elements of the water supply, sewage, and roads systems that might be considered public goods. The system managers were often left with the operations and maintenance issues, without a revenue stream to fund them. Ironically, Emery observes that the government decision to make the use of most highways untolled had the perverse effect of undercutting the privately þnanced railway and st æ ś

decisions respecting the revenue and expenditure sides of local budgets are made independently and, given the inÿuence of provincial governments on what occurs at the local level, sometimes with relatively little local input. The unsurprising result is that local expenditures may be little inÿuenced by local revenue policy, and accountability is weakened.

An essential part of the remedy, Slack and Bird suggest, is to adopt what they describe as the þrst rule of sensible local þnance: wherever possible, charge. Good user charges, they argue, not only produce revenue but also promote economic efþciency and make society as a whole better off. Public policy should therefore allocate the costs associated with a given beneþt, including those generated by infrastructure, as much as possible to those who enjoy the beneþt, either by user charges or by taxes paid by the beneþciaries. In the case of regional transit investment, the beneþciaries are obviously transit users and drivers who experience less conges-
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evaluating and pricing many public services so formidable, that even exceptionally strong intergovernmental reporting and accountability structures are unlikely to yield public-sector efþciency in complex metropolitan regions like the GTHA, even in the presence of a strong metropolitan governance structure.

However difþcult the challenge, Slack and Bird argue that pr Ĭ מ̇ ̈ + gh+ the C

and driving everywhere on fast, uncongested roads. These policies may have been appropriate for returning veterans in 1945 and in the early years of the Baby Boom, but they are much less suitable for twenty-þrst century Canadian demographics.

In her chapter, “Distorted Infrastructure,” Blais describes how price systems shape urban form if infrastructure development charges are based on average costs across a municipality, while most of the population growth is happening on greenþeld sites at the lower-density outer edges, precisely where servicing costs are greatest. Drawing on her 2010 book, *Perverse Cities*, she demonstrates how

In his paper, Jacques Caron outlines the main features of the Quebec government's ten-year infrastructure plan. Interestingly, Quebec is the only provincial government where infrastructure planning is the responsibility of the Treasury Board Secretariat and not of a dedicated infrastructure department (sometimes combined evident failings in Canada, where the economy had yet to return to full potential, and in the Eurozone, where it had led to falling economic growth and worsening public þnances. Consistent with recent advice from the International Monetary Fund, Clark recommends an expansionary þscal policy focused on infrastructure spending, which, he argues, would boost the country's short-term aggregate demand and long-term productivity. Clark also supports the Liberals' decision to abandon the goal of deþcit elimination for that of a stable or declining debt-to-GDP ratio. He suggests the optimal ratio is open to debate, but that it is essential that the Liberalsõ commit to their 31 percent ceiling for the sake of their þscal credibility.

The þnal section of Clarkõs paper shifts from a general discussion about the relationship between deþcits, infrastructure and macroeconomic performance to the more challenging issue of supporting infrastructure in Canada's highly decentralized federation. Most of Canada's core infrastructure belongs to the provinces and municipalities, which means the federal government needs to þnd creative ways to þnance sub-national infrastructure. Clark discusses several possibilities, including replacing the ten-year New Building Canada Plan with a larger and longer-term federal-provincial infrastructure transfer program. Another option, which he has developed with Peter Devries, is federal þnancing or lending. This strategy would allow provinces and municipalities to take advantage of the federal government's lower interest rates. This could be done, according to Clark, though the establishment of a Crown Infrastructure Corporation.

In chapter 10, Kyle Hanniman also explores the issue of government borrowing, but from a local, rather than a federal perspective. He asks whether municipalities are wise to þnance infrastructure by borrowing and whether the federal government, which could potentially borrow on their behalf, ought to do so. The answer, Hanniman says, is a òqualiþed yes.ó He argues that borrowing is an equitable and efþcient means of þnancing long-term capital investments and that decentralization enhances the accountability of local þscal decisions. He also notes that municipalities borrow responsibly. Their debts are a fraction of provincial liabilities; they assume virtually zero re-þnancing risk; they borrow at þxed rates; provincial laws prevent them from borrowing to excess; and they can step away from markets in a way that provinces ñ which borrow to þnance healthcare and other sensitive services—cannot. These conditions suggest that observers ought to worry less about the rise of municipal debt, which has been modest, and more about the speciþcities of borrowing decisions, e.g., whether speciþc municipalities are borrowing too much or too little and whether they have the revenues to service debts and operate and maintain new assets.

If there is an argument for centralizing borrowing, Hanniman suggests it may be found in the heightened volatility that we have witnessed in global capital markets since 2008. This volatility has increased the spread or additional interest rate that provinces and municipalities pay over that paid by the federal government and has made it difþcult at times for provinces and municipalities to borrow. Hanniman takes these developments seriously, but argues that the case for centralization is still unclear. Not only could centralization distort local þscal decisions, but it would also be difþcult to implement given provincial authority over municipal þnances and borrowing. Finally, while centralization would improve municipal credit conditions, current conditions are hardly oppressive. Problems of access have been short lived, and municipalities continue to borrow at extraordinarily low rates.

In chapter 11, Michael Fenn suggests that Ontario and other Canadian governments ought to þnd new and innovative ways to þnance public infrastructure. Drawing on Australian and European examples, he recommends an explicit policy of òpublic asset recyclingó: funding infrastructure needs by selling stakes in governments' legacy assets. The value of these assets is considerable, argues Fenn, and they provide attractive investment opportunities for domestic investors, including public pension funds, many of which have been buying government assets abroad. Asset recycling also limits the need for borrowing and raising taxes and fees, major advantages in an era of tax aversion and rising debt-servicing costs.

But, to succeed, asset recycling cannot be done haphazardly. Certain policies and procedures need to be in place. These should include, Fenn suggests, the following: providing accurate estimates of the value and likely performance of the assets that governments plan to sell; hiring personnel capable of protecting governments' interests in public-private partnerships and other complex transactions; ensuring that proceeds from asset sales are used for near-term construction of new assets; establishing an arms-length regulator (one capable of balancing public and private interests) to oversee the private operation of public infrastructure; ensuring a steady pipeline of projects for potential buyers; recognizing investors' need for reasonable, risk-adjusted returns; avoiding overly complex, expensive and inconsistent trans-

be sufþcient to fund those needs, which, of course, are a federal responsibility. A stable solution, Richard argues, must avoid the limitations that characterize revenue sharing or revenue agreements, which he outlines.

Rather than arguing in favour of some particular variant of an ART, Richard advocates the general principle of such a tax, one that would tap into the incremental revenue generated by resource developments on the traditional lands of a First Nation. Levied by First Nations, it would be used to fund their infrastructure needs. Such a tax would reduce the administrative burden on First Nations governments, reduce the cost and complexity of negotiations, provide economically and politically reliable revenues, and allow the funding of a broader range of projects. The author also argues that the tax would improve the investment climate by reducing the uncertainty currently associated with project-by-project þnancial negotiations. If accompanied by appropriately structured federal and provincial tax credits, the tax could be made revenue neutral to the resource developer.

The conference concluded with a session that compared elements of infrastructure investment in Canada with corresponding experience in the United States and in Australia. Only the paper discussing the former is available in this volume. The a much larger role in infrastructure spending in this area than does its Canadian counterpart. Second, while most of the federal transportation funding in both countries takes the form of intergovernmental transfers, the linkage between revenues and expenditures is much closer in the United States. There, for example, gas tax revenues are deposited in the Highway Trust fund and used exclusively to fund transportation infrastructure, while in Canada, only some 40 percent of such revenues flow to the Gas Tax Fund, where they are used to support all kinds of local infrastructure development. Third, while the focus of transportation infrastructure expenditure has changed over time, such expenditures have consistently been considered a national policy priority by US authorities, one supported by well-established bureaucratic and governance structures. In contrast, Canadian federal government involvement in the sector has been both briefer and largely devoid of clear policy objectives. Moreover, the authors believe that in Canada federal policy capacity in the infrastructure sector remains low, with funding decisions largely devolved to provincial and local governments.

Horak and Eidelman also conclude that the American government's long-standing involvement in transportation infrastructure has shaped state and local institutions and decision processes in a manner that has no Canadian analogue. Finally, they note that the extreme degree of government fragmentation in the United States, particularly at the local level, means that proposed infrastructure projects may only be realized by means of a difficult, bottom-up process of coalition building. The