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FAST FACTS



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It's a Small World After All

The news that former Manitoba Premier Gary Filmon has been appointed to the Board of Directors of the Manitoba Telecom Services (the former Manitoba Telephone System) gives rise to a number of observations, the most prominent being: Gary Filmon must really dislike Stuart Murray.

The privatization of MTS was one of the Filmon government's most unpopular initiatives. It was, along with the Interlake vote-rigging scandal and the failed attempt to privatize home care, one of the prime reasons for the Conservative defeat in the 1999 provincial election. The fact that to this day the NDP continues to score political points by promising not to sell Manitoba Hydro is a sign of just how unpopular the privatization of MTS was.

Recent History

Manitobans had a list of very good reasons to be angered by the sale of MTS.

- In the 1995 election campaign Filmon had left voters with the impression that MTS would not be sold.
- As a Manitoba-owned, publicly administered corporation, MTS created good jobs, ensured a Manitoba

presence in a future-oriented industry, and could be used to meet a variety of social as well as economic needs.

• MTS shares were sold at bargain-basement rates. This meant that the government got less than the company was worth while the people who could afford to buy shares were able to realize whacking great profits when they resold their shares.

- The government also granted Manitobans who bought the stock what amounted to an interest-free loan by requiring them only to put up half the money at the time of purchase.

Shortly after privatization, the price of MTS shares jumped and many MTS purchasers immediately sold their shares, realizing a very significant profit. In short, those who had the money to invest prof-

ited greatly, while the majority of Manitobans lost control of a valuable public asset. Telephone users have seen their rates jump by close to 100 per cent since 1995, from \$13.30 to \$25 for basic service. At the same time, generosity was the order of the day in the board room. In 1998 the MTS president got a \$83,423 pay raise plus a \$93,900 bonus. The MTS Communications President got a \$33,000 pay increase and a \$47,600 bonus. The

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MTS Mobility President got a \$10,000 increase and a \$38,000 bonus. The MTS Advanced President got a \$12,000 pay increase and a \$38,000 bonus.

Filmon's elevation to the MTS board is a reminder that there was also an unseemly side to the MTS privatization. At the time of the privatization, MTS board members, including finance minister Eric Stefanson's brother Tom, and Ashleigh Everett, the wife of the current Conservative party leader, were each given 7,500 MTS shares. If they had sold the shares at the first opportunity after the privatization, they would each have received an estimated profit of \$148,000.

Wider Significance

There is a common perception among Canadians that all politicians are on the take. Politics, in other words, is widely viewed as an ignoble calling. The view is that even those people who go into politics because they are motivated by high ideals and a concern to serve their fellow citizens are often changed by the system so that their principal concern becomes focused on what they can get out of the process for themselves.

This public cynicism is deeply corrosive of democratic politics. The very legitimacy of government and public service hinges on public trust in the integrity of politicians and public officials.

Conflict of interest laws set a minimum "cooling off" period of one year after leaving office. During this one year period politicians and civil servants are legally prohibited from accepting employment or financial benefit from organizations with which they were involved during their governmental work.

Clearly, former-premier Filmon has broken no law by his acceptance of the benefits of membership on Manitoba Telecom's Board of Directors. He has not broken any law, but his actions are likely to feed public cynicism about the motives of politicians. It may be argued, on the other side, that because Manitoba is a comparatively small community, it is neither objectionable nor surprising that former politicians should have business dealings from time to time with firms or organizations who were affected by their actions while in office. What makes this case appear different, however, is that the very existence of Manitoba

Telecom is due to the Filmon Government's commitment to privatization.

The law sets a minimum standard for political behaviour by former politicians, but those concerned with the integrity of public life may continue to hope that our political leaders, in their post-political lives, will avoid the appearance that they are cashing in personally on the decisions they made as public officials.

As the list of prominent Manitoba Conservatives who have benefited significantly from the privatization of MTS grows, so too does public disillusionment with the political process.

—Doug Smith

Doug Smith is the author of ten books, including "As Many Liars," a forthcoming history of the 1995 Manitoba Election Scandal.

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