They [the public policy think-tanks] tend to influence the attitudes of the public at large, and they tend to change what is politically profitable for politicians to do.

- Milton Friedman, recipient of the 1976 Nobel Prize in Economics, in an interview with the CBC on October 3, 1983
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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(as of December 31, 2012)

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Senior Writer and Editor
Message from the Chairman of the Board

The year 2012 was a year of social and political turmoil in the province of Quebec. In particular, it was marked by student demonstrations in the spring, by a change of government and by a corruption inquiry whose revelations rocked both the municipal and the provincial political spheres. In such a climate, there is a strong demand from the media for analyses that help people understand what is happening. This year again, our team surpassed itself in providing quality content based on data and facts.

Once again, the Montreal Economic Institute was front and centre in the numerous debates that dominated current affairs in Quebec, on such topics as tuition increases, the imposing public debt, the new government’s fiscal policies and, of course, health care reforms.

Our team did not merely get involved in debates concerning Quebec, however. On the contrary, some of our publications dealing with areas of pan-Canadian interest were among those that elicited the most coverage and reactions: oil sands innovations, agricultural marketing boards, the competitiveness of the wireless industry, the fight against obesity and many other topics.

The MEI is the only voice in Canada that systematically defends, using a media strategy that reaches out to Canadians from coast to coast in both official languages, an original and ambitious public policy approach based on lower taxes, less regulation and greater reliance on market solutions. A few other organizations do carry out similar work in Canada, but none have succeeded in penetrating Canada’s different regional markets in such a sustained manner and on as many different platforms, both in French and in English.

How do we know that this voice is heard? Because the MEI is setting new records for growth. Our organization has obviously never stopped growing in its 13 years of existence. The year 2012 is nonetheless exceptional insofar as the two main criteria used to evaluate its level of support and influence – fundraising and the media impact of its work – have reached new heights. For example, our media coverage experienced a spectacular 54% increase compared to 2011, and a 34% increase compared to our best year ever (2010).

These results are resounding proof of the fact that the MEI has become an influential, indispensable player in the media landscape both in Quebec and across Canada. Without us, many points of view would never be heard, and many debates would never take place. That’s why I can state without hesitation that our activities have raised the quality of debate on public policies in recent years.

These results have been achieved thanks to a strong, stable team, several members of which have now...
accumulated a number of years of experience in their areas of expertise. It is this accumulated capital of knowledge of files, of competence in the research, production and dissemination of publications, and finally of rigorous, effective management and administration that have allowed the MEI to reach this new plateau.

The MEI is the only voice in Canada that systematically defends, using a media strategy that reaches out to Canadians from coast to coast in both official languages, an original and ambitious public policy approach based on lower taxes, less regulation and greater reliance on market solutions.

As for the Board of Governors, it will henceforth benefit from the presence of Ms. Eleanor Nicholls, a businesswoman involved in a number of industries over the course of her career, including construction and real estate. Finally, it is with great sadness that we lost a long-time friend of the Institute this year, Daniel Audet, following a long and courageous battle with cancer. Daniel had been a member of our Board of Directors for several years before sitting on the Board of Governors. He was Vice President of the Quebec Council of Employers (CPQ) and a columnist for the Journal de Montréal.

It is also due to the dedication of all of these people who volunteer their time to the Institute that it has, this year again, continued developing and expanding its influence. I want to thank them, and thank all of you, donors and friends, who support us in your own way and in accordance with your means. Without this concrete support from the community, not only in Montreal but also across Quebec and Canada as a whole, the MEI would just be a nice idea without the means to make it a reality. That’s why I am counting on your renewed support in 2013 in order to make it another year of exceptional accomplishments that will lead us toward a society of greater wealth, freedom and responsibility!

Hélène Desmarais

To support this excellent team, we have welcomed two new members onto our Board of Directors this year. First of all, Mr. George F. Lengvari, a businessman with Montreal roots who is currently pursuing a brilliant career on the international stage. Mr. Lengvari also sponsors an annual conference series organized by the MEI in honour of his father, who revolutionized the life insurance industry in Canada in addition to being a great defender of the market economy. Mr. Pierre Simard, who is President and Managing Partner of Champlain Financial Corporation, a firm that invests in small and mid-sized Canadian businesses, also joined our board.
Message from the President and CEO

Over the years, the Montreal Economic Institute has positioned itself as an indispensable player when it comes to political and economic affairs, both for issues affecting Quebecers more specifically and for those of concern to all Canadians. While the year 2012 was characterized by a turbulent political situation, this gave the MEI the opportunity to be more present than ever in the media, offering concrete solutions in favour of greater prosperity, entrepreneurship and freedom of choice.

Through its multiple interviews, opinion pieces and columns disseminated in over 600 different media outlets in Canada, the MEI talks to Canadians, because in the end they are the ones who will have to pass judgment on the ideas put forth by the political class. Indeed, public opinion plays a major role in the choices of decision makers.

Thanks to the MEI’s work, public policy debates are informed by a rigorous economic approach. I am thinking, among others, of our contributions on taxation, on the development of energy resources and on the financing of the health care system. This year, our Research Paper on the financial transparency of unions was even cited in the House of Commons by Mrs. Shelly Glover, Parliamentary Secretary to the Canadian Minister of Finance, in order to show the importance of making union financial statements public.

The MEI’s associates in every forum

The significant increase in our media presence in 2012, which surpassed even our record year of 2010, is due among other things to an increase in the number of columns and blogs produced for multiple outlets by the MEI’s employees, economists and associate researchers.

The year 2012 was an exceptional year for the MEI, in every respect.

Indeed, thanks to a research program which highlights their work, some MEI associates were offered the opportunity to write regular columns. In particular, Youri Chassin and Yanick Labrie, both MEI economists, joined me as bloggers for the Huffington Post, an information outlet that reaches 4 million Canadians each month. This makes it the most visited news site in the country, ahead of the Globe and Mail, the Toronto Star and the National Post.

While the authors often write these texts as individuals, in the great majority of cases they nonetheless represent contributions that are directly relevant to the advancement of our mission.

It is a real advantage to benefit from so many forums (see Table 1), because the authors enjoy broad discretion in choosing their topics and the assurance that they will be published at regular intervals. It is also a flexible tool allowing us to react quickly to current events and to highlight the MEI’s intellectual capital.

### Table 1
**Columns and other regular contributions from MEI associates in 2012**

<table>
<thead>
<tr>
<th>Media outlet</th>
<th>Columnist</th>
<th>Format</th>
<th>Readership/audience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sun Media</strong> (group of 40 newspapers published in Canada)</td>
<td>Michel Kelly-Gagnon</td>
<td>Newspaper</td>
<td>2,700,000</td>
</tr>
<tr>
<td><strong>Huffington Post Québec</strong></td>
<td>Youri Chassin</td>
<td>Blog</td>
<td>270,000</td>
</tr>
<tr>
<td><strong>Huffington Post Canada</strong></td>
<td>Yanick Labrie</td>
<td>Blog</td>
<td>2,900,000</td>
</tr>
<tr>
<td><strong>Journal de Montréal</strong></td>
<td>Nathalie Elgrably-Lévy</td>
<td>Newspaper</td>
<td>1,163,800</td>
</tr>
<tr>
<td><strong>Journal de Québec</strong></td>
<td>Nathalie Elgrably-Lévy</td>
<td>Newspaper</td>
<td>369,000</td>
</tr>
<tr>
<td><strong>Le Cercle de La Presse</strong></td>
<td>Michel Kelly-Gagnon</td>
<td>Blog</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>La Presse débat</strong></td>
<td>Michel Kelly-Gagnon</td>
<td>Newspaper and Web</td>
<td>2,400,000</td>
</tr>
<tr>
<td><strong>Club Écono on RDI with Gérald Fillion</strong></td>
<td>Youri Chassin</td>
<td>TV</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>CHAA-FM, Allez... Debout!</strong></td>
<td>Yanick Labrie</td>
<td>Radio</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Economic Newsflashes in 76 regional Quebecor weeklies</strong></td>
<td>MEI team</td>
<td>Journal</td>
<td>2,500,000</td>
</tr>
</tbody>
</table>

**TOTAL potential readership/audience:** 12,392,800

### Numerous well-received media interventions

The MEI distinguishes itself by its exceptional ability to reach the general public through the media and to influence the public debate. This is what *National Post* journalist Nicolas Van Praet is talking about when he says that “With a staff of nine full-time employees and an annual budget of less than $2-million, the MEI has hit a nerve in Quebec’s collective conscience.”

The MEI has just had its best year ever in terms of media coverage. Its impressive 54% increase in media mentions compared to the previous year gives its economists and researchers that much more notoriety and credibility when they participate in public policy debates.

**The MEI innovates and multiplies its platforms**

The MEI is always looking to develop new ways of reaching people. Already very present in traditional media, we have seized the new opportunities offered in recent years by the development of mobile devices and the growth of social media.

For instance, we developed the mobi.iedm.org site and a Quebec Debt Clock application, both adapted for smartphones. We also produced a video about the way health care is organized in Switzerland, one part of which was broadcast on YouTube, the most popular website in the world after Facebook and Google. Moreover, we have emphasized the MEI’s presence on Facebook and Twitter, with daily exchanges now with Web users.

**Not only is the MEI frequently cited on the radio, on television and in newspapers, but the treatment it receives in those media is positive or neutral 9 times out of ten.**
Our oil resources are worth at least 400 billion dollars, estimates an HEC professor in a study carried out for the Montreal Economic Institute. Is Quebec ready to become an oil producer? Most importantly, do Quebecers want it to?

—La Presse, April 26, 2012
The financial transparency of unions

In recent years, the MEI has pointed out on several occasions that the union privilege of having a quasi-power to tax (the Rand formula forces workers to pay union dues) had to be accompanied by a greater obligation of transparency. Five publications, including a Research Paper entitled The Financing and Transparency of Unions, and numerous media interviews later, the climate of opinion has change. In consequence, bill C-377, which will require the disclosure of unions’ financial statements, was adopted by the House of Commons in December 2012.

Tangible results

Defying the status quo by sharing new ideas that promote a fiscally responsible government, freedom of choice and entrepreneurship—that is the long-term project the MEI set for itself when it began its operations in 1999.

We note with a certain pride that proposals put forth a few years ago by the MEI now provide inspiration for the development of new public policies.
Greater efficiency at Hydro-Québec

The MEI began its serious questioning of the efficiency of Hydro-Québec in 2009 with the publication of a Research Paper signed by Mr. Claude Garcia. He pointed out among other things that the client-employee ratio at Hydro-Québec was much lower than that of other comparable energy companies. This idea having caught on, Quebec’s newly-elected Finance Minister announced in his budget the elimination of 2,000 jobs for this public corporation. Quebec’s three main political parties all advocate such measures, and one of them explicitly referred to our work as being the basis for its recommendations on the matter.

A MEI publication reprinted by a European think tank

The public policy issues raised by the Institute can also prove to be relevant to other societies wrestling with the same challenges. It is not uncommon for the MEI to receive requests to reproduce the conclusions of its research in different languages. This was notably the case of the Economic Note that raised serious doubts about the effectiveness of plain packaging of cigarettes in reducing smoking. In 2012, this publication was adapted for European audiences and was even translated into Bulgarian. Such initiatives spread the conclusions from the MEI’s work to an even wider and more diversified audience.
The MEI is a non-profit organization that is financed by voluntary donations from individuals, businesses and foundations that support its mission. In order to preserve the independence required for it to carry out its work, which deals directly with public policies, it does not accept any government funding.

The MEI’s total proceeds went from $1,787,560 in 2011 to $1,927,501 in 2012. This 8% increase in revenue in 2012 has established a new record for our organization. Our expenses totalled $1,697,344. For several years now, the MEI has experienced sustained growth, with revenue increasing by 58% from 2009 to 2012.

The steady growth in funding that we are experiencing allows us among other things to maintain a more sustained media presence, which gradually leads to a wider influence for the conclusions of our research.

As is recommended in the best practices for think tank management, the MEI is pursuing the goal of building up a reserve fund equivalent to twelve months of activities, or $1.8 million. In the event of a major economic crisis, this reserve fund will allow us in particular to keep our key human resources in place, which are clearly our organization’s main assets. Furthermore, it will solidify our independence.

Speaking of independence, recall that no single MEI donor represented more than 8% of our total budget for the year 2012. Moreover, the largest contribution comes from a charitable foundation set up by someone who is now deceased. The MEI has set a ceiling of 10% for donations from a single source.

2013: A turning point

The political and economic situation that is looming in 2013 makes the MEI’s work more important than ever. We must be conscious of the very real risk that public policies harmful to Quebec’s growth could be adopted. For the next year, the MEI plans to propose solutions that foster greater prosperity and wellbeing for all. The MEI’s economists and researchers are already hard at work producing publications on issues such as energy development, the impact of public debt, and concrete ways of improving our health care system.

Michel Kelly-Gagnon
The Free Markets Series on PBS

Produced by The World Show in collaboration with the MEI, this television series presents some of the most dynamic and influential intellectuals in Canada and the United States. Consisting of 14 in-depth interviews with personalities like John Allison, President and CEO of the Cato Institute, Steve Forbes, President and CEO and editor-in-chief of the celebrated Forbes magazine, and Michael Fairbanks, cofounder of the SEVEN Fund, the Free Markets Series offers viewers a unique opportunity to better understand the economic and philosophical underpinnings of this school of thought.

The host of The World Show, who also conducted the interviews for the Free Markets Series, Mr. Bob Scully, was named 2012 Person of the Year by American Public Television.

Each of these interviews aired on the PBS network, which groups together 230 stations spread across 42 American states and 114 markets across North America and whose audience can exceed 1 million viewers.

The host of The World Show, who also conducted the interviews for the Free Markets Series, Mr. Bob Scully, was named 2012 Person of the Year by American Public Television, which constitutes additional recognition for the exceptional quality of this project and of the MEI’s partners.

This project of economic education helps position the MEI as an organization that is capable of managing large-scale projects of remarkable quality.
Publications

The work of the MEI’s research team constitutes the intellectual foundation upon which its researchers and authors base their commentaries in the media. During the year 2012, 11 Economic Notes, 6 Viewpoints and 2 Research Papers were published, along with one book and one poll.

Significant projects for 2012

Health

The Canadian health care system, which rests on a double public monopoly of the financing and the provision of necessary medical treatments, is struggling to meet the growing needs of the population. In the past, the cases of France and Sweden were put forward by the MEI’s researchers in order to show how, within a universal public system, it is possible and indeed advantageous to make room for private actors and more entrepreneurship.

Armed with this expertise on various European health care systems, in 2012 the MEI launched an ambitious research program in order to further study various ways of improving our health care system, and the results were excellent.

Whether it was Yanick Labrie on the topic of activity-based hospital funding, Frederick Cyrus Roeder, a German economist come to present the advantages of private hospitals within a universal public system, Dr. David Gratzer on the ineffectiveness of a soda tax in the fight against obesity, or Jasmin Guénette, producer of a video report on the organization of health care in Switzerland, the MEI’s efforts on the subject of health care in 2012 were numerous, varied and striking.

For example, by launching a video and then holding a public event featuring former Health Minister Dr. Philippe Couillard, the MEI scored big and benefited from extended media coverage for four consecutive days during the week of September 17.

Energy questions

The most successful publication of the year was without a doubt MEI associate researcher Germain Belzile’s Economic Note, which highlighted the province of Quebec’s oil production potential, whose value is estimated at some 400 billion dollars. La Presse Affaires devoted its entire front page to it, as well as four articles, while other articles in Le Journal de Montréal and Métro in addition to a column in the Sun Media newspapers reported the news the very same day the publication was released. With over 160 media mentions, including a television report on French CBC, an interview on LCN and another on Rutherford, Calgary’s flagship radio program, this MEI publication made people take notice of the fact that that the development of oil resources is of direct concern not only to Western Canadians, but to Quebeckers as well.

The MEI pursued its program dealing with energy questions with the launch of a Research Paper entitled Innovation and the Greening of Alberta’s Oil
Sands, signed by Professor Pierre Desrochers and Hiroko Shimizu. This publication, which detailed the industry’s major technological advances with regard to the environment, elicited many reactions all across Canada. The author actually crossed swords with Steven Guilbault, one of the main opponents of oil sands development, in a heated debate presented on French CBC Radio. The quality and originality of this research, released simultaneously with a pan-Canadian poll on perceptions of the oil sands, also attracted the attention of certain organizations like Environment Canada and Foreign Affairs and International Trade Canada, who requested additional details.

Agriculture

The Negative Consequences of Agricultural Marketing Boards, a Research Paper by Mario Dumais, an agricultural economist and associate researcher at the MEI, was also one of the year’s highlights. Launched a few weeks after the elimination of the Canadian Wheat Board, this publication reminded people that there are still 80 agricultural marketing boards in Canada hobbling the market by fixing prices and sometimes even the quantities produced (through the sale of quotas). Mr. Dumais’s proposal to gradually abandon these practices to make room for the cultivation of crops based on agricultural entrepreneurship enjoyed an extraordinary echo in many newspapers including the Calgary Herald, the Edmonton Journal, The Gazette, The Province, the Ottawa Citizen, Le Journal de Montréal and the Winnipeg Free Press. This coverage elicited a reaction from the president of the Union des producteurs agricoles (the largest agricultural lobby group in Canada). The farmers’ information bulletin even paid Mr. Dumais the honour of featuring a caricature of him.
Already back in 2006, the MEI was among “the most overexposed sources” according to Trente magazine, produced by the Fédération professionnelle des journalistes du Québec. Since then, the Institute’s media presence has more than doubled, registering a total of 3,897 mentions for the year, which amounts to an average of 10 mentions a day.

Quality media interventions

The MEI’s economists and researchers understand that the communication of ideas is at least as important as the production of research in itself. And in fact, they distinguish themselves by the quality of their participation in various media, a few examples of which follow:
• Michel Kelly-Gagnon, President and CEO of the MEI, was invited to appear on the CBC’s Lang and O’Leary Exchange program in order to take stock of Quebec’s student strike and to explain the conclusions of the MEI’s work on the impact of a tuition hike on university attendance.

• The MEI’s Debt Clock made the front page of the Journal de Montréal, the most widely read daily in Quebec, illustrating the province’s precarious public finances.

• Youri Chassin, economist at the MEI, appears regularly with Gérald Fillion, the most cited economic journalist in Quebec, during the Club Écono broadcast on RDI.

• Mario Dumont, whose show airs on the TVA network in primetime, presented an MEI report followed by an interview on the topic of Switzerland’s health care system.

• Yanick Labrie, economist at the MEI, was the subject of an article in Les Affaires magazine, in which he highlighted the importance of entrepreneurship in health care.

A professional approach to new media

The MEI is taking advantage of the opportunities for communication presented by new media. It is among the rare think tanks to offer a smartphone application. Launched on the occasion of the March 2012 provincial budget, this application shows the increase in Quebec’s public sector debt in real time. Furthermore, it allows Quebecers to react by instantly sending an email to the Finance Minister to share with him their concerns about Quebec’s level of indebtedness. This MEI initiative earned a mention as “application of the week” from La Presse.

The simplicity, originality and effectiveness of this application also attracted the attention of Infoman, who filed a humorous report on the subject.

Communicating ideas using video is another emerging trend, as evidenced by the success of YouTube’s sharing platform. Animated, accessible and easy to share on the Web, videos allow us to reach a younger demographic. This medium also seems to favour greater longevity. For example, a short animation illustrating the burden of Quebec’s public debt still draws attention today. Created by the MEI in 2010, the French version of this video has been viewed 50,000 times to date and continues to attract viewers.

Within the framework of its health care research program, the MEI decided to produce a video to illustrate the operation of the Swiss health care system, where the very notion of wait times is virtually nonexistent. Carried out with the same professional care that characterizes all of the MEI’s activities, the report was broadcast on the TVA news and on SUN TV, in addition to being available on the Web.

Distinctions

Tweet of the week,
Les Affaires,
September 27, 2012,
number 36

App of the week,
La Presse,
April 2, 2012

A report by Jasmin Guénette, Vice President of the MEI, regarding health care services in Switzerland.
The MEI’s Debt Clock on the front page of the Journal de Montréal
In 2012, the MEI team mobilized to organize 5 major events that allowed speakers from the academic world and the political sphere to share their specialized knowledge and experience. In addition to these prestigious events, MEI employees and associate researchers also participated in 12 conferences focusing on the issues of the day.
**Events**

**February 7 < Special Event**

**THE VIRTUES OF FREE ENTERPRISE**

Presentation by Tom G. Palmer, Executive Vice President for International Programs at the Atlas Economic Research Foundation.

**May 5 < MEI off-calendar event organized in collaboration with Civitas**

Dinner with Andrew Roberts, historian, biographer and best-selling author, on the subject of "Winston Churchill and the Free Market."

**September 19 < Debate**

**REFORM IDEAS FOR QUEBEC’S HEALTH CARE SYSTEM**

Debate between Dr. Philippe Couillard and Michel Kelly-Gagnon on the benefits of competition and the role of the private sector in the Quebec hospital system.

**October 30 < The George Lengvari Sr. Lecture Series**

**REPAIRING A BROKEN WORLD**

Dinner with internationally acclaimed economist and Montreal entrepreneur Reuven Brenner.

**Presentations**

**January 19 < Lancement d’année 2012 de SFL**


**March 10 < New Directions for Quebec**

Presentation by Youri Chassin, Economist at the MEI, as part of the Manning Networking Conference held in Ottawa.

**June 2 < Employee Free Choice and the Construction Industry in Quebec**

Presentation by Michel Kelly-Gagnon, President and CEO of the MEI, as part of the International Open Shop Conference in Calgary.

**September 11 < What can we learn from European healthcare?**

Presentation by Yanick Labrie, Economist at the MEI, as part of the 2012 Healthcare Efficiency Conference organised by Rogers Publishing in Toronto.

**October 23-24 < Canada as a source of inspiration for European reform?**

Michel Kelly-Gagnon, President and CEO of the MEI, delivers a presentation in a series of three conferences in Europe (Paris, Brussels and Luxemburg) organized by the Institute for Research in Economic and Fiscal Issues (IREF).

**November 7 < Hearings on the study of bill C-377 on the financial transparency of unions**

Participation of Youri Chassin, Economist at the MEI, at the hearings on the study of bill C-377, an Act to Amend the Income Tax Act, by the House of Commons Standing Committee on Finance.

**November 13 < Quebec’s oil potential and the benefits of its development**

Presentation by Germain Belzile, Senior Fellow at the MEI, as part of the 8th edition of the Forum sur l’énergie.