



ANNUAL REPORT **2025**



MEI

Ideas for a
More Prosperous
Society

“The key insight of Adam Smith’s *Wealth of Nations* is misleadingly simple: if an exchange between two parties is voluntary, it will not take place unless both believe they will benefit from it. Most economic fallacies derive from the neglect of this simple insight, from the tendency to assume that there is a fixed pie, that one party can gain only at the expense of another.”

– Milton and Rose Friedman,
Free to Choose: A Personal Statement, 1980

Milton Friedman had an enormous influence not only on economics, but also on public policies. Describing himself as a liberal in the classical sense of the term, he spent his entire life leading an intellectual campaign that put individual freedom at the forefront. He won the Nobel Prize in economics in 1976.

Friedman spent nearly 30 years at the University of Chicago teaching and developing a school of economic thought: the Chicago School of Economics. His efforts played a decisive role in discrediting the ideas of John Maynard Keynes that favoured government intervention in the economy.

In 1980, he collaborated with his wife, Rose Director, to produce a book based on his successful 10-episode PBS series *Free to Choose*, adding to the list of books that he published to reach the general public.



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THE MEI IN NUMBERS

19,376

Media mentions

31

Publications

6

Policy briefs

31

Ad hoc press releases

83

Opinion pieces

4

Polls

47,480

Social media followers



37,185



8,520



1,775



12

Short videos produced

KEY MEDIA INTERVENTIONS

Through its sustained presence in traditional media, the MEI helps shape the public debate. This influence is reflected on social media, where exchanges remain largely dependent on the coverage of current issues we read in newspapers, hear on radio, or see on television. As a regular contributor to these media on economic matters, the Institute thus succeeds in speaking to a much larger audience, which increases the reach of its conclusions.

We also enjoy significant and growing coverage in new media, whose substantial audience and ability to speak to citizens are not to be disregarded. The serious work of these organizations and the coverage they give to our analyses help promote our work and disseminate perspectives and ideas that, too often, are not found in other publications.

Une réponse aux tarifs axée sur la croissance



Daniel Dufort, president and CEO of the MEI – “Si les tarifs douaniers américains nuisent aux consommateurs et aux entreprises transformatrices américaines et augmentant leurs coûts, les tarifs douaniers canadiens auront le même effet de ce côté-ci de la frontière.”

February 1, 2025

Two cross-country pipelines could've diverted \$38.4 billion from the U.S., new study finds



Gabriel Giguère, senior policy analyst at the MEI – “Canada’s high level of dependence on U.S. trade is not unavoidable. It is the direct result of years of policy decisions that have delayed or actively impeded major infrastructure projects.”

March 20, 2025

Le Québec veut abaisser ses barrières au commerce interprovincial



“L’abolition des barrières commerciales entre le Québec et l’Ontario pourrait à elle seule accroître le PIB du Canada d’environ 32,2 milliards’, peut-on lire dans une note de l’IEDM transmise vendredi.”

May 30, 2025

Québec aide des canards boiteux, selon l’IEDM



Emmanuelle B. Faubert, economist at the MEI – “Le gouvernement vient récolter des impôts très élevés sur les entreprises qui réussissent au Québec, a déploré l’économiste de l’IEDM, Emmanuelle Faubert, en entrevue. Après ça, il va donner une grosse partie de cet argent-là à d’autres entreprises, qui ont de la difficulté à rester à flot. Donc, essentiellement, il vient déshabiller Pierre pour habiller Paul.”

June 19, 2025

KEY MEDIA INTERVENTIONS

What we can learn from Quebec's failed EV subsidies



Emmanuelle B. Faubert, economist at the MEI – “It’s bad enough that these subsidies often fail, leaving taxpayers with nothing to show for their politicians’ profligacy, but sustaining this level of government intervention also of course requires higher taxes – including corporate taxes. Robbing Peter to pay Paul is not a winning economic strategy.”

June 26, 2025

Plus de 428 000 Québécois quittent les urgences sans avoir été soignés



Emmanuelle B. Faubert, economist at the MEI – “Peu importe que ce soit pour un renouvellement de prescription, des points de suture, un bras cassé ou une crise cardiaque, quelqu’un qui quitte l’urgence sans être soigné, c’est quelqu’un qui tombe dans les craques du système de la santé.”

September 18, 2025

Provincial regulations making it harder for Canadians to move up economic ladder, says new study

Vincent Geloso, senior economist at the MEI – “Let people move different sectors to different jobs, to different places. That will have a really huge effect, maybe as important in terms of effect as the massive investment that people want to do, say in education, to give more income mobility across generations.”

October 2, 2025

Quebec losing 37 young nurses for every 100 who enter workforce: report

Emmanuelle B. Faubert, economist at the MEI – “This exodus is worsening the shortage of health-care workers and putting even more pressure on an already strained system.”

October 25, 2025

Alberta gov’t mulls plan to allow doctors to work publicly, privately or both, according to reporting

Emmanuelle B. Faubert, economist at the MEI – “The Alberta government understands that universal and government-run are not synonymous. Successes abroad demonstrate this, and we are glad that Alberta is prepared to take an evidence-based approach to addressing the chronic wait times facing patients.”

November 18, 2025

Le monde a encore besoin de pétrole et de gaz

Gabriel Giguère, senior policy analyst at the MEI – “Pourquoi le Québec resterait-il sur les lignes de côté, alors qu’il a tout le potentiel pour être un joueur étoile? Le Québec n’a aucun impact sur la demande de gaz naturel, mais il peut jouer un rôle réel dans l’offre de cette ressource. La fin des hydrocarbures n’a pas sonné, mais il est temps de mettre fin aux mauvaises politiques énergétiques au Québec.”

December 5, 2025

MESSAGE FROM THE CHAIRMAN OF THE BOARD



**HÉLÈNE
DESMARAIS**

Change was in the air in Canada in 2025. Although the party in power going into the spring federal election came away with another minority mandate, there is a new prime minister in Ottawa, the first in a decade. One sign of progress under this new leadership is the cancelling of the capital gains inclusion rate increase, a tax hike the MEI relentlessly campaigned against. Also earning some applause from us is the memorandum of understanding between Ottawa and Alberta for a pipeline project to the West Coast, as well as the adoption of Bill C-5 to speed such major projects along.

Yet, challenges abound for the country. For one thing, after a rollercoaster tariff year, the renegotiation of CUSMA looms large, with mutually beneficial international trade with our largest partner on the line. Nor is our federal government any closer to balancing its budget—quite the contrary, as it posted the largest deficit in Canadian history outside the pandemic.

Barriers to internal trade, at least, are beginning to come down, thanks to various measures in a number of provinces, with Nova Scotia leading the charge. The province of Quebec is facing some upcoming change as well, with the premier announcing his resignation at the start of 2026, and a general election scheduled for the fall.

As the situation continues to evolve, I am certain of one thing: the ongoing importance of the work the MEI does providing economic education to the general public, in particular through the timely interventions of its researchers on topics making headlines. With the impressive intellectual capital accumulated over its almost three decades of activity, the Institute is also a valuable source of knowledge and inspiration for Canadian decision-makers.

As its tagline announces, the MEI consistently and enthusiastically defends “ideas for a more prosperous society.” These ideas notably include free trade, both internationally and

interprovincially; a simpler tax code and less burdensome tax levels; regulatory reform to favour the construction of major projects; and patient-centred healthcare reform. On all these fronts, some progress has been made, and continues to be made.

But there is still much to be done for Canada to live up to its potential by attracting more investment and closing the productivity gap with its peer countries. This in turn will raise our living standards, as more productive workers earn higher real wages. By leveraging our abundant resources and educated workforce, we can bring our level of prosperity up to par with the wealthiest of nations.

In this endeavour, the MEI’s rational, fact-based research, presented in accessible publications and disseminated widely in both official languages through traditional and social media, as well as with policymakers directly, is simply indispensable. To carry out this work, our team depends on the generous philanthropic investments of our donors. I invite you to renew your support this year so that we can continue to help Canada successfully navigate these changing times.

In closing, I would like to welcome one new member to our Board of Directors, namely Anita Winsor, a fourth-generation Donner family member who has served as a Senior Advisor at the US Agency for International Development, among other posts. I also want to thank for his service Pierre Simard, President and Managing Member of Champlain Financial Corporation, who joins our Board of Governors.

Hélène Desmarais

MESSAGE FROM THE PRESIDENT AND CEO



At the MEI, we're committed to both the rigour of our policy research work and to doing everything in our power to bring the conclusions of that research to bear on the policy debates that shape our world. After all, the best research does little good if it just sits on a shelf.

That's why we work hard to produce accessible studies, to share them as widely as possible through traditional and social media in order to get people talking about them, and to communicate our results directly with stakeholders and decision-makers in order to encourage positive, market-based reforms.

In 2025, we hit new heights in the promotion of freedom and prosperity for Canadians.

We achieved our best year ever in terms of media outreach, with over 19,000 mentions of our work across the country, or an average of over 53 media mentions a day! This is simply a new level for us, testifying to the skilled and timely efforts of the communications team in particular, not least their innovative dissemination strategy for certain country-wide publications.

This coverage includes over 1,000 interactions with the media, namely interviews, articles, and opinion pieces. These are based on the original, timely, high-quality publications produced by our researchers, and also reflect our ability to react quickly to breaking policy news and provide incisive analysis on topics for which we have built up an expertise. It is a real team effort to develop, refine, and disseminate our ideas and research results, and I am extremely pleased with the success we've had in doing so.

Thanks to the great work of our Founding President, Michel Kelly-Gagnon, who continues to lead our fundraising efforts, and to the generosity of our donors, 2025 was a record year for our budget as well. This allows the MEI to do more of our important research and educational work, and also to expand our activities in new directions.

One first for us in 2025 was co-hosting a Special Global Meeting of the prestigious Mont Pelerin Society in Marrakech, Morocco, on the theme of "Reaching New Audiences for Classical Liberalism." This international conference was a resounding success, attracting 225 eminent participants from around the world to discuss the role that cultural creations, religious traditions, and certain academic disciplines can play in the transmission of our ideas and values. The feedback we received was extremely positive, and we feel a real sense of accomplishment.

Meanwhile, our Liberty + Leadership program, launched last year, continued to provide training to the next generation of young Canadian leaders. We received over 300 applications for our second annual seminar, attesting to the growing demand for this kind of program, and we accepted 50 of the best from this very good bunch, hailing from Newfoundland to Vancouver Island! We also paired select participants with paid internships and mentoring, giving them additional hands-on experience and guidance.

The importance of helping to equip the young leaders of tomorrow for the challenges of civic participation and leadership is something I take to heart. As many of them have now embarked on careers in think tanks and advocacy organizations, or are working as staffers for elected officials, we are sowing the seeds today for positive change tomorrow.

We continue, moreover, to bring the results of our research directly to influential stakeholders and interested policymakers as often as possible. Our free advisory services are available to politicians of any stripe, whether in the governing party or in opposition. They need only be open to hearing what we have to say on a given topic based on our accumulated intellectual capital and expertise.

Among the subject areas that took on even greater importance in 2025 was the benefits of free trade, and conversely, the costs of protectionism. Commercial exchange is such an unalloyed good



DANIEL DUFORT

that Canada would be better off unilaterally dropping all of its barriers to trade with the rest of the world, as we argued in one of our studies. This would strengthen the country's economy in the context of the ongoing U.S. tariff rollercoaster.

We highlighted the widespread costs of tariffs every chance we got, including a press release showing how much our own counter-tariffs were costing Canadian families. By the time we polled Canadians in July, our message had gotten through, as support for retaliatory measures had crumbled. In time, the Canadian federal government came around as well and rescinded its tariffs.

Canada's economy would also stand to grow if all of its provinces were to adopt mutual recognition acts with the rest of the country to facilitate interprovincial trade, as Nova Scotia and a number of other provinces did. We spurred this welcome development on, as it aligns perfectly with the case we have been making for years, arguing for One Country, One Market.

Health care is understandably a perennial concern for Canadians, and an important area of focus for the MEI. We got some good news out of Alberta on this front in 2025, with the announcement that the province will both implement activity-based hospital funding and allow mixed practice for physicians, two long-standing MEI recommendations. Indeed, Alberta's Minister of Health cited our work specifically after tabling the latter measure.

Our work in this area is getting noticed more than ever, with three of our 2025 health-related publications generating over 1,000 media mentions each! There is a real appetite for our studies of emergency room wait times, patients leaving ERs untreated, and young nurses exiting the workforce. For all three, we evaluated the provinces and issued ten targeted press releases focusing on how each compared with the rest.

Related to the trade tensions mentioned above, we argued in 2025 for diversifying our export markets for oil and gas as a way of reducing Canada's dependence on the United States, notably by building infrastructure in Quebec. We pointed out that two abandoned projects, Energy East and GNL Québec, could have redirected \$38.4 billion worth of energy products per year to other destinations had they not been quashed by the government.

We also stressed the need to simplify Canada's impact assessment process for major projects in order to make it more likely that this kind of infrastructure gets built. Our recommendations, repeated many times in different forms, were aimed at making evaluations swift by default, not by exception.

Last but not least, I must mention the release of the first edition of our provincial ranking of barriers to social mobility in October. Social mobility is what makes the difference between having agency in moving up the income ladder, or being stuck in inherited poverty. By taking into account dozens of different metrics, such as occupational licensing, business regulation, tax rates, school quality, and income inequality, our researchers established a scoring mechanism measuring to what degree each province encourages income mobility. Alberta has the best score, and Quebec the worst, but there is much room for improvement all around—and with the help of our ranking and targeted recommendations, our hope is that all the provinces will improve.

In closing, I want to thank everyone who supports all of this work that we do in fulfilling the research and educational mission of the MEI. We value your continued partnership, which allows us to be a strong and consistent voice for freedom and responsibility across the country.





LIBERTY + LEADERSHIP

SEMINAR

POWERED BY:



MEI

Ideas for a
More Prosperous
Society

- ▶ APPLICATIONS RECEIVED: **300+**
- ▶ 2025 SEMINAR PARTICIPANTS: **50**
- ▶ 2025 INTERNS: **15**
- ▶ 2025 MENTEES: **6**

The second year of our Liberty + Leadership Program was a very successful one. We developed this initiative to help improve the skills and knowledge of young leaders of tomorrow who are passionate about individual freedom, sound economics, and responsible government. The program is built on three pillars: an annual seminar, an internship program, and a mentorship program.

This second edition of our seminar once again featured a curriculum rooted in the principles of classical liberalism, and a diverse faculty made up of world-class academics, politicians, activists, and media figures. These speakers emphasized the crucial role of private property and free markets, constitutionally limited democratic government, and broadly defined civic values. These institutions of a free society can protect our civil liberties and individual autonomy while fostering prosperity and well-being for all.

We paired some of these youths with paid internships in the winter, summer, and fall of 2025, both at the MEI and with several partner organizations. Among our most promising participants, a few were selected to make up the second class of our mentorship program. MEI staff worked closely with these participants to match them with interested mentors best positioned to provide career advice and help

them develop their leadership skills and make the key strategic connections that are indispensable to sustained success.

In addition to these core activities, we hosted 11 in-person, virtual, or partner recruitment and network-building events in 2025, reaching over 200 students, including prospective applicants and alumni. This demonstrates a strong desire from young people to attend in-person events and an interest in educational opportunities beyond their university experience.

While the primary purpose of these events was to raise awareness of the program and connect directly with prospective applicants in order to identify the top talent for our 2025 edition, they also served a secondary purpose of reconnecting with alumni.



MEI

Ideas for a
More Prosperous
Society



90%

NUMBER OF ATTENDEES WHO SAID ATTENDING THE SEMINAR INCREASED THEIR INTEREST IN WORKING IN POLITICS, THINK TANKS, OR GOVERNMENT RELATIONS



100%

NUMBER OF ATTENDEES WHO WOULD RECOMMEND ATTENDING THE SEMINAR TO A FRIEND



EXTERNAL RELATIONS

In 2025, the MEI continued to assert itself as an indispensable reference in public and parliamentary debates, as much in Ottawa as in various provincial legislative assemblies.

In Alberta, the Institute's analyses played a notable role in the debates surrounding the organization of health care and the authorization of mixed practice. Health Minister Adriana LaGrange explicitly cited the MEI's work in the legislative assembly to support the pertinence of mixed medical practice, highlighting the fact that in health systems where doctors can practise in both the public and private sectors, patients enjoy better access to care.

This recognition is all the more significant in that it is part of a series of recent gains in the province. Indeed, earlier in the year, the Alberta government decided to adopt activity-based funding for its healthcare system, following MEI recommendations to do so. The year before, our Founding President had participated in the preparation of the Public Health Emergencies Governance Review Panel Report, leading to key amendments to better protect the rights of Albertans in the event of future crises. This series of advances testifies not only to the relevance and quality of our work, but also to the appreciation of Alberta decision-makers.

In the House of Commons, several interventions relied directly on MEI analyses in order to illuminate major economic issues. Liberal MP and Minister of Public Works Joël Lightbound on several occasions cited the Institute's work on the potential gains of eliminating interprovincial trade barriers, evoking an estimated impact of over \$200 billion on gross domestic product.

Other MEI work on the topic also found its way into Conservative leader Pierre Poilievre's "Canada First" plan, aiming to increase free trade between the provinces. In the context of presenting this plan, the Conservative leader explicitly cited our data on the number of barriers obstructing interprovincial trade.

Other parliamentarians also used MEI analyses to evaluate the economic consequences of climate policies, notably regarding the anticipated effects that capping oil and gas sector emissions would have on employment. We were also invited to testify before the Standing Committee on Environment and Sustainable Development, where we reminded politicians of the challenges that would arise from a gradual banning of conventional vehicles.

These references illustrate the growing role of the MEI as a source of data and economic analysis in federal discussions. They also demonstrate the ability of its researchers to produce work that resonates with policymakers of various political stripes, whether by illuminating policy choices or enriching the public debate.

In Quebec, the Institute's presence in parliamentary work has been just as pronounced. The MEI was invited to participate in a number of parliamentary committee consultations, notably in the context of studying bills on labour relations and government efficiency. On these occasions, its representatives presented their analyses before the parliamentarians, directly contributing to the study of public policies. Quebec politicians also made numerous references to the Institute's work, evidence of the prominent role it plays in the province's public life.

This work is an integral part of the MEI's mission, since it helps improve public policies. By ensuring a regular presence in parliamentary bodies, the Institute does not content itself with producing rigorous research; it also ensures that this work has a direct influence on decision-making.

Therefore, whether by being cited in the House, testifying before committees, or contributing to political debates, the MEI continues to play an active role in the development and improvement of public policies in Canada. This ability to enlighten decision-makers and inform debates shows the relevance of its work.



OUR IMPACT



DEVELOPING OUR ENERGY AND NATURAL RESOURCES FOR A MORE PROSPEROUS CANADA

The MEI's work on development and trade in the energy and natural resource sectors has helped guide policy discussions and generated significant gains over the past year.



7
Publications

14
Press releases

2
Detailed public policy toolkits

1,254
Media mentions

1
Opinion poll

17
Published opinion pieces

An Accelerated Process for Major Projects

Throughout the year, we continued to hammer away at the need to revise the federal impact assessment process. We showed how this framework has made Canada less attractive in the eyes of investors and proposed concrete reforms aimed at having it become swift by default, so that it would be possible to undertake major projects again.

Moreover, we completed a full policy toolkit detailing the legislative and administrative modifications required to increase the predictability of the process.

Although the idea of a process that is swift by default has not been taken up by Ottawa, the introduction of an accelerated process, in the context of Bill C-5, represents an advance. Other MEI recommendations, such as recognizing provincial environmental assessments as a valid substitute to federal impact assessment, are also being implemented thanks to the signature of agreements between the federal government and a growing number of provinces.

Renewed Support for Pipeline Construction

The MEI's research team has been highlighting the economic benefits of Canada's energy and natural resource sectors for years. In the context of American tariff threats, for example, our team quickly pointed out that the construction of oil and gas pipelines to our coasts would help diversify Canada's export markets.

Over the past year, we have observed a change in attitude on the part of the federal government and of numerous provincial governments regarding the construction of new pipeline projects. One of the most significant changes took place within the federal government, which now seems disposed to support the construction of these projects and has signed a memorandum of understanding with the Alberta government on the topic, thereby suspending the energy sector emissions cap policy.

Revising the Policies Gradually Prohibiting Conventional Vehicles

The MEI has long shown that Canadians considered Ottawa's and Quebec's policies aiming to gradually prohibit the sale of conventional vehicles by 2035 to be unrealistic. Our research shows that this perception is rooted in reality, notably due to the lack of charging infrastructure and the state of our electricity infrastructure.

We achieved a first partial victory toward the end of the summer when the Quebec government under François Legault announced it was reducing, from 100 per cent to 90 per cent, its target for the adoption of new electric or hybrid vehicles by 2035. The MEI continues to argue in favour of the complete elimination of these quotas in order to respect consumers' freedom to choose.

Our second partial victory on this issue occurred in the fall, when the Carney government announced the suspension of its policy gradually prohibiting the sale of conventional vehicles. The government's formal abandonment of mandatory quotas at the start of 2026 also constitutes a step in the right direction. The MEI will nonetheless continue to emphasize the rights of consumers until this policy is completely repealed.



LIBERALIZING HEALTH CARE TO PUT PATIENTS AT THE HEART OF THE SYSTEM

Since its very founding, health care has been a central focus of the MEI’s research. Canada’s healthcare systems are characterized by interminable wait times that undermine access to care, and patients seem to be an afterthought to the officials responsible for administration. Fortunately, our arguments have been gaining ground, and several of the solutions proposed by the MEI have been or are on their way to being implemented.

This success can be attributed in part to the marked increase in media coverage of our team’s analyses. For example, three of our publications on health care received over a thousand mentions each in the Canadian media, helping to advance the MEI’s ideas in the national public debate.

6

Publications

10

Press releases

1

Opinion poll

11

Published opinion pieces

6,450

Media mentions

Alberta Commits to Implementing Activity-Based Funding in Its Healthcare System

Last spring, the Alberta government announced reforms to the funding of its healthcare system aimed at transitioning it from a global budget approach to “activity-based” funding instead.

The way a healthcare system is financed dictates the incentives that motivate its administrators. When a system is financed using a historical funding method—in which a hospital’s budget is determined by indexing it to the previous year’s budget—each patient is seen as a cost, since treating them requires spending a portion of limited financial resources.

In contrast, an activity-based funding system allocates a hospital’s budget based on the number of patients treated and the complexity of their cases. As each patient is a source of revenue for the hospital rather than just a drain on resources, this funding method changes the incentive structure so that patient care now takes precedence over simply controlling costs.

MEI research shows that this method of financing is an essential component of the most successful healthcare systems in the world. We have recommended its adoption at the national level, as well as in publications focused more specifically on Alberta.

Quebec Will Implement a Treatment Guarantee, Following the Swedish Model

On the other side of the country, the Quebec government announced that it will establish a treatment guarantee policy starting in 2026. This means that Quebec patients who have waited more than a year for certain treatments will be able to be treated privately, with reimbursement by the government.

As the MEI's work shows, this system has already proven its effectiveness in Sweden, allowing patients there to obtain the care to which they are entitled even when the public system is unable to provide it within a reasonable time frame.

While the Quebec government's proposal leaves ample room for improvement—the Swedish version applies after a mere 90-day waiting period, compared to one year in Quebec—it is important to recognize that its adoption could significantly expand access to care for thousands of patients.



Alberta Leads the Way for Mixed Practice

The Alberta government's Bill 11, introduced last November and passed in December, authorizes mixed medical practice in the province. Alberta physicians will be allowed to log hours in private practice while maintaining their status within the public system. Unlike in other provinces, these doctors will not have to withdraw from the public insurance plan to work in private practice. While this is a first in Canada, this type of arrangement is the norm in other OECD healthcare systems.

International experience shows that allowing this type of practice does not reduce doctors' commitment to the public system. No decrease is observed in hours spent in public practice, in overtime worked, or in on-call shifts. On the contrary, this model encourages some physicians to increase the volume of their activity by combining public and private practice. The increase in the number of hours worked results in an increase of overall treatment capacity.

This reform has been a long-standing recommendation of the MEI, and our work on the subject was cited by Alberta's Minister of Health following the tabling of her bill. The change is an important step forward for patients in Alberta, and we will be monitoring its implementation closely in 2026.



LOWER TAXES FOR A MORE COMPETITIVE CANADA

The MEI's policy work on public finances has helped to counter harmful proposals that were being considered by federal and provincial governments over the past year. Furthermore, our advocacy for the importance of a balanced budget makes us an essential voice at a time when governments of all ideological stripes are normalizing the use of deficits.



8

Publications

3

Briefs

20

Press releases

4,703

Media mentions

1

Opinion poll

23

Published opinion pieces

Reversal of the Increase in the Capital Gains Inclusion Rate

Capital gains taxation is particularly damaging to a country's economic growth because it makes investment less attractive by increasing the minimum returns required to justify acquiring a stake in a project.

As soon as the federal and Quebec governments proposed raising the capital gains inclusion rate from 50 per cent to 66 per cent, the MEI team jumped in to explain the negative consequences of this move. Our analyses showed that such an increase would reduce investment, slow down business creation, and affect the middle class, particularly owners of small income properties, while also incurring significant costs that could exceed the anticipated revenues.

In 2025, both governments announced that they would scuttle the planned increase, keeping the capital gains inclusion rate at its current level. Though the uncertainty surrounding these announcements has undermined Canada's investment climate, this retreat is nonetheless a positive development. The MEI is proud to have contributed to the reversal of this harmful policy.

Launch of the Pan-Canadian Index of the Determinants of Social Mobility

The concept of social mobility is at the very core of the Canadian dream. It refers to the potential for individuals to move up the socioeconomic ladder. In other words, high social mobility means that a person's actions are the main factor that determines their socioeconomic position. Conversely, low social mobility implies that this position is mainly inherited.

MEI researchers showed in the course of their work that in most cases, excessive interventionism tends to freeze the socioeconomic ladder. Restrictive professional certifications, occupational quotas, and heavy taxation, among other things, contribute both directly and indirectly to undermining opportunities for individuals and limiting their potential.

Launched at a press conference held on Parliament Hill, the MEI's pan-Canadian ranking of social mobility determinants shows that no Canadian province's current public policy achieves a passing grade of 60 per cent. Although no province reaches this basic benchmark, the ranking shows provincial governments what adjustments they need to make to their policies in order to improve their performance and, ultimately, enable their populations to take back control of their destinies.

The year 2025 marks the first edition of the MEI ranking, and we are committed to pursuing this work in the coming years to continue to guide provinces in improving social mobility.



Canada Scraps the Digital Services Tax Just Days before It Was to Come into Effect

This summer, following trade pressure from the US government, the Canadian federal government announced that it was scrapping its retroactive tax on digital services. As the MEI has already demonstrated, this tax was ill-advised from the outset.

Though this tax was initially presented as targeting web giants, our team showed that it would actually affect the activities of many Canadian companies in the retail, telecommunications, and technology sectors, as demonstrated by the example of France, where a comparable tax was almost entirely passed on to the consumers of these services.

The cancellation of this tax, although belated, will help support the Canadian economy by saving citizens and businesses significant financial resources while enhancing Canada's attractiveness to players in the technology sector.

A PRINCIPLED DEFENSE OF INTERPROVINCIAL AND INTERNATIONAL TRADE

The year 2025 was marked by the resurgence of protectionist rhetoric and tariff tensions. The MEI team responded quickly by exposing the economic consequences of such a shift and emphasizing the importance of free trade, its contribution to our prosperity, and the need not just to preserve it, but to expand it, both internationally and between the provinces.

While many groups were calling for a more inward-looking trade policy, the MEI remained a strong voice in support of free trade based on fundamental principles. Here is an overview of some of the results achieved thanks to our efforts.

4

Publications

1

Opinion poll

12

Press releases

17

Published opinion pieces

3,155

Media mentions

The Mutual Recognition Approach Helps Liberalize Interprovincial Trade

Against the backdrop of US tariff threats, interprovincial trade quickly emerged as a mechanism that could help bolster the Canadian economy. The MEI's work on this topic helped fuel public debate starting in January. Our Internal Trade Provincial Leadership Index was cited by numerous newspaper analysts, highlighting the lack of improvement in some provinces—and the significant advances in others—since the signing of the Canadian Free Trade Agreement (CFTA).

One factor behind this slow progress is the approach previously advocated by provincial governments, namely the harmonization of regulations between provinces. In February, the Nova Scotia government proposed a novel approach based on mutual recognition. Under this mechanism, any province passing a law for the mutual recognition of standards would have its own products and services automatically recognized as compliant with Nova Scotia standards, and therefore exportable to that province.

Governments in other provinces, such as Ontario and Prince Edward Island, quickly proposed and passed similar legislation. Memoranda of understanding to facilitate these exchanges were also signed by many pairs of provinces.

The Quebec government, historically one of the most resistant to liberalizing interprovincial trade, adopted a unilateral recognition approach, promising to recognize the standards of every other Canadian province for the production of goods.

The MEI repeatedly praised the merits of this approach. In a study published earlier this year by Trevor Tombe, Senior Fellow at the MEI, we showed that opening up interprovincial trade could grow the Canadian economy by approximately \$215 billion. While we are still waiting for these memoranda of understanding to translate into increased trade, it is important to highlight the significance of the progress made this year on this issue.



Canada Ends Tariffs Imposed on Canadian Families and Businesses in Response to US Protectionism

From the very beginning of the US tariff threats, Canadian politicians correctly pointed out that the tariffs imposed by Washington would ultimately be borne by American consumers. This understanding did not, however, prevent them from imposing their own retaliatory tariffs on products imported from the United States.

The MEI was one of very few voices that spoke up, from the very first tariff threats, as a defender of free trade based on fundamental principles, and that opposed the introduction of retaliatory Canadian measures. We explained that such tariffs would hurt both Canadian consumers and domestic businesses that depend on American inputs. Though initially unpopular, this economic education effort did bear fruit. Support for retaliation soon eroded as Canadian households realized that they themselves were shouldering the cost, particularly through higher grocery prices.

The federal government finally changed its strategy in September and put an end to the tariff policy that was so costly for Canadian families and businesses. The MEI will continue to monitor the issue in 2026, as the renegotiation of the Canada-United States-Mexico Agreement risks reigniting our elected officials' protectionist reflexes.





OUR FINANCIAL POSITION



In 2025, the MEI collected **\$4,891,578** thanks to donations, contributions, and ticket sales for its events. Its investments generated **\$166,030**, bringing its total revenues to **\$5,057,608**. The organization's expenses amounted to \$5,051,226, leading to a modest surplus of **\$6,382** for the year.

Nearly one million dollars of revenues and expenses are attributable to the hosting of a Special Meeting of the Mont Pelerin Society. Even excluding the revenues associated with events, this was a record fundraising year for the MEI.



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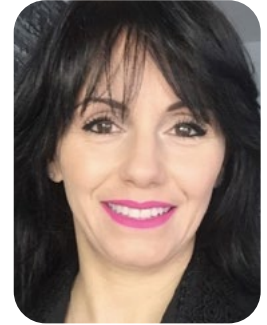
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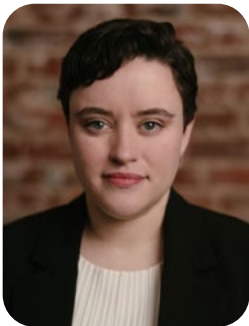
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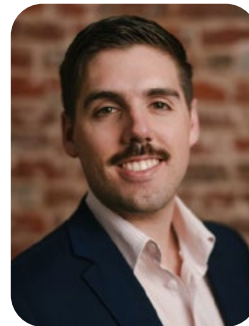
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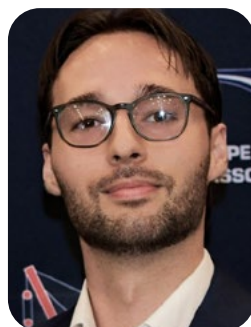
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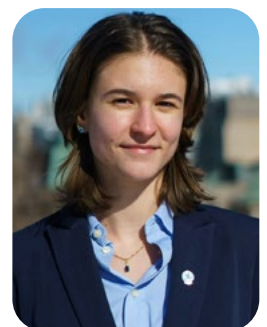
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