

The Legislature Raids

Police raided BC Legislature Dec. 28, 2003. BC Rail Political Corruption Trial ended Oct. 18, 2010; trial stopped before vital Cabinet testimony, arousing public anger in the streets, villages, towns and cities of BC. Premier resigns Nov. 3, 2010. Rumour: RCMP ordered to seize and destroy all trial documents. These are BC history, and the basis for a Public Inquiry into what happened to BC Rail. Is it legal to destroy evidence? Dave Basi back in BCSC Dec. 15, 2010. - BC Mary

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CN, then BC Rail. "History will not be kind to the crew of politicians who let this happen."

The Mantra of Kevin Falcon and the BC Liberals

By Peter Ewart

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One of the mantras that gets repeated a lot these days is that the "private sector" always does things better than the "public sector".

Kevin Falcon was saying just that on the Meisner Show [*Prince George*] on December 6. According to him, the sale of BC Rail was justified because CN Rail would do a "better job" than the publicly owned rail company, adding that "government is not particularly adept at running businesses".

However, the problem with repeating mantras like this is that oftentimes reality can become obscured and history ends up getting revised.

Has it been the case that the private sector has always "done it better" in regards to crown corporations like BC Rail and BC Hydro? Take for example BC Rail. History shows that, in fact, the private sector was incapable of building the provincial railway. Various attempts were made in the early part of the Twentieth Century. All failed.

It was only after government stepped in that the railway was actually built. Contrary to what Mr. Falcon is alleging, the governments of that time did a much better job than the private sector in building a railway - one that was key to the development of the province as we know it.

Over a span of decades, BC Rail expanded its operations and developed a wealth of expertise in operating a railway in the difficult climactic and geographic conditions of the BC interior. It was considered by many to be a jewel in the crown of the province. This was despite the fact that its operations and budgets were frequently interfered with and undermined by various politicians.

One of the allegations made by defence lawyers in the recent BC Rail corruption trial was that the Liberal government went out of its way to undermine the publicly-owned company so as to justify its sale to the giant U.S. company, CN Rail. And there are not a few things to back up that claim, including the cloud of misinformation that was generated over the railway's finances.

But there is another irony here also. CN Rail, which is now owned by a giant U.S. private monopoly, was itself once publicly owned - by the Canadian government. How did CN Rail originally come about? Back in the period between 1918 and 1923, many people believed that another national railway was needed (the other national railway, i.e. CP Rail, was a privately-owned monopoly).

However, many of the private companies that made up a potential national rail network had gone bankrupt, i.e., they were incapable of even being a part of another national railway, let alone building one. It was only when the federal government stepped in that CN Rail, a publicly-owned, national railway network came into being.

Despite the fact that the private CP Rail monopoly had been granted the best routes along with prize real estate and other perks, CN Rail operated successfully for over 70 years, playing a big role in the opening up of the West, as well as northern and eastern parts of the country. Although it was forced to "run money-losing lines and ... provide all kinds of unprofitable services", the railway actually made a profit in 11 out of 15 of the years between 1978 to 1992.

However, in 1995, the federal Liberal government sold off CN Rail to American investors in what author Harry Bruce termed "the Mother of All Sales" and was the biggest IPO (\$2.2 billion) in Canadian history (see "The Pig That Flew"). Not reported in the establishment press of that time was that U.S. financial experts saw this sell-off as "the Mother of all Deals" and a huge windfall. In a word, it was a "gift" to foreign investors, much as the sale of BC Rail was a "gift" also.

So this is how it works. Governments of previous generations, using the public treasury, do all the heavy lifting and all the massive investment to get both CN Rail and BC Rail operational. During this time, the "private sector" sits on its hands on the sidelines.

But once the railways have been operational for some decades and become coveted investment "jewels", this same "private sector" that was incapable of building the railways in the past, now steps up to the plate to buy them at bargain basement prices. They, of course, are assisted by a modern generation of politicians who never miss

an opportunity to spout the mantra that the "private sector always does it better than the public sector".

And, so it has come to pass, that two great publicly-owned railways in Canada, built with the people's money, have been scooped up by foreign financiers. History will not be kind to the crew of politicians who let this happen.

Indeed, more and more information is coming out that certain modern-day politicians in a number of countries have used underhanded methods to foster disinformation, deliberately de-valuing and destabilizing publicly owned assets and utilities in order to sell them off to foreign financiers.

There is a word for that, and no mantra can drown it out.

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