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*Where Tomorrow's Public
Policy Begins Today*

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Part One: Using a wrench as a hammer: Why EI is the wrong tool to respond to loss of income in an economic downturn

Employment Insurance (EI) has turned into a dysfunctional tax and is not an appropriate source of income replacement in a recession. Those are two of the key conclusions in AIMS latest Commentary by UPEI economist Robin F. Neill.

The Commentary, titled ***Using a wrench as a hammer: Why EI is the wrong tool to respond to loss of income in an economic downturn***, examines the employment insurance program and finds it wanting.

"By 1996 EI was so bent out of shape that it had become, in effect, a dysfunctional tax. Now in 2009, when many fear the return of conditions that approach those of the 1930s, it may be possible to forget about EI and discuss instead our original purpose: compensatory income support," says Neill, Adjunct Professor at the University of Prince Edward Island.

Neill suggests that as EI was changed over time people became distracted from its original purpose. He argues the current economic downturn gives us a golden opportunity to refocus on our intentions and start over.

To read more, [click here](#).

Part Two: Bigger is not better in municipal government: Surviving and thriving in an irrational world

Contrary to all the evidence, there are still some people who think bigger is better when it comes to local government. In this Commentary, based on remarks to the Alberta Urban Municipalities Association, AIMS President Brian Lee Crowley provides the research that debunks that myth. He explains that local government is not merely a device for *supplying* municipal services, but also for finding out what services people *want* and how much they are prepared to pay for them.

"The smaller the government unit, the better they are at discovering this, because the evidence is very strong that local government is *closest* to the people, and the smaller it is, the closer it gets to the population. Amalgamation tends to undermine this relationship and therefore can only really be justified if there are pretty remarkable efficiencies to compensate for dilution of responsiveness and democratic accountability."

In ***Surviving and thriving in an irrational world***, Crowley explains that the most dynamic force helping to keep costs down is not a highly centralised and bureaucratic monopoly provider of public services, but a decentralisation one. This ensures that people only demand services that they're prepared to pay for, and municipalities have powerful incentives to keep costs low and satisfaction high, or risk the erosion of their tax base as people and businesses vote with their feet.

To read more, [click here](#).

Part Three: Of bubbles and manias: A little of the past, some of the present and a warning of the future.

Some call it an economic bubble, others a recession, some even go so far as calling it a depression. However, for AIMS Fellow in Financial Markets Harry Koza the latest economic downturn is an example of 'market mania'.

In ***The Semiotics of the Credit Crunch and the Next Bubble***, Koza examines past financial manias and points out that the signs were all there for the latest 'bubble', if only people had been willing to read them. And he says recovery from the current downturn will likely take longer than most are predicting and could lead to the next 'bubble'.

To read the complete Commentary, [click here](#).

Part Four: In Defence of Liberty: High-tech help could power the way

In this Commentary, ***In Defence of Liberty: Help is on the Way***, Charles Murray suggests that times may look bleak for the ideals of individual liberty, but he is optimistic.

Based on remarks to the 2009 Civitas Annual Conference, Murray suggests 21st century technology will hand unprecedented power to individuals that States will be unable to curb. He cites research that is taking place that indicates the findings of 21st-century biology will produce a crisis in the moral foundation of the Left. Murray describes the dynamics of both of these developments and the opportunity they open for a reformulation of the case for liberty.

Murray, an American classical liberal political thinker, author and columnist; is a fellow at the American Enterprise Institute in Washington, DC. He has written *Losing Ground: American Social Policy 1950–1980*; *In Pursuit: Of Happiness and Good Government*; *The Bell Curve: Intelligence and Class Structure in American Life* (with Richard J. Herrnstein); *Human Accomplishment: The*

Pursuit of Excellence in the Arts and Sciences, 800 B.C. to 1950 and In Our Hands: A Plan to Replace the Welfare State.

To read the complete Commentary, [click here](#).

Part Five: Staying in touch: Visit AIMS' facebook page or blog to join in the conversation

Your association with AIMS isn't a one way street. Read [our blog – Straight Talk!](#) to join in the conversation around the "office water cooler" or stay in touch on our [facebook page](#). We welcome your comment, encourage your conversation, and appreciate your interest.

Part Six: In the Headlines – From cutting the fat to tasting the wine

Workers head east: Population Collapse in manufacturing means Ontario's loss is New Brunswick's gain – Recent data from Statistics Canada shows New Brunswick's population growth from immigration on the rise. AIMS Executive Vice President Charles Cirtwill points out workers losing their jobs in central and western Canada are heading east because this is where there are new opportunities.

Cut fat from civil service – In this front page story, AIMS Research Manager Bobby O'Keefe explains why the New Brunswick government would be wise to reduce the size of its civil service.

Critics blast wine price hike: NB Liquor's advice to wine suppliers to boost prices called a tax grab – Advice from the New Brunswick liquor commission to wine suppliers to boost prices is soundly criticized in this news story. AIMS executive vice president Charles Cirtwill points out it is an example of why the government monopoly should be privatized.

Despite recession, looming labour shortage big threat - AIMS' extensive research on the labour market and the impact of the demographic shift is used in this news story about the pending labour shortage.

Business NB falls short of target, "creates" only 1700 jobs, or did they? – Business New Brunswick reported creating 1700 jobs last year. Far short of their target of 3000 jobs, citing the economic downturn as the primary reason for missing the 3000 mark, the Minister responsible for Business New Brunswick labeled the results as a significant achievement in the current climate. Business New Brunswick also highlighted that they "maintained" 4000 jobs, well above their target of 2500. AIMS Executive Vice President Charles Cirtwill, points out, however, that the problem is all of these numbers are pure make believe. In observing that many of these jobs would likely have been created or "maintained" in the absence of government largesse, Cirtwill says, "I'm skeptical of many of these kinds of numbers, no matter how well-meaning they are or how reliable the source is, because of course we will never know whether or not they would have happened without government investment."

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