

Here's Hoping Our New PM Invests in Public Goods

Christopher Ragan
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The new Liberal government in Ottawa is destined to be very different from the Conservative one it defeated in last week's election. Its most distinguishing economic promise is to run budget deficits of roughly \$10 billion for each of the next three years, much of which will be used to finance new infrastructure. But there is a related and bigger challenge for Canada, and I hope Justin Trudeau will be taking it seriously in the years ahead.

Mr. Trudeau's commitment to increase infrastructure spending is economically sensible for two reasons. First, it is clear to most people, certainly those living in our large cities, that Canada has serious infrastructure needs; much of it is already crumbling.

The second reason is that our economy is again experiencing very sluggish growth. With average annual GDP growth projected to be less than 2 percent for the next few years, a considerable burden will continue falling on unemployed Canadians, especially those who have been without jobs for several months. The planned increase in federal spending certainly won't generate an economic boom, but it will take the edge off the worst effects of our ongoing slow-growth recovery.

But our new Prime Minister should also be thinking about the bigger picture – about what Canadians really need over the longer term. In particular, he should recognize something odd about the Canada that he will lead for the next few years. Canada continues to be a very affluent society, one of the luckiest in the world in terms of average per capita income. Yet as our incomes have steadily increased over the years, we have also become collectively less and less willing to devote resources toward a wide variety of public goods – the ones that we use together and from which we all derive considerable benefits.

Many public schools are physically run down and desperate for renovations. Our public universities have too many buildings you expect to see only in much poorer nations. Our public libraries are short of funds, as are our sports facilities and community centers. Our hospitals are overcrowded, our museums and national parks are increasingly forced to charge exclusionary entrance fees, and our national broadcasters have been financially starved. All of these cuts may save us money – but they also make us a poorer society.

The late John Kenneth Galbraith, the Canadian-born economist who spent his entire career at Harvard and became famous for his eloquent writing and acerbic wit, wrote one of his most famous books in 1958, *The Affluent Society*. He argued that the un-rivalled wealth of the U.S. economy had become distorted with the obsession for private consumption at the expense of public investment. He lamented that so much “public squalor” could exist amid such pervasive “private opulence”. He wondered why so many people had come to place so little value on shared public goods, and how this could be turned around.

If Galbraith were alive today, it is difficult to believe that he wouldn't be even more troubled by the American economy of 2015, where the wealthy are increasingly separating themselves from the rest of society, behind solid gates and private security guards. And if he could look today at his native Canada, he would very likely have the same concern.

Turning things around is anything but simple. How do we convince Canadians of the enormous value of our shared public goods, and that having such things is an important part of how we help the least fortunate among us? How do we convince people that our sports facilities and libraries and museums and parks are important for building a country in which we develop similar values and aspirations? And how do we convince Canadians that having these valuable things is worth paying a little bit more in taxes – and that our duly elected governments can be trusted to use that money wisely?

This is an enormous challenge for any political leader, but I hope Justin Trudeau rises to the occasion. And I hope he brings along the provincial premiers and civic mayors to join him in the project, for they have an equally important role to play.

Justin Trudeau ran a remarkable election campaign, in which he was resolutely positive in tone and optimistic about Canada's future. He clearly believes that government, when done well, can play a crucial and constructive role in building a better nation. Perhaps he is just the Prime Minister we require to make a real difference to Canada's important public needs.

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