

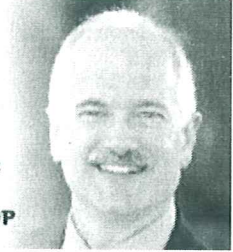
# Canadian DIMENSION

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## Extra! Extra!

Shame on You, Mr.  
Harper  
(07/23/06)

## Articles

### The P3 Files: Privatization, Profit and Porkchopping (Will Offley)

July / August 2004 Issue

"It's just the old tired attitude that if you believe in labour or social democracy, you have to be against capital and profits. We can use pension income to create jobs, union jobs, that pay a fair rate and get a fair return. We can make a profit ... but ... without exploiting people." Canadian Labour Congress President (and Concert Properties Director) Ken Georgetti, quoted in "The Hard-Hat Capitalists", Vancouver Sun, May 14, 1988.

### What is Concert Properties?

Concert Properties is a big business. Between 1989 and 1999 it built 80 per cent of the rental housing constructed in Vancouver. With an asset base of \$450 million in 2000, it's now the largest developer of rental housing in Western Canada. Not bad for an enterprise completely controlled by the labour movement. Concert, and its companion enterprise Concert Real Estate Inc., constitute one of the more visible examples of "worker capitalism", a phenomenon that had its inception in the 1980s and is now flourishing across Canada.

Concert Properties was created in the late 1980s largely at the instigation of the then-president of the Telecommunication Workers' Union, Bill Clark. Clark spearheaded a process that led to twenty union pension plans pooling \$30 million of their own funds to provide the initial capitalization to get the company up and running.

Throughout its existence, Concert has been completely controlled by the trade union bureaucracy and its current board of directors continues that tradition. Of 17 directors, 12 are current or retired union full-timers: Ken Georgetti (President, Canadian Labour Congress); Jack Allard (retired Secretary-Treasurer, United Food and Commercial Workers Union, Local 1518); Nancy Curley (Alternate Business Agent, TWU); Gerry Forcier (Trustee, Pipefitters Local 170 Pension Plan); Dave Haggard (President, IWA-Canada); Leif Hansen (retired Vice-President and Director of Operations, UFCW Local 247); Rod Hiebert (President, TWU); Don McGill (Secretary-Treasurer, Teamsters Local 213); Charles Peek (Chair, Health and Welfare Pension Plan, International Brotherhood of Electrical Workers, Local 213); David Schaub (National Representative, Communications, Energy and Paperworkers Union); Randy Smith (President, Carpenters Union Local 1995); Anthony Tennesy (retired President, Operating Engineers Local 115); and Bryan Wall (Consultant, UFCW Pension Plan).

As this list makes obvious, the labour bureaucracy has voting control over Concert Properties, which leads to two very uncomfortable questions: Why is Concert Properties a member of Canada's largest and most powerful P3 lobby groups, the Canadian Council for Public-Private Partnerships? Why did Concert Properties donate more than \$16,000 to the Liberal Party of British Columbia last year? Public-Private Partnerships

A visit to the web site of the Canadian Council on Public-Private Partnerships is a real journey of discovery. Virtually every major privatizer is there. Its executive is stuffed with Richmond-Airport-

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Vancouver rapid transit line (RAV) bidders, including Bombardier, SNC Lavalin and the Macquarie Group (which produced a key report arguing in favour of RAV). Its annual conferences bring together all the biggest corporate and political players in the rush to privatize public services. All one has to do to appreciate the political weight the CCPPP has to throw around in regard to privatization is to look at the politicians who have addressed its conferences over the years: Federal cabinet ministers like David Dingwall, Donald MacDonald, Doug Young, David Collette and Lucienne Robillard. Provincial Premiers like Gordon Campbell, Ralph Klein, Brian Tobin, Frank McKenna, Roy Romanow (twice), Bob Rae (twice), and more provincial cabinet ministers than can comfortably fit here.

Concert Properties pays \$600 yearly in membership fees to be a corporate member of CCPPP, joining the ranks of some of the largest and most notorious privateers in the world, including Aramark, Sodexo and the Compass Group, all of which have been central to BC Premier Gordon Campbell's firing of thousands of Hospital Employees Union members and contracting out their jobs at minimum-wage levels. Not only is Concert a corporate member, but it also enjoys a more direct connection in the person of former Operating Engineer leader Tony Tennessy, who has served both on the Board of Concert and on the Board of the CCPPP as well.

### **The Liberal Connection**

Concert's directors are no strangers to Liberal politics. In 2000 Concert President David Podmore donated \$1,000 to the B.C. Liberal Party. In 2001, he donated a further \$6,711. IWA President Dave Haggard was just appointed Liberal candidate for New Westminster-Coquitlam for the coming federal election by none other than the Prime Minister himself. Concert's director Tony Tennessy, formerly of the Operating Engineers Union, was a supporter of Sheila Copps' campaign against Paul Martin for the federal Liberal leadership (at around the same time that Copps appointed him a director of the 2010 Olympic Organizing Committee).

But giving \$16,665 to Gordon Campbell, the arch enemy of the B.C. labour movement? Well, that's in a class by itself. Concert's donation has made the \$833 donation that Langley IWA local president Sonny Ghag gave the Liberals seem like a real pittance and, in comparison, it is.

How to explain it? To start, Jack Poole, the Chairman of the Board of Concert Properties, has a long history with Gordon Campbell. In 2000 Poole donated \$2,000 to the B.C. Liberal Party. Journalist Russ Francis ("Pooling The Funds", Monday Magazine, October 2, 2002) has referred to Campbell's role in the deal that gave Concert its beginnings:

"I'm speaking of the 1989 deal then-Vancouver-mayor Campbell made to turn over a small fortune in public land to VLC Properties Ltd., a new company headed by Poole that was created out of thin air with the able assistance of Campbell and such worthies as Canadian Labour Congress president Ken Georgetti. In exchange for access to \$48 million worth of public land, VLC promised to build up to 2,000 units of 'affordable housing' each year. But they only ever built 1,143 units, total. And not one of the units was 'affordable,' according to any meaning of the word that I'm aware of. In a report to shareholders, VLC boasted that the rent for all of the units was higher than that in nearby buildings."

VLC Properties later changed its name to Greystone Properties and subsequently morphed into Concert Properties.

Writing in the Georgia Straight ten years ago (February 1994), Rafe Mair observed the following:

The Vancouver Land Corporation — VLC for short — set up by former Mayor Gordon Campbell to build low-cost housing on city land given them for a song, now sees itself in the casino game and is the major local player. One of the main players in the VLC is Ken Georgetti, head of the B.C. Federation of Labour. He's there because much of the funding for the VLC comes from union pension funds. One need not point out that Mr



Georgetti, under a NDP government is a very powerful voice and, indeed, Mr Georgetti has already talked his NDP buddies into taking, with taxpayer dollars, 16% of the action. The VLC has a main mover — land developer Jack Poole. Ah, you ask, is that the same Jack Poole who, a few years back, nearly ran for the B.C. Liberal leadership? The same Jack Poole who is a crony and long-time backer of former Vancouver Mayor, now Opposition Leader Gordon Campbell? You've got it! Same guy. Ken Georgetti later went on to join the Board of the Molson Indy, which was also founded by Poole.

### Canada's Biggest P3

The P3 and Liberal convergences don't end there. Jack Poole, David Podmore, Ken Georgetti and Tony Tennessy were all members of the Vancouver/Whistler 2010 Olympic Bid Committee. Poole and Podmore actually headed the committee. In November, 2003, Premier Gordon Campbell gave the keynote speech to the annual conference of the Canadian Council on Public-Private Partnerships. During that speech he made his Olympic vision clear for the whole world to see: "I couldn't leave today without telling you how proud we are that British Columbia is home to probably the largest single public-private partnership initiative going in Canada right now: the 2010 Olympic Games. We sometimes forget when we talk about the Olympics that that is an enormous public-private partnership. For our investment, about \$600 million in infrastructure, we will get \$2-to-\$3 billion of private-sector investments through broadcast rights, through royalty rights, through development of small business opportunities, and through tourism opportunities that are developed — all as a result of that public-private partnership."

One can't help wonder if the name "Concert" wasn't chosen to symbolize teamwork, mutual aid, cooperation and a vision of labour and capital working together in harmony to pursue mutually beneficial goals. Certainly the odd groupings present on the board of directors suggest teamwork that, to be quite frank, smacks of class collaboration, and the board of the 2010 Bid Committee is only one example of many: Dave Haggard just joined the board of Concert this year, replacing the IWA's retiring 2nd vice-president, Harvey Arcand. As directors of the company, both of them are or have been at the same table as retired Canfor vice-president A. Gordon Armstrong. (In 2001 Armstrong donated \$750 to the B.C. Liberal Party.) TWU President Rod Hiebert and Business Agent Nancy Curley sit across from Telus vice-president Robert Beynon.

But the prize for the worst, the most egregious example of where this collaboration leads has to go to the United Food and Commercial Workers Union. Three UFCW representatives sit on Concert's board: Leif Hansen, just retired from his position as Vice-President of UFCW Local 247, Jack Allard, retired Secretary Treasurer of UFCW Local 1518 and Bryan Wall, who is listed as a consultant to the UFCW pension plan and has served as a plan trustee. In the summer of 1997, representing UFCW Local 1518, Jack Allard signed a concession agreement with Overwaitea Foods that brought in the infamous two-tier agreement, which allows Overwaitea to pay new hires half what is being paid to employees who have the same seniority but were hired before 1997. For example, as of April 2002 a "clerk cashier / meat deli seafood clerk / meat wrapper" with over 4,680 hours' seniority hired before the contract was ratified earned \$22.21, but a junior clerk hired after ratification with the same seniority and doing the same duties, earned \$10.75. Two years later, Leif Hansen signed a similar agreement with Overwaitea on behalf of UFCW Local 2000 (now Local 247).

Bryan Wall signed both of these contracts, but not on behalf of UFCW. He was taking part in the negotiations for management. Wall was, at the time, Overwaitea's Vice-president of Human Resources. It's a comfy little club, this "workers' capitalism". "Workers' Capitalism" = Corporate Unionism This cosy relationship between bosses and bureaucrats is nothing new. We saw it before, last December, during the ferry workers' strike. Working Opportunity Fund runs in the same league as Concert. It's huge. With assets of nearly half a billion dollars it's the largest venture capital corporation in Western Canada. It's also a key player in the field of "workers' capitalism".

Working Opportunities' board is also controlled by the trade union bureaucracy — of 15 directors 8 are current or retired union officials: Colleen Jordan, Secretary-Treasurer of CUPE, BC Division; Marian

Meagher, retired Regional Vice President, Public Service Alliance of Canada; Ken Neumann, Director of Steel-workers District 3; Jerri New, President, Office and Professional Employees International Union, Local 378; Angela Schira, Sec-retary-Treasurer, BC Federation of Labour; Diane Wood, Sec-retary-Treasurer, BC Government and Service Employees Union; Cindy Stewart, President, Health Sciences Association of BC; and Nick Worhaug, Canadian Director, Hotel Employees and Restaurant Employees International Union.

But there are others as well. Graeme McFarlane is one. He's a lawyer at Ogilvy Renault, who on at least two occasions has represented the Health Employers Association of British Columbia in opposing BC Nurses' Union cases at the Labour Relations Board. Dean Drysdale is another. He's a business professor at Kwantlen College who ran in the Vaudreuil-Solanges by-election in Québec in 2000 as a candidate of Stephen Harper's Canadian Alliance. But perhaps the most unforgivable is Peter Armstrong, the President of Great Canadian Railtour and — last December — a director of the BC Ferry Authority board during its unsuccessful attempt to break the ferry workers' strike. (For historical accuracy it should be noted that the Chair of the Ferry Authority throughout the strike, David Emerson, was a member of the Working Opportunity Fund Investment Advisory Committee in the late 1990s, during the same time period that Ken Georgetti was chair of WOF's board of directors.) Emerson has since left the Ferry Authority to become a federal Liberal candidate alongside brother Haggard.

Who knows what other stories exist out there? Concert and Working Opportunities are only two examples. To get a realistic picture, we'll have to look at the whole phenomenon of "worker capitalism" in all its many forms: Crocus Investment Fund, Mortgage One Corporation, Fonds Solidarité, Working Ventures, Real Assets, First Ontario Fund, Workers' Investment Fund, Social Investment Organization, Growthworks, Vengrowth Investment Fund, Trillium Growth Capital, Inc., Retrocomm Growth Fund, Capital Alliance Ventures, Working Enterprises Group of Companies, Working Enterprises Insurance Services, Working Enterprises Insurance Brokers, Working Enterprises Travel Services, Working Enterprises National, Ltd.... and dozens more. Labour activists are going to have to start examining all of this. The P3 files may be a tangled rat's nest of interlocking directorships and tacit agreements, of personal advancement and career path and co-optation but, like the X-files, the truth is out there. Bringing it to light will be a grass-roots affair.

#### The Face Of The New Workers' Capitalism

Workers' capitalism may have started with the best of intentions: the preservation of union members' pension funds. One might even make a case that its roots go back as far as the campaigns conducted in the early 1980s by a number of unions to force their members' pension funds to divest holdings in the corporations doing business with the apartheid regime in South Africa. There certainly seems to be a strong continuity linking much of the ethical investing movement to the institutions of the new workers' capitalism. Whatever criticisms need to be made it should, in fairness, be noted that the phenomenon is not without its positive aspects — for example, Concert's record in condo construction seems to prove conclusively that it's possible to build a condominium that doesn't leak (no small accomplishment these days).

But the outlines of workers' capitalism look, more than anything else, like capitalism.

It's a specific form of capitalism whereby, using the savings of the members whom they're supposed to represent, a group of trade union leaders have parlayed these savings into a complex and huge corporate empire, run on the same rules, and with the same goal — the accumulation of profit.

It's a form of capitalism where the same cloak of business secrecy prevails. Concert's Expression Of Interest in the RAV line wasn't posted on their web site, any more than was Bombardier's or SNC Lavalin's. And just try to find out what Concert Properties (and Concert Real Estate Inc.) pay their directors. You'll quickly find out that there isn't much in the way of transparency here. It's a form of capitalism that, in some respects, seems to resemble a medieval fiefdom: A director can have his hands on the lever of capital through the union pension fund, at the same time as controlling (directly or indirectly) the source of labour through the union hiring hall and the cost of labour through the



collective agreement.

It's a system where the lines between labour and capital have blurred to the point of being indistinguishable — where labour and capital have merged into one vast endeavour, working together in harmony, moving together happily side by side into the future.

There are only a few catches.

First, labour militancy has to go. It just doesn't fit into the plan.

And neither does democracy.

In the world of realistic unionism (or "intelligent militancy" as Brother Georgetti likes to put it), you still need to break a few eggs to make an omelet. Unfortunately, it's just not possible to satisfy everyone. So if you're a cleaner or kitchen worker or security guard in the B.C. hospital system, you'll simply have to come to grips with reality and accept that brothers Georgetti and Haggard and Neumann are working hard for our mutual gain and that tearing this team apart by insisting the Canadian Labour Congress expel the International Woodworkers of America for its raid on the Hospital Employees Union simply doesn't make business sense.

You'll have to agree that the 2002 BC Fed resolution calling for action "up to and including a general strike" to defeat Premier Campbell's destruction of public services and union rights was an unfortunate bit of overstatement, although a necessary one in order to avoid the unpleasantness of the Fed convention actually having a debate on organizing a general strike. And the end of the HEU strike? The ramrodded return to work? The refusal to allow HEU members the right to vote on whether to comply with Campbell's union-busting? Just the cost of doing business.

*Will Offley is a RN, active in his union and also a 12-year member of the IWA "still vested in the IWA Pension Plan, who won't tell me boo about what they're doing with my money." This article is an updated version of an article originally published at <http://www.ufcw.net>.*

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