
Highway Robbery?

LaRouche: 'Don't Pay the Tolls!'

by Marcia Merry Baker

There is a frenzy of toll-road takeovers under way in the United States, and at the same time, a fury of resistance. Leading the charge for the infrastructure grab is Macquarie, and its Infrastructure & Specialized Funds Division. Its website (see next page), presents a global map of 95 of its holdings, giving listings by continent and country. Dozens more are under discussion for takeover, the latest being the Channel Tunnel (Chunnel).

The North American Macquarie holdings—in part or in full—include the Detroit-Windsor Tunnel, the South Bay Expressway, the Chicago Skyway, the Northern Indiana Toll Road, and many non-transportation installations.

While a few of these infrastructure projects—such as the Dulles Greenway Toll Road in Northern Virginia, were “built from scratch” by concessionaires who wangled government approval to collect decades of tolls—most of the Macquarie projects of all kinds, from water systems, to toll highways, originated as public works. In recent years, governments at all levels, hit by falling revenues because of the eroding economy, have been targetted by Macquarie and cohort companies internationally, to resort to selling their assets.

“Don’t pay the tolls,” was the reaction of Lyndon LaRouche in mid-July, when briefed on the extent of the rip-off. “This was paid for by the public. It’s public property, . . . no one should pay a toll on a privatized public highway.”

In line with LaRouche’s reaction, dozens of counties and state legislatures, plus political campaigns, are organizing resistance to Macquarie and cohorts. Foremost is the gubernatorial

campaign of Democrat Ted Strickland in Ohio. He is denouncing Republican contender Kenneth Blackwell for his call to sell off the Ohio Turnpike. Blackwell extols the prospect of making \$6 billion for the state. Strickland said that in biblical terms, this is the same as selling your birthright for a bowl of potage.

In a July 17 press release by the Strickland campaign, his Lieutenant Governor candidate, Lee Fisher, is quoted, “Selling off one of our state’s most valuable assets—that was built by Ohioans, and has been run by Ohioans—to a foreign company, and tying our hands for the next 99 years, is incredibly shortsighted. It’s just one more of Mr. Blackwell’s quick-fix, short-sighted political gimmicks.”

The next day, the Strickland campaign put out another release, titled, “Truth Be Told: Blackwell Turnpike Plan a Bad Deal for Ohioans.” This release reports on two cases demonstrating the thievery of selling toll roads. Commissioners in Harris County, Texas, recently reviewed and rejected a proposal to sell off an 83-mile toll road, which prospective buyers claimed could provide billions to the local government. By unanimous vote, the Commissioners decided the windfall cash wasn’t worth giving up their rights to keep the system public and retain control over tolls.

The release continues: “In 1999, Canada’s Ontario Province sold off its Highway 407 near Toronto to a Spanish consortium for 99 years, in exchange for \$3.1 billion. According to the *Toronto Star*, tolls have skyrocketed 203% at peak times since then, despite former Premier Mike Harris’ insistence that they would be capped.

“Finally, in April, Ontario threw up its hands and admitted defeat. After losing seven court challenges, the private highway operator ‘retains the right to raise tolls without government approval. . .’ (*Toronto Star*, April 1, 2006).”

Rohatyn, the Pitchman

For over 20 years, the pitchman for these sales has been Felix Rohatyn, of Lazard banking interests. No longer referred to as “privatizations” (now a bad word, for reasons shown by the Ontario experience), the sales are called “PPPs”—public-private partnerships. Rohatyn pitches them as the new, alternative financing recourse of cash-strapped local governments: sell off the people’s infrastructure assets.

Meantime, Lazard Asset Management set up in February its own Lazard Global Listed Infrastructure group. Macquarie Bank Ltd., based in Australia (see previous article), operates three investment partnerships directly with Lazard: Macquarie Lazard Global Equities Fund, Macquarie Lazard Asia Pacific Share Trust, and Macquarie Lazard International Share Trust.

A flood of money is going into hard assets in utilities, transportation, and other basics, as the financial system itself further disintegrates in hyperinflation and insolvencies. Goldman Sachs, Morgan Stanley, and others are all gobbling up infrastructure as fast as they can get their hands on it.

Typical is the sudden announcement July 5, that Macquarie bought out Duquesne Light Holdings in Pittsburgh, Pennsylvania—a company famous during the decades of regulated electricity, for its early development of nuclear, as well as coal power. However, during the Enron mania, the company shed its generating capacity, and deconstructed into an electricity provider, and other functions. But the company

was never officially for sale. “We had no interest in selling,” said Morgan K. O’Brien, CEO of Duquesne Light. Then came the surprise notice, on July 5, that Macquarie Infrastructure Partners, a New York-based investment fund of Macquarie Bank Ltd., Australia, announced its deal to acquire Duquesne Light for \$1.59 billion, and will now have billing rights to 587,000 customers in western Pennsylvania.

Infrastructure and specialized funds management

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Infrastructure and specialized funds management

As early as 1990 Macquarie recognized the potential of infrastructure as an emerging asset class that offers attractive long-term investment characteristics. Investment opportunities are increasingly available as global trends see ownership and provision of infrastructure services move from government to the private sector.

Today, Macquarie is a global leader in infrastructure acquisition, funding and management. As of March 31, 2006 Macquarie has 450 staff globally in its Infrastructure & Specialized Funds Division which manages listed and unlisted infrastructure fund vehicles on behalf of investors with total equity under management of over \$24 billion. These vehicles have invested in 95 infrastructure and specialized assets in 23 countries, encompassing a broad range of infrastructure sub-sectors.

EUROPE

- UK**
 - Anglia Road
 - Red Bus Media
 - Birmingham Airport
 - Orkney Airport
 - Energy Power Resources (UK)
 - NH Renewable Energy™
 - NI All Link
 - NI Toll
 - NI Toll
 - South East Water
 - Strom Power
 - Yates & West Utilities
 - Widley
- Italy**
 - Rome Airport
- Belgium**
 - Brussels Airport
- France**
 - Energy Power Resources Europe
 - Automobile Park & Retail Hub™
- Germany**
 - Vierow Tunnel
 - NH Renewable Energy
- Denmark**
 - Copenhagen Airport
- Portugal**
 - Teguc Outings
- The Netherlands**
 - Europoort (Directors)™
 - NH
- Poland**
 - Ony-Sow Container Terminal
- Sweden**
 - Arlanda Express
 - Energy Power Resources (Europe)

AFRICA

- South Africa**
 - Edmore Platinum Corridor
 - NI Toll
 - NI Maputo Toll
- Tanzania**
 - Kilimanjaro Airport

USA

- Airports Service Business
- Argonne
- Detroit-Antwerp Tunnel
- Detroit Energy
- Dollar Gateway
- Indiana Toll Road™
- International Motor Tank Terminals™
- Michigan Elec. Transmission Co.
- Parking Company of America
- Skoway
- Strawberry
- South Bay Expressway
- The Gas Company
- Texas Holdings

Canada

- 407 ETR
- Edmonton Ring Road
- NI All Link
- Cardinal Point
- Lakewood
- Sea To Sky
- Academic Ambulatory Care Centre

Japan

- Hakone Tunnel
- Bayshore Driveway™

China/Taiwan

- Changsha Airport
- Taiwan Broadband Communications

Australia

- Adelaide Airport
- Adelaide Water
- Asia Pacific Transport
- Broadband Australia
- Camper Energy
- Macq. Regional Facilities
- Electrol SA
- Camper Oil Refinery
- NI (Eastern Distribution)™
- NI
- NI
- East Link
- Midland
- Prospect Water
- Redmond Care Australia
- Sydney Airport
- Tasmania
- United Energy Distribution
- Yardley
- Zip Up

South Korea

- Busan Tunnel
- Chosun Expressway
- CJ CableNet
- New Gyeongju Expressway
- Donghae Expressway
- Indoan Expressway
- Indoan Tunnel Bridge
- POSCO Power
- Seungnam Expressway, Section 1
- Seungnam Expressway, Section 2
- Seungnam Expressway, Section 3
- Seungnam Expressway, Section 4
- Seungnam Expressway, Section 5
- Seungnam Expressway, Section 6
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New Zealand

- Electricity
- Private Utilities

Major infrastructure sectors include toll roads, airports and airport-related assets, telecommunications, water, rail, energy generation, transmission and distribution assets as well as water & wastewater and social infrastructure.

™ NH Renewable Energy also located in Germany, Poland, Austria, Czech Republic, Slovakia, Denmark and France
 ™ International Motor Tank Terminals also located in Canada
 ™ Subject to financing and customary closing arrangements
 As at 31 April 2006 – the assets listed are managed on behalf of investors with various direct % stakes held in each

The Macquarie website boasts of the global reach of its holdings. Most of these “assets” originated as government-funded public works projects. Resistance to the privatization of infrastructure is gathering force.