



America's infrastructure fire-sale

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The Chicago Skyway Bridge is a 7.8-mile toll road built in 1958 to connect the Dan Ryan Expressway to the Indiana Tollway. In 2004, the facility was leased for 99 years, for a one-time payment of \$1.83 billion, to the Skyway Concession Company, LLC, owned by Cintra Concesiones de Infraestructuras de Transporte S.A., and Macquarie Infrastructure Group.

This same consortium won a 75-year lease for the 157-mile Indiana Tollway for \$3.85 billion.

Cintra is a Spanish company that has 21 similar highway projects in six countries. Macquarie Infrastructure Group is a wholly-owned subsidiary of Macquarie Bank, an Australian corporation with assets in excess of \$100 billion.

Cintra has also formed a consortium with Zachry Construction Company in San Antonio, Texas.

In December, 2004, the Texas Transportation Commission invested heavily in political campaigns of key Texas officials.

The Trans-Texas Corridor is a member of the North American SuperCorridor Coalition.

Greg Carey, Managing Director, Goldman, Sachs & Company, told the Texas Transportation Forum last June, that this method of financing should not be limited to highways, but should include: airports, bridges and tunnels, parking facilities, ports, rail, water and sewer systems, power facilities, hospitals, government controlled liquor stores, and "...anything else that produces revenue."

The American Water Works Company, a subsidiary of Germany's utility mega-corporation RWE, already provides water to 18 million Americans in 29 states.

Carey also told the group that all but 14 states had already changed their laws, or were now considering legislation, to allow this "international" financing of public infrastructure.

This relatively new method of financing infrastructure has excited government officials who see these public/private partnerships as win/win solutions. Government gets an infusion of cash, and is relieved of the burden of daily operations. The private sector is eager to invest in long-term projects that promise a payback of as much as 61 times the investment.

But the users don't win. They get to pay a new tax in the form of tolls, in addition to the gasoline tax that is supposed to provide highways.

The devil, of course, is in the details. Each deal is governed by a contract between appointed government officials and corporate big-wheels. There is little, or no oversight, by elected officials. Each contract determines such things as maintenance, minimum services, prices charged for services, concessions offered along the tollway, and every other aspect of the venture. If the public that depends upon the infrastructure facility doesn't like the performance of the contractor, to whom do they turn for recourse? Elected officials are out of the picture; appointed officials are bound by contract.

The users of the facility are left with whatever they get from the contractor, which inevitably includes gasoline and concession prices that are much higher than those found along non-toll highways, where competition governs prices.

In anticipation of the Trans-Texas Corridor, the Kansas City Southern Lines set up a Mexican subsidiary to purchase the National Railways of Mexico, with 2600 miles of track that reaches to Mexico's ports in Veracruz, and Lazaro Cardenas.

These ports are owned by another international mega-corporation: the Chinese Hutchinson Whampoa Limited. This company has globally strategic locations in 21 countries throughout Asia, the Middle East, Africa, Europe and the Americas, and operates a total

of 251 berths in 43 ports, including the ports at both ends of the Panama Canal. The so-called "free trade" enthusiasts have no problems with this international ownership of strategic infrastructure. In fact, it is the essence of "globalization" through public/private partnerships. Enthusiasts claim that this transfer of public infrastructure to private partners is the free market at work.

But it is a process that is rapidly erasing the concept of national sovereignty. Is it smart to allow America's crucial infrastructure to be controlled, if not owned, by foreign companies? Kenneth Orski reports that one of these toll projects in Stockholm has been used as a demonstration project to show that pricing can be an effective way to decrease automobile use and force public transit use.

Are we empowering these public/private partnerships to make and enforce public policy? Are we removing elected officials from responsibility and accountability for infrastructure? Are we building a trap that will ultimately subject American citizens to the whims of the global elite? Are we making a big mistake, selling American infrastructure to the highest international bidder?