Canadian PM urges global financial elite to join privatization drive

By Roger Jordan
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Canadian Prime Minster Justin Trudeau and several of his leading ministers held two closed-door meetings Monday with major Canadian and international investors in the hopes of soliciting funds for the government's infrastructure building program.

In the name of "growing" the economy and the "middle class," Trudeau and his Liberals intend to initiate a wave of privatizations and attract private investment for new "public" infrastructure projects by guaranteeing investors "internationally competitive returns" on their investments through the imposition of tolls, user fees, and other charges.

The day's events began with a gathering for Canadian pension funds and concluded with a meeting for global investors organized by BlackRock, the world's largest global investment fund. Less than two weeks before, the government had announced it intends to establish an infrastructure bank. In his Fall Economic Update, Finance Minister Bill Morneau presented a plan to fund the bank with $35 billion, comprised of a $15 billion government cash-infusion and $20 billion in loan guarantees. Morneau said the government hopes to raise $4 from private investors for every dollar that Ottawa invests.

A high degree of secrecy surrounded Monday's meetings. Trudeau gave a brief press conference after the second gathering, which included asset management firms controlling $21 trillion. Representatives came from sovereign wealth funds from Norway, Saudi Arabia and Qatar, as well as from foreign insurers, pension funds and banks.

Ahead of Monday's meetings, BlackRock issued a statement enthusing over investment prospects in Canada, in what was effectively a strong endorsement from international capital for the Liberal government and its policies. "With a sound financial system, a vibrant and innovative economy and a proactive approach to long-term fiscal policy, we view Canada as a compelling investment opportunity," the statement declared.

The Trudeau government's plans are modelled on the privatization drive launched by Britain's Tony Blair-led Labour government, one of whose top policy advisers attended two cabinet retreats earlier this year. It also draws heavily on the perspective laid out in a book by former *Economist* editors John Micklethwait and Adrian Wooldwridge entitled *The Fourth Revolution,* which argues that governments should develop closer cooperation with private investors and corporations to privatize public services and reduce the size of government. Micklethwaite and Woolwridge contend that Thatcher and Reagan accomplished only a "half revolution" with their assault on the working class during the 1980s and that governments have to go much further so as to reduce the state to a size more akin to the "watchman state" of the 19th century.

Entirely predictably, Trudeau's 2015 election rhetoric about "change" and "caring" for working people has turned out to be all lies. Since taking power last November, his government has worked assiduously to uphold the interests of the financial elite. Last January, Trudeau and Morneau travelled to the World Economic Forum in Davos, where the prime minister courted the world's richest individuals by offering up Canada as a lucrative place to do business. One of those with whom Trudeau met personally at Davos was Laurence Fink, founder and CEO of BlackRock. Trudeau and Fink met again in New York last March. Fink was overheard on a video telling Trudeau at the latter meeting that there was "a lot of confusion in this country (i.e., the US) in investment," which meant "probably even greater opportunities in the stable environment of Canada." He and BlackRock were a dominating presence at Monday afternoon's meeting in Toronto.

The *Globe and Mail* has noted that the Liberals plans go well beyond the traditional Private Public Partnership

(PPP) model, under which private contractors are hired to construct or run a public facility. Trudeau and Morneau intend for investors to purchase an equity stake and in many cases total ownership of “public” infrastructure in deals structured to guarantee handsome profits via “revenue streams” such as tolls and user fees.

Infrastructure Minister Amarjeet Sohi perhaps gave away more than he intended in an interview on Tuesday, when he stated, “The infrastructure that my department supports is owned by municipalities and provinces ... so (the) decision, how to finance, how to price and how to pay for it, is not our decision. It is the decision of the local jurisdictions.”

In other words, the decision on how to secure the promised returns to BlackRock and other investors will be left to the municipalities and provinces. They will either have to introduce fees or tolls on much needed public services to raise the funds, or slash already stretched social spending on healthcare, education and other areas to directly pay dividends to the investors. Regardless of the choice that is made, the burden will fall on working people.

The Liberals have already moved some way in implementing their reactionary privatization agenda. Major Swiss bank Credit Suisse has been hired to develop plans for privatizing Canada’s airports, while Transport Minister Mark Garneau lifted restrictions on airline ownership to clear the way for ultra-low cost carriers in the Canadian market—a move that has been synonymous around the world with a vast assault on the wages and working conditions of airline workers.

On Monday, the Liberals announced Morgan Stanley has been hired to examine the privatization of eighteen Canadian ports, including Vancouver, Montreal, and Halifax.

As Trudeau and his top ministers met with representatives of the global financial elite, another conference, organized by the Canadian Council on Public Private Partnerships, was being held just a few blocks away in downtown Toronto. One of the major themes of this conference was the experience of local administrations in the US with PPPs. Mark Romoff, the council’s president, boasted that Canadian companies are competing well for US PPPs, before going on to enthuse over the impact of Donald Trump’s election victory. “As that market opens up even more,” said Romoff, “which would appear to be the case with the kind of statements that President-elect Trump is making, then I think everybody’s quite encouraged by that.”

Others have sought to portray Canada as a stable alternative in the wake of the Brexit vote in Britain and Trump’s election victory. “Trump’s election came as a surprise to a lot of these investors,” a senior Liberal told the *Toronto Star*. “It certainly enhances how we look as a destination for global investment, that’s for sure.”

Attempts to portray Canada as a haven of social and economic stability are absurd. Economic growth is barely expected to surpass 1 percent this year and serious concerns persist over the possibility a huge housing market bubble in Toronto and Vancouver could burst and trigger a broader economic collapse. Social inequality stands at unprecedented levels. An OECD study from February revealed that the take-home income of the top 10 percent of income-earner is almost four times that of the median earner. At the very top, CEOs at top Canadian companies take home earnings around 184 times those of an average worker.

Just a day after Trudeau’s meeting with BlackRock, a report from Food Banks Canada revealed that over 860,000 people used food banks in March 2016, up 1.3 percent from a year earlier and a staggering 28 percent since the onset of the global economic crisis in 2008.

Moreover, in spite of the best efforts of the trade unions, which fully support the Liberal government, to suppress the class struggle, there are growing signs of worker resistance. The Canadian Union of Postal Workers sabotaged a strike of 50,000 postal workers earlier this year against concessions demands by Canada Post management, in spite of overwhelming support for job action. Over the past two months, Unifor succeeded in imposing rotten concession contracts on 23,000 autoworkers at the Detroit Three’s Canadian operations, but only in the face of widespread opposition from rank-and-file workers.