

ANNUAL REPORT

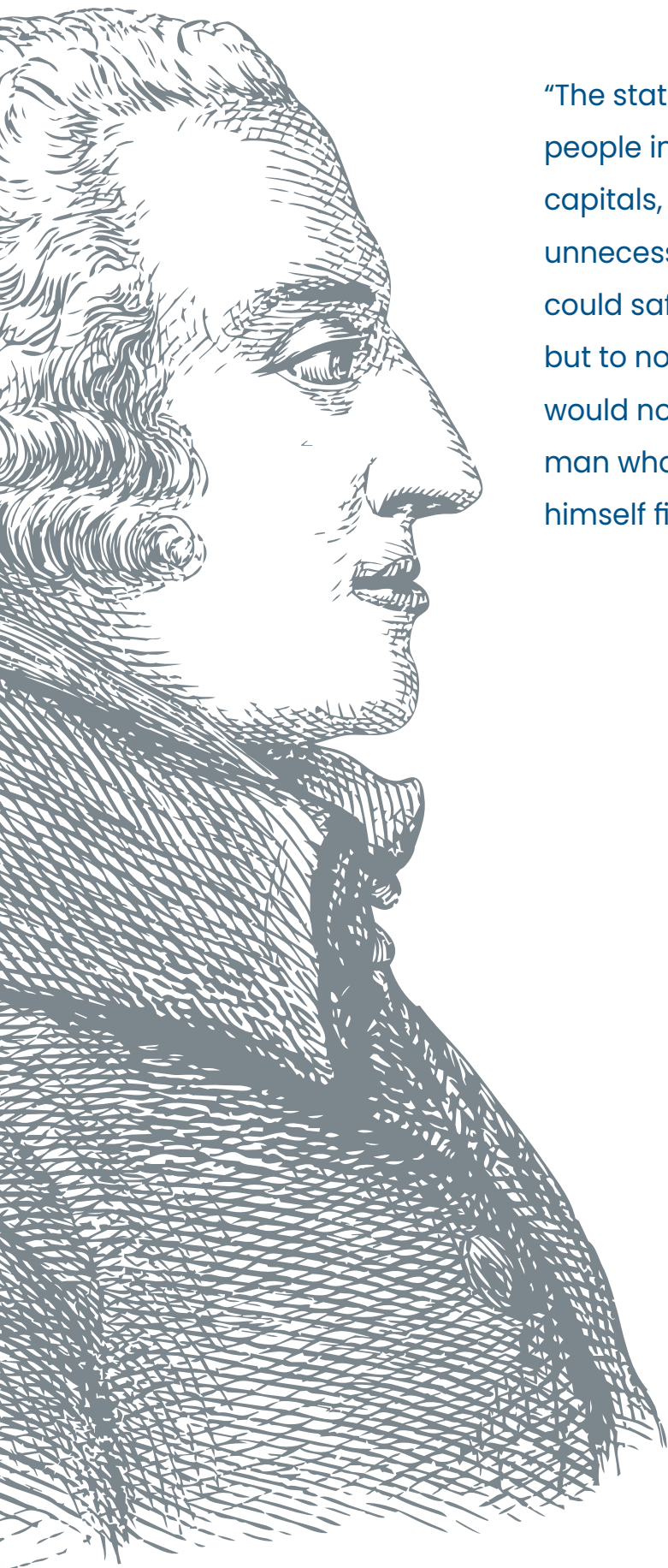


2023



MEI

Ideas for a
More Prosperous
Society



“The statesman who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.”

- Adam Smith (1723-1790)

A leading figure of the Scottish Enlightenment, the philosopher Adam Smith is often presented as a founding father of both modern economics and classical liberalism. And while his work on economics remains best known—with a single and indirect mention of the invisible hand of the market being what most remember—his impact on moral philosophy should not be underestimated.

As 2023 marked the 300th anniversary of his birth, we at the MEI would be remiss if we did not acknowledge his enormous contribution to the world. After all, a lot of what we do is based on the foundations he laid and on the work of those who later built on those foundations to create our modern understanding of economics.

Today, Smith’s words of warning for those who seek to direct others in the use of their resources still ring true, and remain an inspiration to us in the work we do every day.

BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD

Hélène Desmarais

DIRECTORS

Nathalie Elgrably-Lévy

Vincent Geloso

Philip Infilise

Michel Kelly-Gagnon

Tasha Kheiriddin

Guillaume Marion

Marc Meunier

Caroline Montminy, CFA

François Morin

Guillaume Pelegrin

David Salerno

Pierre Simard

Claude Thibault

Magatte Wade

BOARD OF GOVERNORS

Randall Birks

Eric Boyko

Reuven Brenner

The Honourable Baljit S. Chadha, P.C.

Mario Charpentier

Stephan D. Crétier

Jean-Guy Desjardins

Nicola Di Iorio, Ad. E.

Daniel R. Dorey, MBA

Marcel Dutil, C.M.

Richard Garneau

François Hudon

George F. Lengvari Jr.

Bernard Lord

Reford MacDougall, C.M.

Dr. Eleanor Nicholls

Adrien D. Pouliot

Yves Rabeau

Maureen Sabia

Guy Tremblay

THE MEI TEAM

RENAUD
BROSSARD



VICE PRESIDENT,
COMMUNICATIONS

DANIEL
DUFORT



PRESIDENT
AND CEO

BRADLEY
DOUCET



EDITOR AND
TRANSLATOR

NATHALIE
ELGRABLY-LÉVY



SENIOR
ECONOMIST

EMMANUELLE
B. FAUBERT



ECONOMIST

VINCENT
GELOSO



SENIOR
ECONOMIST

CAROLE
FISSET



DEVELOPMENT AND
ADMINISTRATIVE
COORDINATOR

GABRIEL
GIGUÈRE



PUBLIC POLICY
ANALYST

MICHEL
KELLY-GAGNON



FOUNDING
PRESIDENT

VALENTIN
PETKANTCHIN



VICE PRESIDENT,
RESEARCH

CÉLIA
PINTO MOREIRA



PUBLIC POLICY
ANALYST

KRYSTLE
WITTEVRONGEL



SENIOR POLICY
ANALYST AND ALBERTA
PROJECT LEAD

MESSAGE FROM THE CHAIRMAN OF THE BOARD

HÉLÈNE DESMARAIS



Inflation, interest rates, and public finances have continued to dominate the economic news cycle in 2023, and the same will no doubt be true in 2024. Even if the inflation rate in Canada has come back down to a less alarming level, the situation is far from rosy. Canadian households have the unenviable characteristic of being the most indebted among G7 countries. In addition to having suffered a substantial loss of purchasing power, those who have had to renew their mortgages have also suffered a financial shock, in a still-overheated real estate market.

Households are not alone in taking on debt. Our governments, both in Quebec and in Ottawa, continue to write their budgets in red ink. At the moment, all signs indicate that a return to budgetary balance remains a distant target, as public spending continues to climb precipitously. All of this is happening as economists from Canadian banks blame government deficits for stoking inflation, issue more and more reserves about the direction of public policy, and decry our persistent productivity gap.

This goes to show the importance of the MEI's work on public finance issues and its constant advocacy, for a quarter of a century, in favour of tighter, more disciplined management at all levels of government. We can never repeat too often that it is impossible to sustainably improve services for the population without sound public finances.

If positive news is a rarity on the economic front, the exact opposite is true for our organization. In 2023, the MEI experienced a successful leadership transition, with Daniel Dufort taking over as President and CEO of the organization in April and Michel Kelly-Gagnon, its long-time leader, taking on the role of Founding President. A change of leadership is a delicate operation in any organization. The MEI not only managed the transition very smoothly, but even had a record year in many regards, as Daniel will explain in his Message from the President and CEO, which he is signing for the first time in this annual report. It's a real credit to the entire MEI team!

Numerous public policy reform projects are in progress, and MEI researchers are taking an active part in the debates that surround them, providing objective, relevant analysis and data. Quebec and Alberta, for example, are increasingly calling upon independent clinics in the provision of health care, a file we have been involved in for some time. In Ottawa, the reshaping of the Impact Assessment Act will determine if it is still legally and financially possible to develop large natural resource projects and transport our energy. Our researchers also made concrete recommendations to increase the number of housing starts and respond to the rapid increase in residential real estate prices.

Our ability to take part in debates on these and many other topics depends entirely on the generosity of our donors, whose philanthropic gifts we administer with great prudence and efficiency. After a difficult year in 2022, in which we ran an operating deficit, the management implemented a plan to turn things around, as promised in last year's annual report, which is bearing fruit. I invite you to renew your support this year, so that we can continue to have a positive influence on Canada's economic policies during this period of growing uncertainty.

In closing, I would like to welcome two new members of our Board of Directors, Guillaume Pelegrin, partner at Fasken, and Tasha Kheiriddin, political columnist and public affairs consultant. I also want to thank for their service Anne Fortier, writer, and Nicola Di Iorio, former Member of Parliament and partner at DS Avocats, who left the Board of Directors this year.

Finally, it is with great sadness that we learned in September of the passing of one of the pillars of the MEI, Léon Courville. Former Chief Economist and President of the National Bank, he had spent recent decades nurturing the vineyard he founded at Brome Lake and being actively involved in the development of Quebec's wine industry. Léon served on the MEI's Board of Directors for over a decade and was one of our organization's biggest supporters from the very beginning.

Aéline Desmarais



MESSAGE FROM THE PRESIDENT AND CEO

DANIEL DUFORT



I am extremely honoured to address you, friends and donors of the MEI, and to sign our organization's annual report for the first time. As noted by Mrs. Desmarais, Chairman of the Board of Directors, in her message, changes of leadership can be tumultuous for an organization. Thanks to the assistance of my predecessor, Michel Kelly-Gagnon, to my years of involvement with the organization, and especially to the work of our team, the transition was a smooth one, and 2023 proved to be an exceptional year in many regards.

It must be said that the MEI's foundations are very solid. I took over an organization in excellent health, with a talented research team, stable funding, a well-established reputation, and a capacity for communication and media interventions in both official languages that is unparalleled in Canada for a research institute like ours.

We of course owe this performance to the exemplary management of Michel Kelly-Gagnon, who headed the MEI for most of its existence, and I thank him for his constant support both during and since this transition. As he announced last year, Michel did not leave us, but has taken on a different role in the

organization. As Founding President, he focuses on the development of our activities and our presence in Alberta, where he began a new stage in his personal and professional life in the summer of 2023. This province, thanks to its economic dynamism, but also because it is a laboratory of cutting-edge public policies, is one of the places in Canada where our work really strikes a chord.

Although officially founded several years before, the MEI began its regular activities in 1998, when Michel took charge of operations and started to actively raise funds to hire other employees and produce content. The year 2023 therefore marked our 25th anniversary. We took the opportunity to celebrate the occasion with a prestigious event, where many of our long-time friends gathered over supper with our guest of honour, the 22nd Prime Minister of Canada, the Right Honourable Stephen Harper.

A quarter of a century is quite a significant milestone! And what a long way we've come in 25 years of activity. The first year for which we have complete statistics is the year 2000. Since then, our annual budget has grown from around \$600,000 to \$3.22 million. In 2000, we produced 12 publications,

versus 36 last year. In addition to these traditional publications, our team launched 4 polls, 65 opinion pieces, 16 ad hoc press releases, and 8 short videos—none of which were we doing in the year 2000. Thanks to all of these activities, the MEI was mentioned 9,834 times in the media in 2023 (our 2nd best year ever), versus just 175 times in 2000.

I would now like to share with you a new long-term MEI project that is dear to my heart: our Liberty and Leadership program. I am convinced that this initiative, which we are in the process of developing and which will take shape in 2024, will lay the foundations for the implementation of sound public policies in the coming decades.

Tomorrow's leaders are in school today. They are accumulating a great deal of technical knowledge, but devote too little time to the study of the ideas that allow our societies to function and prosper. These include notions of the free market, property rights, competition, entrepreneurship, innovation, sound financial management, the rule of law, and limited government—in short, the basic notions of classical liberalism. By introducing the Liberty and Leadership program, we hope to bridge this gap and train the next generation of leaders so they will better understand and appreciate the importance of these notions.

Our approach will be gradual. First, a summer seminar with sessions led by economists, legal scholars, and other public policy experts will be held each year, with an annual cohort of some fifty college and university students. This seminar will allow us to identify the most promising candidates, some fifteen of whom will take part in internships with organizations like the MEI. Finally, the six participants exhibiting the most potential will benefit

from ongoing mentoring with prominent figures from organizations promoting classical liberalism and market economics.

To ensure the persistence of the principles that are the bedrock of Western liberal societies, we must train those who will defend them and apply them concretely in the coming years, whether by working directly on the design of public policies within a future government, or in other areas where they will exert an influence on those policies. I invite you to contact me directly if you would like to contribute to the success of this project, which will require considerable human and financial resources to fulfill its purpose.

The explosion of housing prices in Canada has without a doubt been one of the most widely discussed public policy issues of 2023, and the MEI has not remained on the sidelines. Housing, like any other market, responds to the laws of supply and demand. When demand grows faster than supply, prices go up. In this context, the numerous bureaucratic obstacles to building new housing have really not helped matters.

Our researchers signed several publications, articles, and briefs on this topic, in addition to participating in the City of Montreal's pre-budget consultations and meeting with policymakers at all levels of government. We argued for reducing regulation, which undermines the profitability and the feasibility of numerous housing construction projects. These publications and activities generated more than 600 media mentions, as well as a mention in the short documentary, "Housing Hell," by the Leader of the Official Opposition in Ottawa, Pierre Poilievre.

Another important file we worked on in 2023, and one that will have an undeniable impact on our prosperity, is Quebec's electricity shortage. Indeed, based on current projections, Hydro-Québec will not produce enough electricity in the coming years to meet the growing needs created by the development of our economy and our regions. In their work, our researchers showed the importance of preserving a diversified energy mix, including natural gas, one of the most abundant natural resources in Canada. We defended the need to increase supply, notably through greater openness to independent electricity production, outside of Hydro-Québec's quasi-monopoly.

As for Alberta, our active involvement in debates there was concretized by the participation of Michel Kelly-Gagnon in a panel led by Preston Manning on reforms for the health care system. The resulting report recommends among other things the introduction of activity-based funding in the hospital system; the expansion of the scope of practice of specialized nurse practitioners; and the reinforcement of the role of pharmacists in the health care system in order to increase services and reduce wait times.

These recommendations dovetail with those formulated by our researchers over many years in a multitude of publications, health care reform having been among the MEI's main areas of interest since the early 2000s. The Alberta government has already followed up on this report by committing to open clinics run by specialized nurse practitioners and by repeatedly addressing in public the need to expand the role and responsibilities of pharmacists.

You will find in the following pages that our researchers have delved into numerous other topical issues. Our goal remains as always the presentation of relevant data and coherent analyses based on the teachings of economics, all while being involved as much as possible in the debates that are making

headlines, in order to generate media coverage and attract the interest of Canadians who follow these debates.

Our team in 2023 benefited from the return of one of our talented young analysts, Gabriel Giguère. Gabriel was hired first as an intern in 2021, after earning his master's degree in applied policy studies from the University of Sherbrooke. He soon became a permanent member of our staff as a public policy analyst. After an absence of a little less than a year, he rejoined the team last April, and specializes notably on issues related to energy and housing. We are very happy to have him back among us.

In closing, I want to express my sincere gratitude to all of those who believe in our mission and who have been renewing their support year after year, in some cases for a quarter of a century! Thanks to you, I am convinced that the MEI will continue to shape public debates in Quebec and across Canada, and remain a strong voice in defence of the ideas that make our society prosper.



THE MEI IN FIGURES

9,834
MEDIA MENTIONS

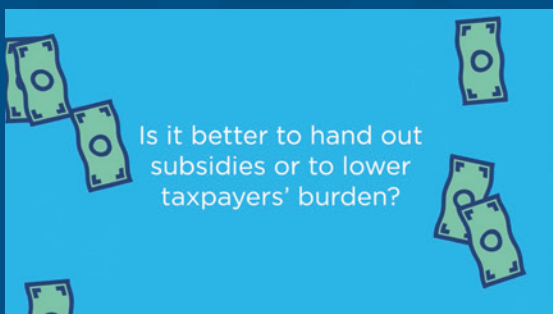
28
PUBLICATIONS

8
BRIEFS



8 SHORT VIDEOS

4 OPINION POLLS



65 OPINION PIECES

16 AD HOC PRESS RELEASES



KEY MEDIA INTERVENTIONS

THE CANADIAN PRESS

'MADE-IN-CANADA SYSTEM' KEEPS EGG SUPPLY STABLE. BUT IS IT ALSO KEEPING PRICES HIGH?

"When prices are already among the highest in the world, it's no surprise our prices didn't spike as much," said Krystle Wittevrongel, a senior policy analyst with the Montreal Economic Institute."

February 3rd, 2023

LEDEVOIR

L'ATTENTE TYPIQUE AUX URGENCES S'EST RALLONGÉE DE 40 MINUTES EN QUATRE ANS

"Si on inclut seulement les patients sur civière, l'attente est encore plus longue. Par rapport à 2018, la durée médiane de leur séjour s'est rallongée de deux heures, pour atteindre 11 heures et 19 minutes, révèle l'analyse de l'IEDM."

March 9th, 2023

AP

BOTTOMLESS SUPPLY? CONCERNS OF LIMITED CANADIAN HYDROPOWER AS U.S. SEEKS TO DECARBONIZE GRID

"A study published in May by the Montreal Economic Institute predicted that Quebec, now home to one of the world's largest hydroelectric systems, will over the next decade fall short of the generating capacity needed to meet increasing demand for power in the province."

June 7th, 2023

jdm

LOGEMENT : LE GRAND MONTRÉAL LOIN DE LA CIBLE DE RETOUR À L'ABORDABILITÉ

"Essentiellement, il aura fallu cinq mois pour démarrer autant de chantiers résidentiels dans la région métropolitaine que ce qu'on aurait dû démarrer en 52 jours," a indiqué Gabriel Giguère, analyste en politiques publiques à l'IEDM."

June 30th, 2023

THE GLOBE AND MAIL

QUEBEC AIMS TO DOUBLE EV INDUSTRY WINS AFTER NORTHVOLT DEAL

"Quebec's economic development and prosperity didn't come about as a result of subsidies, but rather in spite of them," said Emmanuelle Faubert, an economist with [the MEI]."

September 29th, 2023

LA PRESSE

BUDGET 2024 DE MONTRÉAL – UN BUDGET PRÉOCCUPANT POUR LE MILIEU DES AFFAIRES

"La Ville ferait mieux de revoir ses dépenses en termes de rémunération ; à la place on voit une augmentation nette d'environ 400 nouveaux postes," critique Gabriel Giguère, analyste en politiques publiques à l'Institut économique de Montréal."

November 16th, 2023

2023 BRIEFS AND GOVERNMENT SUBMISSIONS

The MEI team regularly volunteers its expertise and disseminates its research to decision-makers of all political stripes and at all levels of government. In 2023, we did this through a substantial number of briefs and submissions. These helped inform policymakers when making legislative decisions such as adopting laws, or executive decisions such as drafting budgets.

The Alberta Public Health Emergencies Governance Review Panel Report was made public by the Government of Alberta. MEI staff made recommendations on health reform that are now being enacted by the provincial government.

The MEI team submitted a brief to the Quebec Department of Energy as part of its consultations on the province's energy future. Our submission highlighted the urgency of the province's dwindling electricity surpluses, and emphasized the need to expand the ability of independent power producers to fill the gap where Hydro-Québec is unable to do so.

Our team submitted its budgetary recommendations to the Quebec Department of Finance, taking part in its prebudget consultation process. Among our recommendations were the implementation of the private mini-hospitals project, an emphasis on the need to get the budget back to balance, and independent power producers' need for flexibility.

MEI staff submitted a brief opposing Quebec's expropriations reform bill, known as Bill 22. We put forward the argument that a long and costly expropriation process is a feature, not a bug, as it defends the rights of property owners in a context where governments want to take their land. Property owners need to be appropriately compensated

when their land is taken via expropriation, which is not equivalent to a voluntary sale.

The MEI team submitted its budgetary recommendations to the City of Montreal, highlighting the need to contain the growth in spending on personnel. Our team also made it clear that excessive regulation has been constraining the growth of the housing supply, exacerbating recent affordability concerns.

Our staff sent a submission to the CRTC as part of its review of the wholesale high-speed access service framework. Our submission advocated for the removal of wholesale pricing regulation, explaining the prevalence of infrastructure-based competition in the Canadian telecommunications market.

We submitted two briefs to the Montreal Public Consultation Office as part of its hearings on the Bridge-Bonaventure redevelopment plans and the future of the Griffintown borough. We highlighted the fact that City Hall's decisions have blocked the construction of thousands of new units due to artificially low height limits, as well as the impact new market-rate units could have on the availability of affordable housing for middle-class families through something called the "displacement effect."

SOCIAL MEDIA

This year, the MEI developed its social media presence with a series of thematic posts. Our Number of the Week allowed us to emphasize certain key figures drawn from our publications or important aspects of economic news. With our #GoodNewsFriday posts, we highlighted positive news resulting from the increase in global prosperity over the past few centuries.

The MEI has maintained its solid social media presence. All told, our pages have 39,548 subscribers. Our team works hard to promote our posts in order to sustain and reinforce our reputation among our traditional audience, and also reach a different demographic.

In 2023, we published 3,414 times on social media, generating over 230,000 interactions.



FACEBOOK

31,429

subscribers to our pages

1,676

posts



X

8,119

subscribers to our page

1,738

tweets



OUR MAIN PUBLICATIONS

Certain research themes are particularly important for us because they have a direct link with the economic vitality of the country, or because they concern public policies that concretely improve the quality of life of Canadians. Our researchers pursued their economic education and research work in 2023. Here, then, grouped thematically, are the main publications that helped advance the mission of the Institute last year.



PUBLIC FINANCES

In February, we released a publication showing how the taxpayer money Canada spends on income support actually traps the very people it is meant to help. With participation tax rates reaching over 60% in Quebec, for instance, this perverse incentive structure creates daunting barriers to employment. We proposed that the federal and provincial governments make the reduction in social benefits, also known as the clawback rate, more gradual so as to encourage employable welfare beneficiaries to join the labour market.

As March is budget season, our team published a short study proposing a quicker return to balance so that higher interest rates will not cost the provincial government, and ultimately Quebec taxpayers, too much money. Higher interest rates increase the size of debt service payments governments must make on the money they borrow. We also published a brief we'd submitted in January as part of the Quebec Finance Department's pre-budget consultations, and later produced a press release applauding Quebec's tax cuts but expressing concern about the deficit.

Meanwhile, in response to the federal budget, we put out a press release criticizing the government's irresponsible deficits and its failure to do anything to address the country's productivity problem. We followed this up in April with an Economic Note situating federal public finances in a historical context and evaluating the gravity of the situation by defining the risks associated with the government's growing debt. Also in April, we submitted a brief, this time at the municipal level, as part of the 2024 pre-budget consultations held by the City of Montreal, recommending among other things that it get its compensation levels under control in order to avoid having to impose an undue burden on taxpayers.

In May, we published a study proposing a targeted top-up subsidy and increased frequency of benefit disbursements to encourage full-time work, thus helping to address the labour shortage. This adjustment to the Canada Workers Benefit, which in its current form fails to incentivize full-time work for low-income Canadians, would actually produce a positive net impact on government finances.

We released an Economic Note in June, in collaboration with the Morocco-based Arab Center for Research, showing that Keynes himself warned against the dangers of the kinds of "Keynesian" policies resurrected by politicians in recent years. We pointed out that among other things, the famed British economist would have disagreed with the Bank of Canada's recent policy of purchasing government bonds with newly-minted cash. He would have argued—correctly—that the high inflation Canadians and others around the world have endured was a direct consequence of the large-scale issuing of new money to finance government deficits.

Our 2023 government spending and taxation poll, released in July, found that 55% of Canadians think the federal government's spending is too high. Moreover, 65% recognize that the growth in government spending over the past three years has contributed to higher inflation levels. When it comes to allocating funds, fewer than 1 in 4 Canadians believe that the federal government is effectively directing their tax money toward the most important issues facing the country today.

In August, we published a short study proposing a more favourable fiscal and regulatory environment in order to stimulate investment and innovation. Due to a lack of investment, Canada lags behind its peers in terms of productivity, the value produced per hour worked in this country being 17% lower than the G7 average. This productivity gap has a direct impact on our standard of living, since the less value that is created by an hour of work, the less that hour can be remunerated.

In September, we published a research paper evaluating the effect of personal income tax rate increases on entrepreneurship in Canada between 2016 and 2020, and putting the financial impact of these rate hikes in perspective. Our results showed that these tax increases have impeded the creation of thousands of businesses, and the federal revenues collected are equivalent to the production subsidies recently promised to Volkswagen and Stellantis. The study had good media coverage when it was published, and it also provided useful intellectual capital for a very impactful ad hoc press release we sent out just a week later, when similar subsidies were announced for Northvolt.

Last but not least, in December, we published an Economic Note on the various taxes and fees that make air travel so expensive in Canada. It highlighted the rapid increase in rents charged by the federal government to Canadian airports, and the effect this has had in increasing the cost of Airport Improvement Fees charged to Canadian travellers. This study got very good coverage in media outlets across the country.

HEALTH CARE

In January, we published an Economic Note showing the benefits of lifting the ban on duplicate health insurance in Quebec. Allowing insurers to cover services already provided by the public system, as many countries already do, would help reduce wait times by making private care more accessible to a much larger share of the population. This would be a real blessing for the many tens of thousands of patients languishing months, and even years, on waiting lists before receiving the treatment they need.

In early March, we released a short study on emergency room wait times, which keep rising in Quebec despite repeated political promises to address the problem. This illustrates the degradation of the province's hospital system and the need to allow an opening for development and innovation when it comes to front-line care. Released in conjunction with our ranking of ER wait times in Quebec, this one-two punch was our biggest media hit of the year.

We conducted our 2023 healthcare poll later the same month, releasing it in early April. The poll found 69% of Quebecers in favour of the government's independent mini-hospitals project, versus just 18% against it. In addition, six in 10 Canadians (and seven in 10 Quebecers) support the decentralization of the healthcare system. The Office of the Quebec Health Minister thanked us for sharing the poll directly with them, and said they were studying it with interest.

Still in the month of April, we released a short study examining the robust positive relation between economic growth in freer societies and our ability to lead longer, healthier lives. This is in no small part thanks to the biopharmaceutical innovation that is possible in wealthier societies. We also published a news release the same month refuting some dubious claims made on the cost of contracting out treatment to specialized medical centres. Our researchers pointed out some methodological flaws, and emphasized that such contracted-out services are valuable resources to our health system.

In June, we published a research paper on the conditions that need to be met for Quebec's proposed mini-hospitals to improve access to frontline services, reduce emergency room overcrowding, and complement the existing supply of services. Our concrete and specific recommendations notably include the importance of activity-based funding and the flexible management of human resources. This study is an integral part of our efforts to help ensure that this long-awaited reform will be a success, which can then be emulated by other provinces.



In October, we released an Economic Note on the nurse shortage in Quebec, examining why so many nurses are leaving the profession, especially at the beginning of their careers, and how to address the problem. For every 100 nurses we train, 44 will leave the profession before their 35th birthday. Instead of eliminating employment agencies and opportunities for mixed practice, and reinforcing the monopolistic position of the public sector by making it the sole employer, we urged the government to embrace competition from independent employers who show the way forward by providing nurses with a better working environment. In addition to this publication receiving solid media coverage, the Quebec Minister of Health and the Parliamentary Secretary responsible for this file both shared it on social media.

Finally, in November, the Alberta Public Health Emergencies Governance Review Panel Report was published, along with an annex submitted by the MEI. Among other things, our team recommended that Alberta fully utilize the skill sets of pharmacists and nurse practitioners as a way to improve access to primary care in the province. These recommendations were included in the main report, and the government of Alberta has already indicated its interest in pursuing them.





ENERGY AND NATURAL RESOURCES

In February, we published a short study showing that Canada's economically destructive greenhouse gas emission reduction efforts will produce little to no global environmental gain. We raised the very real risk of carbon leakage, whereby high-emission activities are simply exported outside the country. Indeed, if the new location has less stringent environmental standards than Canada, such carbon leakage may well increase global emissions.

In May, our team released two Economic Notes on energy issues. The first examined options for increasing energy production in Quebec, including augmenting the role of natural gas, before the province's electricity surplus runs out in a few short years. This publication received excellent coverage, including in some neighbouring American states. The second study looked at how broadband networks and the digital economy have facilitated decreases in energy consumption and emissions, by allowing telecommuting, for example. The deployment of 5G will further contribute to decarbonization, thanks to networks that are themselves more energy efficient and that will enable the use of new digital technologies.

We published a short study in July proposing legislative reforms to liberalize the electricity sector in Quebec in order to address the provincial economy's growing need for energy in the coming years. In particular, we recommended that independent electricity producers be allowed to directly supply other companies, and that Quebec raise the 50 MW production capacity ceiling for independent dam projects supplying the crown corporation. These were among the recommendations we included in a brief we submitted that same month as part of the Public consultation on Quebec's energy future.

Also in July, we released a publication examining how in the long run, growth can be a powerful tool for improving the environment, especially in economically free societies. We pointed out how growth in the average income of a society's inhabitants tends to be correlated with growth in forest cover, for instance.

In August, we released an Economic Note on the federal obstruction of natural resource development projects that would contribute significantly to the economic progress of Indigenous peoples. Blocking such projects undermines the federal government's stated goal of economic reconciliation with Canada's First Nations.

Our first of two energy-related opinion polls was also released in August. In the context of the announced end of Hydro-Québec's surpluses, 62% of Quebec respondents said they support the idea of allowing independent electricity producers to sell their energy directly to other companies. As for the development of oil and gas pipelines to ports in Eastern and Western Canada in order to export to Europe and Asia, two-thirds of Canadians (including 61% of Quebecers) are favourable.



In November, we released our second energy-related poll, which found that two in three Canadians support the establishment of “energy corridors,” which are established rights-of-way to transport electricity, oil, or natural gas. Moreover, once it was explained to them, six in 10 Canadians agreed that carbon capture and underground storage (CCUS) can make a meaningful difference in the fight against climate change. There is work to be done in educating the public about such technologies, however, as roughly half of Canadians polled said they were unfamiliar with them.

We closed the year with a publication on how to streamline energy infrastructure development by using the energy corridor approach. Getting regulatory approval for energy transportation projects in Canada takes so long that investors are increasingly looking elsewhere. Energy corridors could go a long way toward restoring investor confidence and ensuring that our abundant resources can be transported and exported to where they are needed most.





HOUSING

In addition to our three traditional areas of focus—health care, public finances, and energy—the issue of housing was one that we felt compelled to emphasize in 2023 given how preoccupying the situation is, especially for younger Canadians.

In February, we published a study showing how the City of Montreal exacerbates the housing affordability problem when it blocks or delays construction projects or adopts costly regulations like the “20-20-20” by-law. Regulatory uncertainty and the City’s unreasonable demands play an important role in the rising cost of housing construction.

In April, these were among the issues we addressed in a brief we submitted as part of the 2024 pre-budget consultations held by the City of Montreal. Another related topic we examined was the notion that short-term rentals like those offered through Airbnb were a significant cause of the housing crisis. We set the record straight, pointing out that the number of units advertised on the popular site was on the order of 10,000 on the island of Montreal, whereas the metropolitan area would need some 460,000 new units by 2030 to return to an adequate level of affordability. The effect of short-term rentals is therefore negligible considering the scope of the problem.

We put out a press release in late June shining a light on the fact that the Montreal Metropolitan Community was falling far short of its own goal of 35,000 residential housing starts a year to restore housing affordability in the metropolitan region. Whereas it would have needed almost 15,000 housing starts over the first five months of the year in order to reach its objective, it had barely reached 5,000. Indeed, instead of increasing its housing starts in 2023, as both Vancouver and Toronto had done, Montreal had less than half as many starts as over the same period the previous year.

We followed this up in early July with a short study highlighting the thousands of housing units obstructed by the City of Montreal in recent years. Projects totalling nearly 24,000 units have been blocked, delayed, or reduced in scope by the city since the Plante administration took office in 2017, contributing to Montreal becoming less and less affordable. Moreover, thanks to a “displacement effect,” the construction of those new units currently obstructed or cancelled would have freed up over 10,000 units in less affluent neighbourhoods, some 4,000 of which would have been in the poorest neighbourhoods of Montreal. In addition to receiving good media coverage, this publication was cited in a video on housing posted to social media by CPC Leader Pierre Poilievre in December, and he cited it again in January 2024.



We also submitted two briefs, one in June and one in August, as part of the Montreal Public Consultation Office (OCPM) hearings on the future of the Griffintown borough and on the Bridge-Bonaventure redevelopment plans. Among other things, we criticized City Hall's artificially low height limits, and emphasized the importance of the displacement effect described in our July housing publication.



A HEALTHY FINANCIAL POSITION

The year 2023 saw a return to normal for the MEI in terms of its finances, after having run a rare deficit in 2022. Indeed, we managed to record a budget surplus of \$144,137 in 2023. We are thus closer to our objective of maintaining a reserve sufficient to cover a full year of operations, in accordance with best practices for think tanks. This reserve currently amounts to \$2,908,596, representing 11 months of operations.

The MEI's total revenues in 2023, including investment earnings, were \$3,223,255. As for total expenses, they amounted to \$3,079,118. Despite an operating deficit of \$153,628, the MEI ended the year in good financial health, thanks to a budget surplus.

The stars seem aligned for the MEI to continue to grow in 2024, with the launch of our Liberty and Leadership program. Our favourable financial position gives us the means to achieve our ambitions in this regard.

We are also proud to see that our funding efforts were more fruitful in 2023, bringing us close to the levels achieved by the MEI before the pandemic. In the coming years, we will strive to reach new peaks in order to carry out ambitious economic education projects for the benefit of the entire Canadian population.



President and CEO



MEI

Ideas for a
More Prosperous
Society

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

150 9th Avenue SW, Suite 2010
Calgary (Alberta) T2P 3H9
T 403.478.3488

IEDM.ORG