

# Quebec's Charbonneau Commission resumes hearings into contract rigging and political kickbacks

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Quebec's "Public Inquiry into the Provision and Management of Public Contracts in the Construction Industry"—in common parlance the Charbonneau Commission—resumed public hearings this week after a recess of almost two months.

During the fall, the commission, which is presided over by Judge France Charbonneau, heard explosive testimony concerning a vast, deep-rooted network of contract rigging, collusion and political kickbacks involving many of Quebec's construction and engineering firms, its municipal and provincial parties, and organized crime. For years, long-established and supposedly reputable companies have been awarded public road, sewer, and other building contracts at vastly inflated prices, then kicked back a portion of the money to the government officials who awarded them the contracts, the political parties, and Mafia bosses.

In eight days of stunning testimony, former construction contractor Lino Zambito related how the Quebec Liberal Party (PLQ), as well as Union Montréal, the political party that ruled the city of Montreal till this November, raised hundreds of thousands of dollars in illegal contributions, thanks to a system of false and padded invoices from contractors and engineering consultants.

Gilles Surprenant, formerly the City of Montreal's chief planner, described how a veritable cartel monopolized the work contracted by the city's water and sewer departments. Nine construction firms divided such work among themselves while regularly setting prices 25 to 30 percent higher than the real value of the contracts. Surprenant alleged that the party of Montreal Mayor Gérald Tremblay took three percent of the value of these contracts via Union Montréal's Bernard Trepanier, who dubbed himself "Mr. 3 Percent." Surprenant himself exacted one percent, for a total of more than \$700,000 in his career.

Martin Dumont, a former Union Montréal organizer and aide to several federal Conservative cabinet ministers, testified that he had seen the Union Montréal safe, which had a door measuring 2 feet square, so full of large bills that it could not close. When he next saw the safe a few days later, Union Montréal's financial boss had had it replaced with a safe that was four times larger.

By early November, the public outcry over corruption and collusion forced the resignation of Tremblay, mayor of Montreal since 2002, and of Gilles Vaillancourt, mayor of Laval, Quebec's third largest city, for the past 23 years. Till the bitter end, both Tremblay and Vaillancourt insisted they had done nothing wrong,

but their blanket denials of any knowledge of the systemic corruption had long lost any credibility. They have since been replaced by former close associates who, with the support of the media, are endeavoring to convince the public that their own hands are entirely clean.

The corruption allegations have also rocked the business world. In late November, the former CEO of SNC-Lavalin, Pierre Duhaime, was arrested on charges of fraud, conspiracy to commit fraud, and using forged documents. SNC-Lavalin is one of the world's largest engineering consultant firms, with projects totaling \$10 billion worldwide. Duhaime is accused of authorizing improper payments of \$22.5 million to secure a \$1.3 billion contract to build a super-hospital in Montreal. At the time of the alleged crime in 2009, Jean-Marc Fournier, currently the Quebec Liberal Party's interim leader, was SNC-Lavalin's vice president of strategic planning.

The Commission will next focus on contracts for the provincial Department of Transport and other Quebec government agencies. This is expected to result in further incriminating testimony about the Quebec Liberal Party, which has led the provincial government alternately with the Parti Québécois (PQ) for the past 40 years. Reports in the press have suggested that both the PQ, which formed a minority government after the September 2012 elections, and the Action Démocratique du Québec, which recently dissolved itself into the Coalition Avenir Québec (CAQ), are also involved in this vast network of corruption. However, they are probably involved to a lesser degree than the Liberals, who formed Quebec's government from 2003 to 2012.

Reports suggest that Crown Corporations such as Loto-Québec may be investigated by the Charbonneau commission. There are also calls for scrutiny of contracts awarded by Hydro-Québec, the giant provincial government-owned utility. Both institutions are widely known to offer lucrative jobs to friends of the government, including political organizers and fundraisers.

While allegations of rampant corruption in Quebec's construction industry stretch back decades, there is much evidence to show that the rigging of contracts has been greatly facilitated by the privatization and deregulation programs carried out by recent PQ and Liberal governments and by the province's municipalities.

In the field of construction, these cuts have resulted in the elimination of much of the personnel involved in the vetting of

contracts and inspection of building work.

Two years ago, the Quebec Union of Public Service Employees or SFPQ stated that between 2000 and 2010 the number of inspections carried out by the Régie du bâtiment du Québec (Quebec Building Board) had declined from 53,000 per year to just 13,000. A 2011 report commissioned by Quebec's new anticorruption squad reported that the Quebec Ministry of Transport, which is officially responsible for the design, construction and maintenance of most of the province's road infrastructure, is devoid of resources and expertise, and has had to "entrust more and more of the design plans and specifications and monitoring of its projects to private firms." Firms, it should be added, that frequently collude in verifying each other's cost estimates and work.

In recent years, the poor state of infrastructure in the province has become a public scandal. In September 2006, an overpass collapsed onto a highway, killing five people and seriously injuring six others, and in July 2011, a 25-tonne concrete slab fell onto the road in the Ville-Marie Tunnel, a crucial artery in downtown Montreal. Roads and bridges have frequently had to be closed for emergency inspections and repairs, greatly aggravating traffic problems on the Island of Montreal and its environs.

At the same time, hundreds of millions, if not billions, of dollars have been spent on construction contracts which, it has now been revealed, are regularly inflated by as much as 30 percent, to enable a handful of private contractors pocket huge profits.

The traditional political parties, meanwhile, have become increasingly dependent on kickbacks and other forms of illegal financing, because their own support base has become ever narrower as they relentlessly pursue class-war policies aimed at redistributing wealth from working people to the rich and super-rich.

When Quebec Premier Pauline Marois delivered the inaugural address speech of the new session of the National Assembly last fall, she vowed that her PQ government would place fighting corruption and restoring integrity in government at the center of its mandate.

Undoubtedly, the PQ hopes to profit politically from further revelations that its main rival, the Liberals, have benefited from kickbacks. But the principal reason the PQ has placed anticorruption legislation at the center of its agenda is that the ruling elite fears the corruption revelations are further fuelling popular alienation from, and anger with, the entire political establishment

During last year's Quebec student strike, there was much discussion in the corporate media, which was overwhelmingly hostile to the students, of the general disregard young people and wide swathes of the population have for the traditional parties and establishment politics.

The corruption scandal has shaken and further tarnished the traditional parties. But under conditions where the trade unions have politically smothered the working class through their reactionary alliance with the big-business PQ, the door is being opened for the ruling class to manipulate and exploit the inchoate popular anger among workers and broad sections of the middle class.

Certainly, efforts in this direction are already well underway. Leaders of all three major parties—the PQ, Liberals, and CAQ—are pointing to the mismanagement of public monies to argue for spending cuts. And Pierre-Karl Péladeau, the multimillionaire proprietor of the Quebecor-Sun Media corporate empire, is seeking to use the revelations of kickbacks and inflated contracts to finance a rightwing "anti-tax" movement. In name of reducing taxes on "ordinary Joes," Péladeau and other extreme right-wingers aim to force through massive tax cuts for the most privileged and, by radically reducing government revenues, compel massive social spending cuts and the privatization of public services.

Philippe Couillard, the reputed frontrunner in the race to succeed Jean Charest as Quebec Liberal Party leader, recently told *La Presse*, "We live in a climate of a loss of trust between politicians and citizens. This should encourage the government to direct its budgetary attention to the expense column, not the revenue column (i.e. cut spending, not raise taxes)."

The PQ government has invoked the construction scandal to justify its decision to slash roughly 15 percent or \$9 billion from the province's infrastructure budget over the next five years, claiming that an excessive emphasis on infrastructure projects contributed to a climate in which corruption could flourish.

The \$1.5 billion per year cut in infrastructure spending was only one of a volley of rightwing measures contained in the PQ's emergency austerity budget of last November. The PQ also lavished tax concessions on big business, imposed the biggest social spending cuts in 15 years and reneged on promises to eliminate a regressive health care head tax and to freeze electricity rates. (See: Big business applauds Quebec budget) It is important to remember that the "sponsorship scandal" over federal Liberal Party corruption was used by the ruling class to push Canadian politics further to the right. With the help of the media and the RCMP, the unpopular Conservative Party of Stephen Harper was able to turn the 2006 election campaign into a so-called referendum on corruption and thereby take power while concealing its rightwing program.



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