

Quebec business, political elite, and union bureaucrats—all complicit in corruption

Laurent Lafrance
5 September 2014

A series of investigations in Canada—including testimony at Justice France Charbonneau’s Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry—have partially lifted the veil on a massive web of corruption involving Quebec’s major construction and engineering firms, principal provincial and municipal parties and the union bureaucracy.

The list of their criminal activities is extensive, including illegal political donations through false aliases, bribery, kickbacks, cronyism, bid-rigging and collusion.

While the corporate media has sought to attribute this corruption to a few “bad apples” and mafia penetration, much of Quebec’s political and economic elite are implicated, including major Quebec companies such as Genivar, Roche, and SNC-Lavalin.

False aliases

To circumvent a law that forbade the financing of political parties by corporations and limited individual donations to less than \$3,000 per year, the large engineering and consulting companies, law firms, and construction companies for decades made donations using false aliases. These aliases were provided by company managers and their relatives, who, for their part in this fraud, received a tax cut equivalent to half the illegal donation that had been made in their name to a provincial or municipal party.

According to the testimony at the Charbonneau Commission, from 1997 to 2012, firms that won most of the contracts offered by Quebec’s Ministry of Transport illegally funneled \$14.8 million to the three major provincial political parties: the Liberal Party of Quebec, the Parti Québécois (PQ), and the Action démocratique du Québec (which recently transformed itself into Coalition Avenir Québec or CAQ.)

Massive kickbacks

The Charbonneau Commission has also heard testimony about the large-scale use of bribery and kickbacks within the construction industry. The most significant case is that of SNC-Lavalin. One of the largest engineering firms in the world, SNC-Lavalin is alleged to have paid out \$22.5 million in bribes to executives of the McGill University Health Centre (CUSM) to obtain the contract to build a new \$1.3 billion super-hospital.

Arthur Porter—the former general-director of the CUSM, a friend of Quebec’s current premier, Philippe Couillard, and until recently the head of the watchdog body charged with ensuring that Canada’s principal spy agency (CSIS) doesn’t violate Canadians’ rights—and the ex-president of SNC-Lavalin, Pierre Duhaime, are two of the eight executives of the CHUM and SNC-Lavalin now facing criminal charges for fraud, conspiracy, abuse of confidence and the payment of secret commissions.

Collusion

Numerous private engineering firms billed the provincial government for services that were never rendered or equipment that was never delivered. Furthermore, a handful of the largest construction companies colluded, dividing up among themselves the public contracts for the maintenance of sewers and sidewalks, and the paving of roads in numerous municipalities, including Montreal and Laval, respectively the first and third largest cities in the province.

The members of this cartel also colluded with each other to inflate their prices and raise their profit margins by 20 to 30 percent. A part of these profits, fraudulently acquired from public funds, were returned to the very officials responsible for awarding these contracts, and to municipal political

organizations—including the Union Montréal of former Montreal Mayor Gerald Tremblay and the PRO-Laval party of the former mayor of Laval, Gilles Vaillancourt.

Privatizations

The privatizations forced through by successive PQ and Liberal governments largely eliminated any independent public control over the granting and execution of construction contracts, opening the door wide to systematic corruption in the industry.

Charbonneau Commission investigator-analyst Guy Desrosiers conceded that due to massive personnel cuts since 1997, the Ministry of Transport faced a critical shortage of resources and had to entrust the conception of its plans and price-estimating, as well as the inspection of its work sites, to private companies—the same private companies that were colluding to share-out contracts and inflate prices.

The role of the union bureaucracy

The unions, especially the Quebec Federation of Labour (la Fédération des travailleurs et travailleuses du Québec or FTQ), are thoroughly integrated into this web of corruption.

The Charbonneau Commission revealed that the leaders of the FTQ used their control of the FTQ Solidarity Fund—which with \$10 billion in assets is the province's largest source of venture capital—to develop intimate ties with the leaders of big business, including the construction industry bosses. In exchange for the investment of funds controlled by the FTQ, construction bosses gave union bureaucrats luxurious gifts, princely vacations, money, and other personal favours.

Michel Arsenault, president of the FTQ from 2007 until 2013, defended such “gifts” before the Charbonneau Commission, saying it was commonplace in this milieu and that Tony Accurso, the largest construction entrepreneur in Quebec, was a close personal friend. Accurso, who has been charged with close to 1,000 counts of frauds and tax evasion, accumulated his vast fortune with the help of the provincial government, Montreal and other municipal councils, and the FTQ Solidarity Fund.

Defending the nationalist perspective advanced by the trade unions, Arsenault affirmed in his testimony that he

made it a point, as president of the FTQ and head of the Solidarity Fund, to pressure the Quebec premier to ensure the provincial government awarded its construction contracts to Québécois businessmen like Accurso. When Arsenault protested that the Solidarity Fund was being attacked because of its intimate ties to Quebec big business and collusion with the corporate elite in making Quebec capitalism profitable, Justice Charbonneau rushed to reassure him that “there is no one here who thinks that the Solidarity Fund is not a good institution.”

The ruling elite and the corporate media are trumpeting the corruption of the trade union bureaucracy, not because they are concerned about the unions' daily collusion with the bosses in trampling on worker rights. Rather they are seeking to whip up a reactionary political climate so as to facilitate an even more brutal assault on the gains won by the working class.

At the end of 2011, “union violence” on construction sites was the pretext invoked to pass Law 30, which increases employers' control over hiring. In 2013 and 2014, successive PQ and Liberal governments used an emergency anti-strike law and the threat of such legislation to force through contracts that impose major rollbacks in wage and working conditions on Quebec's construction workers.

In a context in which the pro-capitalist trade unions have for decades suppressed the struggles of the working class and politically subordinated it to the big business Parti Québécois, the ruling class is using the Charbonneau Commission to whitewash its own criminal practices, presenting them as “isolated incidents.” In addition, the elite is exploiting the absence of a working class political alternative to manipulate the popular outrage over the (partial) revelations of systematic corruption so as to channel it behind their reactionary “anti-tax” and anti-worker campaigns and thereby intensify their push for capitalist austerity and privatization.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact