

PRIVATIZATION EMERGES IN TORONTO

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Naomi Klein's brilliant book "Shock Doctrine" exposes the brutal impact of policies championed by Chicago School guru Milton Friedman, whose first testing ground was Chile under the Pinochet dictatorship. His disciples consciously tore apart social gains made by working people and imposed highly unpopular policies that deregulated and privatized much of the economy. We saw a mild version of this in the Harris Common Sense Revolution.

Ontario we are now experiencing the gentler side of corporate rule, as outlined in David Osborne's book "Re-inventing Government". The darling of Tony Blair and Dalton McGuinty, he asserts that it is necessary to restore the more thoughtful social and economic policies of the post-war social contract, with one exception. In his view, the public sector should be reduced to a few core services, and all else should be delivered by private companies. Government should only "steer the boat", and corporate players should do all the rowing.

That is the framework in which to understand the emerging threats to key public services in Toronto – hydro and transit. The renamed greater Toronto transportation authority Metrolinx is now in charge of all new transit infrastructure across the entire GTA. In line with Ontario government policies, it has decreed that all new transit projects will have to consider a Public Private Partnership option, as well as public delivery of the service.

The first example of P3 transit was in York Region, where the private consortium is guaranteed its profit and the public is responsible for any shortfall. Its first act was to purchase all the buses from Belgium. In Vancouver, the P3 Canada Line has ordered all its vehicles from Korea. It brought up crews of tunnelers from Central America to work cheaper than B.C. workers - at \$3.16/hour.

In London England, it cost one billion dollars just to write up the P3 contract for refurbishing the underground subway, and now the contractor has declared bankruptcy leaving the public with billions more in costs. Experience across the world has shown that despite the initial fanfare by their proponents, at the end of the day P3's cost more and deliver less.

In the case of Toronto Hydro, there is not even the guise of partnership. Flowing from the Mayor's Blue Ribbon Task Force on efficiencies, huge pressure is building to sell off the Toronto Hydro Telecom and to "monetize" the entire Toronto Hydro asset. The Telecom unit owns over 500 km of fibre optic cable feeding into hundreds of commercial buildings, as well as WiFi service downtown. Both are essential services for the new economy. Without any public debate, the Hydro Directors are looking to sell it all.

Under Mike Harris all municipal utilities were forced to become arms-length corporations with shares held by the city, and these must be divested by 2011. With each budget crisis, Toronto is tempted to sell its shares in the private market. But the Ontario Electricity Coalition refers to this as “burning the furniture to heat the house”, because the revenue from those Hydro shares brings in some \$100 million to the city each year. This one-time fix would be a disaster, and expose the public to the kind of gouging we have seen at Highway 407. But it would also rob us of the opportunity to use Toronto Hydro as a key public player for greening our city and our economy. The fact that a pension plan may be the first buyer does nothing to protect the long-term integrity of this vital public asset.

Other public assets such as the Parking Authority and Enwave have also been identified for possible sale in order to pay off Toronto’s debt. But that debt is essentially a mortgage on new public assets being built or maintained, so selling off profitable services to pay for new assets becomes a zero sum game.

The labour movement, and the people of Toronto, should firmly reject this entire agenda. Years back we mounted strong campaigns to defend water and public power. We know what it takes to have a great city, and that begins with a foundation of strong public services. The essential problem is the unfair financial pressures created by the Harris downloading and continued by the Liberal government. The corporate elite is determined to get its hands on vital public assets, or to establish an entire new P3 regime to realize guaranteed profits at the public expense. We must do everything possible to stop them.

The Executive Board recommends that Labour Council:

1. and its affiliates build a massive campaign to expose and oppose privatization in all its forms.
2. call on all elected officials to reject P3 initiatives or the sell-off of public assets.
3. and its affiliates promote the new website “Greedwatch” to highlight the real motivating factors of this privatization agenda.
4. continue to work with our allies in the Fair Deal for Our City campaign to pressure the Ontario government to fix the flawed fiscal relationship with Toronto and other Ontario cities.