

Fiscal Transfers Between Provinces: The Causes and Consequences

Department of Economics
Visiting Speaker: Trevor Tombe

Nov.17, 2017 3:00–4:30 P.M.
Arts & Admin Bldg. Rm A1046

This event is open to the public.

economics@mun.ca

864-8248

Financial transfers between regions of a country are ubiquitous. Richer regions contribute to poorer ones directly, through programs like equalization, and indirectly, through federal tax and spending decisions. How large are inter-provincial transfers in Canada? How have they changed over time? What effect do such transfers have on provincial economies? How does equalization work, and how might it work better? These questions are especially important as low oil prices strain the “have” provinces of Alberta, Saskatchewan, and Newfoundland. The talk will explore the latest data on both direct and indirect fiscal transfers in Canada. It will cover ongoing research that quantifies the effect of transfers on provincial economies. We will see contributor regions experience significant real income losses while recipient regions experience gains. This goes beyond equalization. Newfoundland, which does not receive equalization, gains much from indirect inter-provincial transfers. The talk will conclude by considering various potential changes to Canada’s equalization formula.

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Dr. Tombe is an Associate Professor of Economics at the University of Calgary and a Research Fellow at The School of Public Policy. Prior to joining the University of Calgary, he was an Assistant Professor of Economics at Wilfrid Laurier University. His research focuses on a broad range of topics from international trade and public finance to energy and environmental policy. Recently, he was awarded the Harry Johnson Prize for the best article in the Canadian Journal of Economics (2016, with Lukas Albrecht) for work estimating the magnitude and consequences of inter-provincial trade costs in Canada. In addition to his academic work, he regularly promotes the public understanding of economics and policy issues through his numerous policy papers, active social media presence, and writings for various media outlets.

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