiatives which have a much more significant impact. In short, as much as the amount of the donation itself, it is its longer duration that we are ideally seeking.

I therefore invite our current donors to maintain their support, and if possible, to consider multi-year commitments themselves in order to allow us to add to our human resources and increase our production as well as the number and scope of our media interventions. I also encourage each of you who believes in the mission of the MEI to share your convictions within your circles in order to help expand our group of friends and benefactors. Thanks to you, the year 2017 will be without any doubt another year in which the MEI promotes a better understanding of the concepts of free enterprise, competition, and the sound management of public finances.



President and CEO

TRUE FREEDOM

Original work created by Armando Valladares for the MEI

In 1960, at the age of 23, Cuban poet and artist Armando Valladares was incarcerated for having refused to distribute pro-Castro propaganda. He was detained for 22 years in prisons and forced labour camps and endured extreme physical and psychological abuse. He was freed in 1982 and emigrated to the United States.





910 Peel Street, Suite 600
Montreal (Quebec) H3C 2H8
T 514.273.0969 F 514.273.2581

iedm.org