

# *C.D. Howe Institute*

---

Annual Report 2000



---

---

**T**he C.D. Howe Institute is an independent, nonprofit, research and educational institution. Its goals are to identify current and emerging economic and social policy issues facing Canadians; to analyze options for public and private sector responses; to recommend, where appropriate, particular policy options that, in the Institute's view, best serve the national interest; and to communicate the conclusions of its research to a domestic and international audience in a clear, nonpartisan way.

The Institute was created in 1973 by a merger of the Private Planning Association of Canada (PPAC) and the C.D. Howe Memorial Foundation. The PPAC, formed in 1958 by business and labor leaders, undertook research and educational activities on economic policy issues. The Foundation was created in 1961 to memorialize the late Rt. Hon. Clarence Decatur Howe, who served Canada as Minister of Trade and Commerce, among other elected capacities, between 1935 and 1957. The Foundation became a separate entity in 1981.

*How to Support the  
Work of the C.D. Howe Institute*

The C.D. Howe Institute encourages participation in and support of its activities from business, organized labor, associations, the professions, and interested individuals.

Members of the Institute are entitled to receive copies of all Institute publications upon release, and invitations to attend Policy Roundtables, conferences, policy dinners, and other special meetings. Members may also use the Institute's library, and consult with the Institute's analysts on policy issues. All contributions are tax deductible.

For further information, please contact the Institute's Development Officer.



[www.cdhowe.org](http://www.cdhowe.org)

*C.D. Howe Institute, 125 Adelaide St. E., Toronto, Ontario M5C 1L7  
tel.: 416-865-1904; fax: 416-865-1866; e-mail: [cdhowe@cdhowe.org](mailto:cdhowe@cdhowe.org)*

---

---

---

## A Message from the President and CEO

---

*“The public is well served by a robust think tank community ...More than any other think tank in the country, the C.D. Howe Institute commands attention by mastering all the tools a think tank has at its disposal: academic credibility, the ability to generate media attention and the promise of practical advice.”*

— *National Post Business*

In 2000, the work of the C.D. Howe Institute’s scholars was increasingly heard — and acted on — by federal and provincial decisionmakers. The good news included a staged reduction in business and personal income taxes, and a return to income indexing for many parameters in federal and provincial income tax forms. But as I noted in the December 2000 *President’s Digest*, more work remains to be done in the areas of fiscal and monetary policy, particularly since Canada’s competitors are not standing still.

I have said that Canadians need to embrace globalization and make their mark on the world. This will require effective government: smart spending and smart tax policies. The Institute is thus taking a closer look at government programs, especially in the critically important area of health care. There is also an urgent need for an informed debate on urban issues given the increasingly dominant role cities play in Canadians’ lives.

Fortunately, the Institute’s ability to make its voice heard in these areas continues to increase. Last year, we attracted 30 new members, and membership revenue grew by nearly 10 percent, the strongest performance in recent years, which has placed the Institute on a firmer financial footing. I have no doubt that this trend reflects solid and widespread recognition of the importance of the Institute as Canada’s leading nonpartisan, independent policy think tank.

On the staff side, the Institute also continues to benefit from a strong team of analysts and scholars. We were very pleased to name Bill Robson as Vice-President and Director of Research in recognition of his critical role here; Finn Poschmann has become a Senior Policy Analyst. And generous grants from a select group of supporters allowed us to name four new sponsored Scholars.

The Institute’s publications, Roundtables, and conferences are making a tangible difference to Canadian policy formulation. The times demand clear thinking and bold measures from Canada’s leaders. In 2001 and beyond, the Institute will continue to raise substantive issues that set the tone of national debate on the most effective means to build Canada’s future.



A handwritten signature in blue ink that reads "Jack M. Mintz". The signature is fluid and cursive.

Jack M. Mintz

---

## A Message from the Chairman

---

There are several ways to measure the effectiveness of a “think tank” such as the C.D. Howe Institute. One way is to consider the number and standing of participants in conferences, the extent and prominence of media references, and the number of downloads of reports from the Institute’s web site. Another way is to assess the degree to which people are willing to support its work. By both criteria, the Institute had a great year in 2000.

A third way is to look at the caliber of people who are attracted to an organization’s board. By this measure, Canadians can continue to expect great things from the C.D. Howe Institute.

Joining the Board of Directors over the past year were William Black, President and CEO, The Maritime Life Assurance Company, and John T. McLennan, Vice Chairman and CEO, AT&T Canada Corp. Their decision to join the Board is a vote of confidence in the Institute and its ability to be a key player in helping to define Canada’s potential in the twenty-first century.

As Jack Mintz notes in his message, the C.D. Howe Institute is currently operating from a position of strength. Revenues are growing, and we are attracting prominent new members and scholars. We are also expanding our Roundtables and conferences to new cities, to increase the Institute’s presence across the country.

We are not, however, resting on our laurels. Indeed, the Board has launched an intensive strategic planning process to ensure we apply the same degree of rigor to our own management as we insist that governments apply to the policies they set.

On behalf of the Board of Directors, I thank our staff and researchers for their superlative work, our conference attendees for their enthusiastic participation, and our members for their continued generous support. With your help, the C.D. Howe Institute will continue to play a key role in shaping Canada’s future.



A handwritten signature in blue ink that reads "Kent Jespersen". The signature is written in a cursive, flowing style.

C. Kent Jespersen

---

## Impact Report: Research Activities in 2000

---

A key goal of the C.D. Howe Institute's research program is to achieve a distinctive combination: state-of-the-art analysis, and timely, practical recommendations. From this perspective, 2000 was a highly successful year.

Many of the objectives and measures in the federal finance minister's October 2000 *Economic Statement and Budget Update* echoed recommendations that Institute scholars have articulated in recent years. We were pleased to see both federal and provincial governments making progress in reducing debt, and looking hard at ways to make taxes lower and less distorting — major themes in recent Institute work.

Institute publications anticipated the Bank of Canada's decision to move to a fixed schedule for interest-rate decisions. Canadian monetary policy continues to become more transparent and, gratifyingly, to have become more robust in the face of foreign-exchange market pressure, in line with recommendations from numerous Institute scholars.

To be sure, not all the Institute's recommendations find immediate favor. Critiques of federal job grants and proposed backsliding on employment insurance reforms failed to persuade policymakers. This experience, however, reinforces our determination to urge governments to adopt labor market policies that will support long-term prosperity. And our constructive influence in the policy debate around issues as diverse as constitutional reform and international trade provides ample evidence that sound and practical advice often hits the mark.

Looking ahead, the Institute has important efforts under way in urban issues and health care. We aim to ensure that Canadians who seek rising and sustainable living standards will continue to find the Institute's work a key source of ideas.

The following four pages provide a capsule description of the Institute's publications in 2000. Copies may be obtained by contacting the Institute, or over the Internet at [www.cdhowe.org](http://www.cdhowe.org).



William B.P. Robson  
Vice-President, Director of Research, and  
Canadian Liaison Officer,  
British-North American Committee

---

## The Institute's Publications

---

### *Fiscal and Monetary Policy*

William B.P. Robson, Jack M. Mintz, and Finn Poschmann, “**Budgeting for Growth: Promoting Prosperity with Smart Fiscal Policy,**” *C.D. Howe Institute Commentary* 134 (February 2000): Ottawa should put debt retirement, tax cuts, and strategic spending review at the forefront of its fiscal strategy over the next five years.

Jack M. Mintz and Thomas A. Wilson, “**Capitalizing on Cuts to Capital Gains Taxes,**” *C.D. Howe Institute Commentary* 137 (February 2000): Lower capital gains tax rates would encourage new investment by individuals and businesses, and improve the environment for risk taking, innovation, and entrepreneurship.

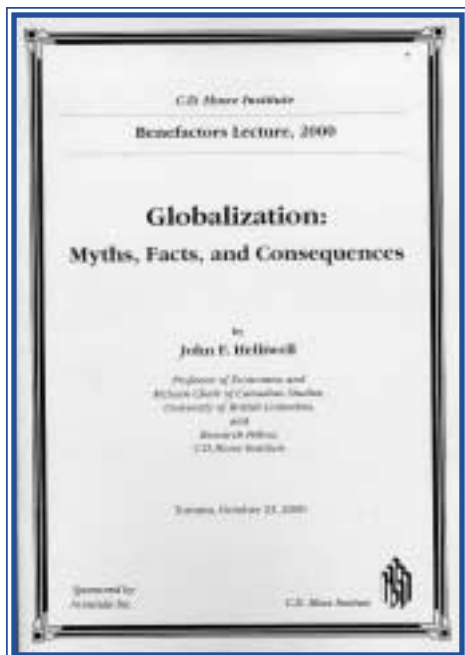
William B.P. Robson, “**Nice Tax Cuts — Shame about the Spending,**” *Backgrounder* (February 2000): The tax cuts announced in the February 2000 federal budget did not go far enough, and further progress is threatened by growing spending.

Jack M. Mintz, “**The February 2000 Federal Budget's Business Tax Measures: Is Canada Missing the Boat?**” *Backgrounder* (March 2000): The direction of federal business tax reform announced in the February 2000 budget is promising, but faster and deeper reductions would improve Canada's competitive position.



John Richards, “**Now That the Coat Fits the Cloth...: Spending Wisely in a Trimmed-Down Age,**” *C.D. Howe Institute Commentary* (June 2000): If Ottawa and the provinces are to avoid repeating the fiscal excesses of the past quarter-century, they should pursue a more disentangled federalism: greater tax-spending coincidence among the provinces and a clearer constraint on the federal spending power.

Duanjie Chen, “**The Marginal Effective Tax Rate: The Only Tax Rate that Matters in Capital Allocation,**” *Backgrounder* (August 2000): Policymakers should focus greater attention on the degree to which business taxes distort investment and disadvantage Canada as a location for investment in North America.



David Laidler and Shay Aba, “**It’s Time to Ignore Core Inflation,**” *Backgrounders* (November 2000): In addition to the consumer price index, indicators such as rapid money growth, unsustainably high real economic expansion, a tightening labor market, and perhaps the low level of the Canadian dollar exchange rate all suggest that monetary policy was too easy from mid-1999 through 2000.

William B.P. Robson, “**A Little Rhythm Could Help the Bank of Canada Stay Cool: The Case for Regularly Scheduled Bank Rate Decisions,**” *Backgrounders* (March 2000): A fixed schedule of Bank Rate announcements would help the Bank of Canada stay on course when financial markets are turbulent. David Laidler added his voice to calls for central bank reform in “**Picking Up the Beat: Why the Bank of Canada Should Move to a Fixed Schedule for Monetary Policy Announcements,**” *Backgrounders* (September 2000).

William B.P. Robson and Shay Aba, “**Stop the Press! Rapid Money Growth May Bring Higher Inflation,**” *C.D. Howe Institute Commentary* 144 (September 2000): Canada’s money supply grew too rapidly in 2000; only greater monetary caution will keep inflation within the Bank of Canada’s target band of 1 to 3 percent.

David Laidler and Finn Poschmann, “**Leaving Well Enough Alone: Canada’s Monetary Order in a Changing International Environment,**” *C.D. Howe Institute Commentary* 142 (May 2000): A North American common currency arrangement involving a new multinational currency is not an option, given political and institutional roadblocks in Canada and the United States.

*“Tax cuts and debt reduction can be achieved at the same time....The C.D. Howe study has proven this fact beyond a shadow of a doubt. In fact it ended the tax cuts versus debt reduction battle once and for all.”*

— *Calgary Herald*

### *Economic Growth and Innovation*

John F. Helliwell, “**Globalization: Myths, Facts, and Consequences,**” Benefactors Lecture, 2000: While liberalized international flows of goods, services, people, and capital present opportunities that Canadians should seize, Canada still has wide scope for autonomous policy.

Daniel Schwanen, “**Putting the Brain Drain in Context: Canada and the Global Competition for Scientists and Engineers,**” *C.D. Howe Institute Commentary* 140 (April 2000): Canada cannot afford to be complacent about the number of highly educated scientists and engineers leaving for the United States, even if it appears small relative to that of new graduates or immigrants with university degrees.

---

## The Institute's Publications - cont'd.

---

### *Social Policy*

Finn Poschmann and John Richards, “**How to Lower Taxes and Improve Social Policy: A Case of Eating Your Cake and Having It Too,**” *C.D. Howe Institute Commentary* 136 (February 2000): Better federal family and tax policies would encourage work and training.

Ross Finnie, “**The Dynamics of Poverty in Canada: What We Know, What We Can Do,**” *C.D. Howe Institute Commentary* 145 (September 2000): About half of Canadians who experience poverty do not stay poor, but the rest of those in poverty are chronically poor, presenting special challenges for policymakers.

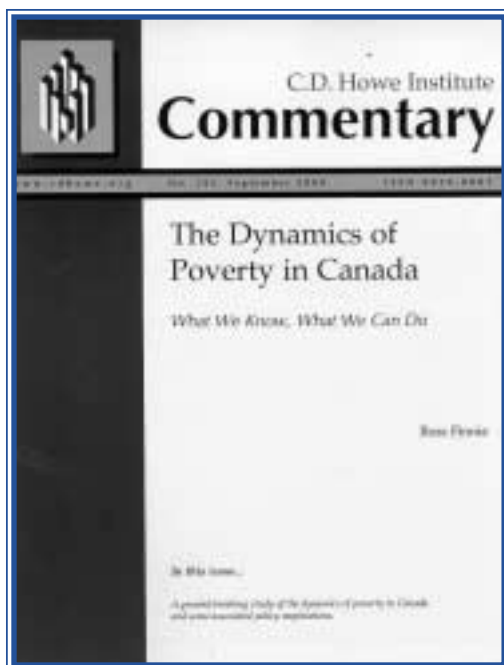
David M. Gray, “**The Work Sharing Program in Canada: A Feasible Alternative to Layoffs?**” *C.D. Howe Institute Commentary* 146 (October 2000): Human Resources Development Canada’s work sharing program should focus on alleviating the hardships of temporary layoffs, instead of structural or seasonal employment.

Alice Nakamura, “**Make EI Fairer: Don’t Open the Coffers to Well-Off Repeaters,**” *Backgrounder* (October 17): Amendments to the employment insurance (EI) program, such as easing the benefit qualification threshold for re-entrant parents and the decision to continue monitoring the effects of

EI merit praise. Other proposals — to eliminate the EI intensity rule and the experience rating of the EI clawback — urgently need to be dropped or at least changed.

Ben Cherniavsky, “**The Economics of Job-Creation Programs: What We Know,**” *Backgrounder* (July 2000): Notwithstanding the controversy over accountability of HRDC’s employment grants, the inefficacy of grant-based government job-creation programs is the key lesson to be drawn from the HDRC experience.

Kari Norman, “**Perceptions of Poverty: Correcting Misconceptions about the Low-Income Cutoff,**” *Backgrounder* (April 2000): Statistics Canada’s low-income cutoffs benchmark may lead to a poor understanding by the public of the true dimensions of poverty in Canada, and may also lead to misguided government policy decisions.





## *International Policy*

Vladimir Popov, “**The Currency Crisis in Russia in a Wider Context**,” *C.D. Howe Institute Commentary* 138 (March 2000): The Russian government is to blame for causing that country’s August 1988 currency crisis.

Daniel Schwanen, “**A Cooler Approach: Tackling Canada’s Commitments on Greenhouse Gas Emissions**,” *C.D. Howe Institute Commentary* 141 (April 2000): Canada’s policies to reduce emissions of greenhouse gases should include greater incentives for emitters to make reductions, and should aim for targets that are more flexible than those contained in the Kyoto Protocol.

Samuel D. Porteous, “**Financial Sanctions: A Better Way to Target Rogue Regimes**,” *Backgrounders* (December 2000): Economic sanctions targeting countries such as Iraq have little impact on the

conduct of their governments, since the populations of nondemocratic countries that are typically the targets of sanctions have little opportunity to influence the leadership or policies of their governments. Governments should instead consider well-implemented, well-enforced targeted financial sanctions, which can play a valuable role in punishing or changing the behavior of offending authoritarian leaders.

## *Governance and Public Institutions*

Patrick J. Monahan, “**Doing the Rules: An Assessment of the Federal Clarity Act in Light of the Quebec Secession Reference**,” *C.D. Howe Institute Commentary* 135 (February 2000): The federal *Clarity Act* is necessary, but could be improved by further defining the meaning of partnership and of a clear majority in any future Quebec referendum on sovereignty.

*“We analyze issues that are in the public domain, whether it’s a provincial government or the C.D. Howe Institute.”*

— Dale Eisler,  
Assistant Deputy  
Minister of Finance,  
Ottawa

Claude Ryan, “**Consequences of the Quebec Secession Reference: The Clarity Bill and Beyond**,” *C.D. Howe Institute Commentary* 139 (April 2000): The federal government’s *Clarity Act* is an intrusion into a process that should unfold in Quebec.

Harry Kitchen, “**Municipal Finance in a New Fiscal Environment**,” *C.D. Howe Institute Commentary* 147 (November 2000): Municipalities should use variable tax rates (or special assessments) to capture cost differences in providing services across properties, and remove the current discrimination against nonresidential properties.

---

## Debate and Discussion in 2000

---

- Jan. 20 Robert G. Wright, Deputy Minister of Foreign Affairs and International Trade, on “The Implications of Seattle”
- Feb. 8 The Hon. Tony Clement, Ontario Minister of Environment, on “The Quality of Ontario’s Environment”
- March 6 Don Drummond, Associate Deputy Minister of Finance, Ottawa, on “Budget 2000”
- April 4 The Rt. Hon. Beverley McLachlin, Supreme Court of Canada, on “The Supreme Court’s Role in Canadian Policymaking”
- April 6 Pierre Jacquet, Deputy Director, French Institute of International Relations, Paris, on “The Euro: A Success or Not?”
- April 18 Denis Desautels, Auditor-General of Canada, on “The Auditor-General’s Report”
- May 9 John MacNaughton, CEO, Canada Pension Plan Investment Board, on “The CPP and Canada’s Capital Markets”
- May 25 Peter Nicholson, Chief Strategy Officer, BCE Inc., on “From Telecom to Infocom”
- May 26 Jack M. Mintz, President and CEO, C.D. Howe Institute, on “Human Capital in Canada: Creating It; Getting It; Keeping It” (Edmonton)
- May 29 Jack M. Mintz, C.D. Howe Institute, on “Creating Canada’s Competitive Edge: The Costs of Doing Business in a Global Economy” (Regina)
- May 30 Jack M. Mintz, C.D. Howe Institute, on “Creating Canada’s Competitive Edge: The Costs of Doing Business in a Global Economy” (Saskatoon)
- May 30 Konrad von Finckenstein, Commissioner of Competition, Competition Bureau, on “The Evolving Role of Competition Policy in the Face of Large-Scale Mergers”
- May 31 Jack M. Mintz, C.D. Howe Institute, on “Creating Canada’s Competitive Edge: The Costs of Doing Business in a Global Economy” (Vancouver)
- June 1 Canadian Economics Association Annual Meeting, session on “International Cooperation in Pursuit of Financial Stability,” chaired by Finn Poschmann, C.D. Howe Institute
- June 5 Jack M. Mintz, C.D. Howe Institute, on “Creating Canada’s Competitive Edge: The Costs of Doing Business in a Global Economy” (Calgary)
- June 6 Jack M. Mintz, C.D. Howe Institute, on “Creating Canada’s Competitive Edge: The Costs of Doing Business in a Global Economy” (Winnipeg)



*Konrad von Finckenstein, Commissioner of Competition, Competition Bureau, addresses Institute members at a Policy Roundtable*



*At the Benefactors Lecture, 2000, in Toronto: (from left to right) David W. Kerr, President & CEO, Noranda Inc., Jack M. Mintz, and John F. Helliwell*

*“Policy Roundtables connect participants not only to the policy process, but also to the people that make it happen. Unquestionably, these unique, informal sessions are a must for anyone interested in a front row seat at the development of policies affecting our businesses and the country at large.”*

*— Jack Cockwell,  
President & CEO,  
Brascan Corporation*

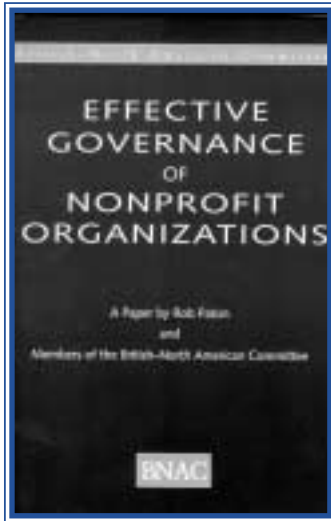
- June 7 Jack M. Mintz, C.D. Howe Institute, on “Creating Canada’s Competitive Edge: The Costs of Doing Business in a Global Economy” (Halifax)
- June 12 Sir Graham Day, Chairman, Ontario Hydro Services, on “The Evolution of Ontario’s Electricity Industry”
- June 27 The Hon. Dianne Cunningham, Ontario Minister for Training, on “Colleges and Education: Future Directions for Postsecondary Education”
- Sept. 8 V. Peter Harder, Deputy Minister, Industry Canada, on “Canada in the North American Economy: Policy Pressures and Opportunities”
- Sept. 12 Jeffrey C. Lozon, President & CEO, St. Michael’s Hospital, Toronto, on “Health Care versus Costs”
- Sept. 14 C.D. Howe Institute Policy Seminar on “Canadian Health Care: Diagnoses and Prescriptions,” chaired by William B.P. Robson, C.D. Howe Institute
- Sept. 19 David Pecaut, Principal, Boston Consulting Group, on “Future Trends”
- Sept. 21 Jack M. Mintz, on “Helping or Hurting: What Should Government Budgets Say about the Tech Sector?” (Ottawa)
- Oct. 17 David Lindsay, President & CEO, Ontario SuperBuild Corp., on “Building Ontario’s Future Prosperity”
- Oct. 19 Pierre Marc Johnson, Lawyer, Heenan Blaikie, on “Post-Seattle: Putting Trade Negotiations Back on Track” (Montreal)
- Oct. 23 John F. Helliwell, Department of Economics, University of British Columbia, on “Globalization: Myths, Facts, and Consequences,” Benefactors Lecture, 2000
- Oct. 27 C.D. Howe Institute Policy Conference on “Paying the Provincial Piper: Issues for the New Decade,” chaired by Jack M. Mintz (Calgary)
- Nov. 9 David A. Brown, Chairman, Ontario Securities Commission, on “Keeping Up with the High-Speed Economy: How Regulations Must Adjust to the 21st Century”
- Nov. 15 Election Panel, with Michael W. Robinson, Principal, Earnscliffe Strategy Group Inc.; Richard M. Anderson, President, Anderson Strategic Consulting; and Geoff Norquay, Principal, Parker Norquay, on “The Upcoming Federal Election”
- Nov. 22 Ross Finnie, Research Fellow and Adjunct Professor, Queen’s University, on “Low-Income Dynamics: Long-Term Poor and Policy Implications”
- Nov. 28 Mary Macdonald, President, Macdonald & Associates Limited, and John F. Eckert, Managing Partner, McLean Watson Capital Inc., on “The Canadian Venture Capital Market”
- Dec. 5 Dr. Stuart L. Smith, Chair, National Round Table on the Environment and the Economy on “Water Treatment and the Role of the Private Sector”

---

## The British-North American Committee

---

The British-North American Committee (BNAC), sponsored in Canada by the C.D. Howe Institute, is a group of leaders from business, labor, and academia in the United Kingdom, the United States, and Canada committed to harmonious, constructive relations among the three countries and their citizens. It meets regularly to discuss issues of common concern with invited experts and senior policymakers in an off-the-record setting, and its regular research and publishing program seeks to discover and promote consideration of solutions to current and emerging problems. The BNAC is supportive of economic liberalization and political cooperation on a broad international basis, and believes that close personal ties and cooperation among leaders from various spheres in the three countries will continue to play a special role in promoting constructive approaches to common challenges.



In 2000, a BNAC working group chaired by Charles Baillie, Chairman and Chief Executive Officer, Toronto-Dominion Bank, produced a report on *Effective Governance of Nonprofit Organizations*, focusing on the challenges facing the increasingly important nonprofit sector, including competition for resources;

growing scrutiny; new sponsorships and partnerships; and the increasing professionalization of management.

The Chairman of the BNAC's Executive Committee is Ronald Osborne, President and Chief Executive Officer, Ontario Power Generation Inc.

## The Scholars Program

---

Since 1999, when the Institute appointed Richard Bird of the University of Toronto to the newly created position of *Petro-Canada Scholar*, the generous support of Institute members has allowed us to appoint four additional scholars: Marc Gaudry, Université de Montréal, as *CN Scholar in Transportation Policy*; Richard G. Harris, Simon Fraser University, as *John Dobson Foundation Scholar in Entrepreneurship*; David Laidler, University of Western Ontario, as *Canadian Bankers Association Scholar*; and John Richards, Simon Fraser University, as *Phillips Scholar in Social Policy*.

The Institute gratefully acknowledges the generosity of the Canadian Bankers Association, Canadian National, the John Dobson Foundation, Petro-Canada, and Roger Phillips, whose support significantly increases the Institute's ability to shape the development of Canadian public policy.

---

---

## The Institute's Research Team

---

One of the C.D. Howe Institute's greatest strengths is its links with some of Canada's leading thinkers. The role of Fellows is to advise us as we develop the research program and to act as referees to ensure the continuing high quality of our publications.

### *Senior Fellows*

John W. Crow Consultant	J. Peter Meekison Consultant	Grant L. Reuber Consultant
Claude E. Forget Consultant	Al D. O'Brien University of Alberta	Gordon Thiessen Consultant
Frederick W. Gorbet Consultant	Sylvia Ostry University of Toronto	

### *Fellows-in-Residence*

Alan S. Alexandroff LECG/Navigant Consulting, Inc.	Marc Gaudry Université de Montréal <i>CN Scholar in Transportation Policy</i>	David Laidler University of Western Ontario <i>Canadian Bankers Association Scholar</i>
Richard M. Bird University of Toronto <i>Petro-Canada Scholar</i>	Richard G. Harris Simon Fraser University <i>John Dobson Foundation Scholar in Entrepreneurship</i>	John Richards Simon Fraser University <i>Phillips Scholar in Social Policy</i>

### *Research Fellows*

Charles M. Beach Queen's University	Kenneth J. McKenzie University of Calgary	Daniel Trefler University of Toronto
James B. Davies University of Western Ontario	Patrick J. Monahan York University	François Vaillancourt Université de Montréal
Pierre Fortin Université du Québec à Montréal	Alice Nakamura University of Alberta	Thomas A. Wilson University of Toronto
Michael Hart Carleton University	Nancy Olewiler Simon Fraser University	Robert A. Young University of Western Ontario
John Helliwell University of British Columbia	William M. Scarth McMaster University	
	Michael J. Trebilcock University of Toronto	

### *International Fellows*

Richard Blundell University College, London	Jonathan Gruber Massachusetts Institute of Technology	Peter Howitt Ohio State University
Willem H. Buiter European Bank for Reconstruction and Development	Robert H. Haveman University of Wisconsin	Robert W. Howse University of Michigan
		Hans-Werner Sinn University of Munich

---

## The Institute's Board of Directors

---

### *Chairman*

*C. Kent Jespersen*  
Chairman and Chief Executive Officer,  
La Jolla Resources International Ltd.,  
Calgary, Alberta

### *Honorary Chairman*

*Robert B. Peterson*  
Chairman, President and  
Chief Executive Officer,  
Imperial Oil Limited,  
Toronto, Ontario

### *President and Chief Executive Officer*

*Jack M. Mintz*  
C.D. Howe Institute, and  
Arthur Andersen Professor of Taxation,  
Joseph L. Rotman School of Management,  
University of Toronto,  
Toronto, Ontario

### *Directors*

*Dr. Yvan Allaire*  
Executive Vice President,  
Bombardier Inc.,  
Chairman of the Board,  
Bombardier Capital,  
Montreal, Quebec

*Bruce Birmingham*  
President,  
Bank of Nova Scotia,  
Toronto, Ontario

*William Black*  
President and Chief Executive Officer,  
The Maritime Life Assurance Company,  
Halifax, Nova Scotia

*Jack Cockwell*  
President and Chief Executive Officer,  
Brascan Corporation,  
Toronto, Ontario

*F. Anthony Comper*  
Chairman and Chief Executive Officer,  
Bank of Montreal,  
Toronto, Ontario

*Léon Courville*  
Bromont, Quebec

*James Dinning*  
Executive Vice President, Sustainable  
Development and External Relations,  
TransAlta Corporation,  
Calgary, Alberta

*John T. Ferguson*  
Chairman,  
Princeton Developments Ltd.,  
Edmonton, Alberta

*Kerry L. Hawkins*  
President,  
Cargill Limited,  
Winnipeg, Manitoba

*Paul J. Hill*  
President and Chief Executive Officer,  
Harvard Developments Limited,  
A Hill Company,  
Regina, Saskatchewan

*Stephen Jarislowsky*  
Chairman and Chief Executive Officer,  
Jarislowsky, Fraser Limited,  
Montreal, Quebec

*David W. Kerr*  
President and Chief Executive Officer,  
Noranda Inc.,  
Toronto, Ontario

*Daniel Labrecque*  
Resident Managing Director,  
Lazard Canada Corporation,  
Montreal, Quebec

*Brian Levitt*  
Co-Chair,  
Osler, Hoskin & Harcourt LLP,  
Montreal, Quebec

*The Hon. Frank McKenna*  
Counsel,  
McInnes Cooper,  
Moncton, New Brunswick

*John T. McLennan*  
Vice Chairman and Chief Executive Officer,  
AT&T Canada  
Toronto, Ontario

---

*Sarah Morgan-Silvester*  
Executive Vice President,  
HSBC Bank Canada,  
Vancouver, British Columbia

*Peter J. Nicholson*  
Chief Strategy Officer,  
BCE Inc.,  
Montreal, Quebec

*David P. O'Brien*  
Chairman, President and  
Chief Executive Officer,  
Canadian Pacific Limited,  
Calgary, Alberta

*Sheila H. O'Brien*  
Senior Vice President, Human Resources,  
Public Affairs and Investor Relations,  
NOVA Chemicals Corporation,  
Moon Township, Pennsylvania

*Ronald Osborne*  
President and Chief Executive Officer,  
Ontario Power Generation Inc.,  
Toronto, Ontario

*Roger Phillips*  
President and Chief Executive Officer,  
IPSCO Inc.,  
Regina, Saskatchewan

*Herbert C. Pinder, Jr.*  
President,  
Goal Group of Companies,  
Saskatoon, Saskatchewan

*Frank W. Proto*  
Chairman,  
Agrium Inc.,  
Regina, Saskatchewan

*Charlotte A. Robb*  
Vice President and Regional Manager,  
Commercial Banking Alberta,  
Canadian Imperial Bank of Commerce,  
Edmonton, Alberta

*Joseph L. Rotman*  
Executive Chairman,  
Clairvest Group Inc.,  
Toronto, Ontario

*Guy Savard*  
Vice Chairman and  
Chairman, Quebec Operations,  
Merrill Lynch Canada Inc.,  
Montreal, Quebec

*Catherine Swift*  
President and Chief Executive Officer,  
Canadian Federation of  
Independent Business,  
Toronto, Ontario

*William E. Watchorn*  
President and Chief Executive Officer,  
ENSIS Growth Fund Inc.,  
Winnipeg, Manitoba



*Some members of the Institute's Board of Directors: (standing, left to right) Ronald Osborne, Herbert C. Pinder, Guy Savard, Daniel Labrecque, Roger Phillips; seated (left to right) Jack M. Mintz, C. Kent Jespersen, Dr. Edward P. Neufeld, Jack Cockwell*

### *Honorary Directors*

*Robert D. Brown, F.C.A.*  
Toronto, Ontario

*Marshall A. Cohen*  
Counsel,  
Cassels, Brock & Blackwell,  
Toronto, Ontario

*John D. McNeil*  
Chairman of the Executive  
Committee,  
Sun Life Financial Services of  
Canada,  
Toronto, Ontario

*Dr. Edward P. Neufeld*  
Mississauga, Ontario

*Adam H. Zimmerman*  
Toronto, Ontario

---

---

## The Institute's Staff

---

*Jack M. Mintz*  
President and Chief  
Executive Officer

In addition to heading the C.D. Howe Institute, Jack Mintz is Arthur Andersen Professor of Taxation at the Joseph L. Rotman School of Management, University of Toronto. He has an M.A. from Queen's University, and a PhD from the University of Essex, in Britain. Jack served as associate dean of the Rotman School of Management from 1993 to 1995. In 1996 and 1997, he was the Clifford Clark Visiting Economist with the Department of Finance in Ottawa. In 1996, Finance Minister Paul Martin appointed him to chair the Technical Committee on Business Taxation.

*William B.P. Robson*  
Vice-President,  
Director of Research,  
and Canadian Liaison  
Officer, British-North  
American Committee

Bill Robson has a B.A. from the University of Toronto and an M.A. from the Norman Paterson School of International Affairs at Carleton University. He specializes in Canadian fiscal and monetary policy, and has written extensively on government budgets and their economic effects, and on the Bank of Canada and inflation. His 1994 book, *The Great Canadian Disinflation*, co-authored with David Laidler, won the Canadian Economics Association's Doug Purvis Memorial Award for excellence in writing on Canadian economic policy. Bill is a familiar commentator on economic issues in the media.

*Finn Poschmann*  
Senior Policy Analyst

Finn Poschmann graduated from Carleton University in 1986 with a degree in economics. Prior to beginning work with the C.D. Howe Institute in January 1998, he held a number of research positions with the Parliamentary Research Branch of the Library of Parliament. His primary research interests are in the areas of public finance and taxation. He is particularly interested in the distributional impact of taxation and in the use of microsimulation tools in the design of tax policy.

*Shay Aba*  
Policy Analyst

Shay Aba holds a degree in economics from York University, where he graduated at the top of his class and earned the prestigious Master's Prize. His main research concerns include health economics and monetary policy, with special emphasis on the interaction between financial markets and the implementation of monetary policy. The Institute acknowledges the generosity of the Max Bell Foundation Internship/Fellowship Program, which provided funding for this position.

*Tracy-Anne Beacon*  
Office Coordinator/  
Reception

*Monique Cormier*  
Director of Operations

*Kristine Gray*  
Administrative Assistant/  
Assistant to the  
Vice-President and  
Director of Research

*Karen Walker Hogan*  
Meetings and Conference  
Coordinator

*Marie Hubbs*  
Assistant to the Director of  
Publications and  
Communications

*Rowena Jeffers*  
Membership and  
Development Coordinator

*Julie Kelsey*  
Meetings and Conference  
Coordinator

*Donna Leitch*  
Corporate Secretary and  
Secretary to the President

*Wendy Longworth*  
Information Technology  
Manager

*Warren Mahomed*  
System and Database  
Administrator

*Duncan Munn*  
Development Officer

*Barry A. Norris*  
Director of Publications  
and Communications

*Dolores Sedore*  
Librarian

---

## Auditors' Report

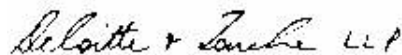
---

*To the Members  
of the C.D. Howe Institute*

The accompanying summarized balance sheet and statement of revenue, expenses, and accumulated net revenue are derived from the complete financial statements of the C.D. Howe Institute as at December 31, 2000, and for the year then ended on which we expressed an opinion without reservation in our report dated February 9, 2001. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the Institute's financial position, results of operations, and changes in financial position, reference should be made to the related complete financial statements.



Chartered Accountants  
Toronto, Ontario  
February 9, 2001

## Summarized Financial Statements

	<u>2000</u>	<u>1999</u>	
<i>Summarized Balance Sheet as at December 31, 2000</i>	<b>Assets</b>		
	<b>Current</b>		
	Cash	\$ 293,060	\$ 244,118
	Marketable securities — at cost, which approximates market value	1,504,396	1,452,661
	Accounts receivable and accrued interest	23,235	23,881
	Prepaid expenses	7,500	-
		<hr/> 1,828,191	<hr/> 1,720,660
	<b>Fixed</b>		
	Furniture, fixtures, and equipment, net of accumulated depreciation	77,531	24,066
		<hr/> \$ 1,905,722	<hr/> \$ 1,744,726
	<b>Liabilities</b>		
	<b>Current</b>		
	Accounts payable and accrued liabilities	\$ 221,271	\$ 151,322
Deferred revenue	777,700	679,875	
	<hr/> 998,971	<hr/> 831,197	
<b>Capital, Accumulated Net Revenue, and Reserve</b>			
Capital	212,898	212,898	
Accumulated net revenue	693,853	688,682	
	<hr/> 906,751	<hr/> 901,580	
Reserve for repairs	-	11,949	
	<hr/> 906,751	<hr/> 913,529	
	<hr/> \$ 1,905,722	<hr/> \$ 1,744,726	
<i>Summarized Statement of Revenue, Expenses, and Accumulated Net Revenue for the Year ended December 31, 2000</i>	<b>Revenue</b>		
	Contributions and subscriptions	\$ 1,651,175	\$ 1,507,205
	Publications, interest, and other	202,047	199,363
		<hr/> 1,853,222	<hr/> 1,706,568
	<b>Expenses</b>		
	Research, administrative, and project expenses	1,807,298	1,672,649
	Depreciation	40,753	19,267
		<hr/> 1,848,051	<hr/> 1,691,916
	Excess of revenue over expenses	5,171	14,652
	Accumulated net revenue, beginning of year	688,682	674,030
Accumulated net revenue, end of year	<hr/> \$ 693,853	<hr/> \$ 688,682	

Complete audited financial statements for the year ended December 31, 2000, are available on request.