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## UNION POWER: THE CHARGED POLITICS OF ELECTRICITY IN ONTARIO<sup>1</sup>

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Ontario's former premier, Mike Harris, saw himself as a no-nonsense kind of guy, a straight shooter. He was fond of talking about "a promise made" being "a promise kept." In mid-December 2001, having announced his retirement several weeks before, he was perhaps looking for proof positive that he had kept his 1995 promise to privatize something. He was, after all, the leader of a neo-liberal government firmly committed to the market and the good works that flow from it.

In late 2001 Harris finally did something decisive about Ontario's electricity system. He made two important decisions. One was expected, but the other was more of a surprise. The surprise announcement was that Hydro One, the huge transmission company that had been created with the unbundling of the old Ontario Hydro, would be sold to the private sector. It would be the biggest privatization in Canadian history, and the proceeds would go towards paying off the debt left over from the manic nuke-building spree. As it turned out, over \$100 million in commissions and fees would line the pockets of Bay Street (Canada's Wall Street) brokers whose companies would handle the Initial Public Offering (IPO).

A few days later Harris was in front of the cameras again. After four years of meetings and uncountable millions of public dollars being spent, he had an announcement to make. The market would finally work its magic for Ontario's electricity system, starting on May 1, 2002. The outgoing premier sounded a reassuring note. "Nothing," he promised, "is going to go wrong."

There were few guardians defending public power – that is, until a man wearing a top hat and a swallowtail coat threw a big, old-fashioned switch at the corner of Queen Street and University Avenue. This prominent spot on the broad boulevard leading to the Ontario legislature is where a statue to Sir Adam Beck stands. Beck was the populist politician who, a hundred years before, had spearheaded the public power movement that had defeated the Big Interests that had clamoured for control of electricity at the turn of the century. Beck had been the architect of Ontario Hydro, the huge public utility that helped to spearhead the industrialization of Canada's largest province. "Hydro," as it was called, symbolized a *dirigiste* strain of Canadian capitalism. And it had long provided

reliable, cheap power to the province, whose farmers got electricity long before farmers south of the border.

The Adam Beck photo opportunity was staged in front of the memorial to the Hydro founder just before Premier Harris revealed his privatization and market-opening decisions. It was intended to launch a new organization called the Ontario Electricity Coalition. Standing in front of a giant light bulb emblazoned with the slogan "Save Public Power at Cost," Paul Kahnert laid out the left's argument: there is no way private power can be cheaper than power from a public utility because private firms need a profit, which would inevitably get added onto utility bills. Early in a campaign that the Coalition promised would reach into every corner of the province, Kahnert, a Toronto Hydro line-crew foreman, showed he could make a sharp point. Privatizing the generators and wires that had cost the public so much money was silly, he said. He pointed to a line item called "Debt Retirement Charge" that was now appearing on every power bill. "Does it make sense to be paying the debt on assets we no longer own?" he asked.

Such critics had a major problem: they had to position themselves as supporters of public power without seeming to defend the old Ontario Hydro. The former state monopoly's public-power-at-cost imperative had long been criticized – particularly by environmentalists – as far too costly in ways that went beyond Hydro's balance sheet or customers' bills. The broader costs included acidified lakes, deadly nuclear waste, and global climate chaos. The trade union movement had never been onside with the green movement's anti-nuke campaign in good measure because the Power Workers' Union (PWU) held a virtual veto over any official labour backing of traditional anti-Hydro (read, anti-nuke) campaigns. But by this time the PWU –Local 1000 of the Canadian Union of Public Employees (CUPE) – had blotted its copybook with labour by supporting the hated Harris government's privatization policies in the electricity sector. CUPE 1000's leaders seemed to feel that the change was inevitable and that they could get the best deal for their members by co-operating with the government.

In doing so, the union local was increasingly out of step with important parts of the labour movement. Environmental and labour activists had recently gained practical experience working together, not only during the fight against the government's attack on social programs, but also on cancer prevention campaigns, the issue of banning cosmetic pesticides, and "just transition" programs to compensate and retrain individual workers if environmental rules brought job loss. In a politically important departure from developments south of the border, Canada's labour movement stood with environmentalists in calling for the ratification of the Kyoto Protocol on climate change, with the Communications, Energy and Paperworkers Union (CEP) leading the charge. One reason the energy industry's massive campaign against Kyoto in 2001-02

flopped was because of its failure to frighten its own employees. The workers could not be persuaded that their bosses were being anything but selfish and short-sighted.

CUPE as a whole was, not surprisingly, especially adamant about protecting public services and public-service jobs and had started to put money into the Ontario Electricity Coalition and its campaign. When Kahnert helped launch the campaign against Ontario's privatization enterprise, he was holding a hand-lettered sign with the headline "Deregulation?" Under it were five capital letters: **Electricity Nightmare Ripoff, Ontario Next?**

As a result of OEC campaigning in the months that followed and an attack from the social democrats' New Democratic Party (NDP) on Tory electricity policy (along with fallout from the Enron scandal and the evidence of the California deregulation disaster) a total of forty-two municipal governments - from Galway-Cavendish & Harvey Township and New Liskeard to Toronto and Ottawa - followed suit, with resolutions opposing either the Hydro One privatization or deregulation or both. The Ontario Electricity Coalition was starting to tell itself that dressing its campaign up in a top hat and using the unlikely symbol of the capitalist who put an end to gouging by private power companies just might pay off. It had, at least at the start, seemed like a too-little/too-late effort because the privatization express had built up too much momentum.

The Ontario Electricity Coalition had its start when Charlene Mueller and Paul Kahnert decided that if no one else was going to organize against the wholesale restructuring of Ontario's public power system, they would. The two Toronto Hydro workers put two years of volunteer labour into organizing opposition to what they viewed as a threat to electricity workers and the public at large. They were not professional lobbyists, nor did they have any contacts in the corridors of power. They had no lawyers, at least at first. What they did have was the backing of their union local, an organization with attitudes and traditions much different from those of the union representing workers at the provincially owned power companies.

Kahnert, an avid martial arts practitioner and motorcyclist, became active in union affairs in 1983, when his co-worker Neil Morrison fell off a sixty-five-foot pole. The other crew members tried to keep Morrison alive with CPR, but he was too badly mangled. The next day, when Toronto Hydro wanted the crew to return to work, the men were not impressed. Electrical utility workers tend to be a militant group, proud of their skills, well-organized and reluctant to kow-tow to orders they regard as foolish or arbitrary. "We'd seen the most horrible thing you can imagine happen to a good friend and they just didn't give a shit," Kahnert said. "It was like a chicken had died."

The path to activism was different for Mueller. As a member of Local 1 of CUPE she had attended only a handful of meetings before finding herself, in

1988, in a non-traditional job. There she was, working as an inspector, a woman wearing the same green overalls as the male trades workers. At the time the local was wrestling with pay equity, and one of its leaders was a deft organizer and talent-spotter named Rob Fairley. He asked Mueller to be on the committee, and she slowly immersed herself in union work. She described herself as a Silent Sam who took her time, listening and learning about the complexities of union politics.

The Toronto Hydro workers did not see themselves as “production associates” or members of one big company team. They had responded sceptically to the alphabet soup of management team-building efforts like Total Quality Management and Quality Circles that came at them in the 1990s. They were different from their opposite numbers at CUPE 1000, the Power Workers’ Union, though their ranks were also thinning. When Toronto Hydro merged with other municipal utilities, their numbers declined from 2,300 to 1,300. Still, CUPE Local 1 members voted to go on strike four times between 1989 and 1999. The 1999 strike was sparked by Toronto Hydro’s argument that the local was negotiating its first contract because it was a new union representing not just workers in the former Toronto local but also workers in the former boroughs of the newly amalgamated city. According to this logic, all the hard-won worker-friendly language of the contract with the former Toronto Hydro local could be scrapped. “They wanted to start with a blank sheet of paper,” Mueller said, recalling their victory in the bitter three-week strike that followed. “But we have a long history of ‘We’ll fight. No matter what’.

By the time the hydro privatization issue came to a head in 2001, the Toronto Hydro workers had also learned about running campaigns. When management attempted to move most of their work from days to nights, they campaigned around the slogan “We are not night creatures.” When the issue of contracting out the replacement of Toronto’s streetlights came up, the theme of the video and the buttons was “We Light the Streets.” Through it all, CUPE Local 1 activists became familiar with lobbying politicians and appealing to the public at large, picking up on the notion of marketing an issue through catchy slogans.

In 2000 Mueller and Kahnert approached Local 1 president Bruno Silano with the idea of doing something, anything, about electricity privatization. “There was no opposition in the province to the government’s policy,” Mueller recalled. “That’s what sparked the fire under our asses.”

Silano, relatively new to the job, was nonetheless aware of the success that the Power Workers had enjoyed by using the symbol of Niagara Falls during their big campaign against privatization in 1995-96. But it was still not an easy sell at the CUPE Local 1 executive board. It was one thing to organize around problems that had such a direct impact on the membership of one local, and quite another to go after a major issue of public policy. Kahnert remembered that it had even been difficult to get the board to give a hundred dollars to striking

day-care workers: and here he and Mueller were asking for \$50,000. They argued that Hydro privatization represented a broad threat to workers, comparable to contracting out street-lighting or meter-reading.

At the executive board meeting Kahnert held up the collective agreement and asked, "What is our number one responsibility as a union?" The answer: "The negotiation and protection of this agreement. Our work life and our home life depend on it. This is the biggest threat to come along in a hundred years." To his surprise, the board agreed to give them the \$50,000 - a huge sum for a local of 1,300 people.

In the organizing that followed, Kahnert became the public voice of the OEC as the organization gathered support from other union bodies, environmentalists, Canadian nationalists, and NDPers. Mueller remained in the background, marshalling information, running the website, and organizing the details. On one level, it was a typical division of labour. The more talkative Kahnert, who had already learned to say "power line persons" instead of "linemen," began to catch himself and apologize if he interrupted when Mueller was speaking. When Mueller did speak up, it was with understated passion. Later she remembered how, when making the case to get money from the local, for the first time in her life she found herself saying things like "We are going to win this. Here's why and that's why we need your support." She would argue that it was "the right thing to do. We're being robbed."

Rob Fairley, formerly a CUPE 1 leader and by this time an independent consultant, wrote a pamphlet arguing that it was not too late to stop the plans for deregulation, that deregulation would not only be unfair to people on fixed incomes but also produce economic instability and more pollution. He pointed out that twenty-two U.S. states had shelved deregulation plans following the California debacle. But his main pitch centred on the issue that would have the most political traction. The cartoons by radical pamphleteer Tony Biddle showed bug-eyed people in homes, factories, offices, and hospitals staring slack-jawed in surprise at pieces of paper labelled "hydro bill." The OEC distributed half a million of the pamphlets starting in January 2002. By that time the Coalition was receiving financial support from CUPE's national office.

Acting on the advice of CUPE colleagues who were veterans of the long struggle to preserve public-health care, the OEC decided to take its campaign to communities where it was easier to get media attention. Kahnert spent the winter on the road, addressing gatherings organized by local chapters of the Council of Canadians, labour councils, and NDP riding associations. He spoke to fifty-five meetings in the four months leading up to market-opening. Kahnert and Mueller also convinced environmentalists at Greenpeace and the Toronto Environmental Alliance to come out publicly against electricity privatization. The green position of conservation and renewables gave the OEC a response to the inevitable question, "So if you are against privatization, then what are you for?" Kahnert

would reply that “Conservation is the fastest, cheapest and cleanest way to deal with our electricity crisis. But private power companies have no interest in selling less product. They’ve destroyed conservation programs wherever deregulation has taken root.”

Meanwhile, Ontario NDP leader Howard Hampton had sniffed the winds in search of an issue to animate his party’s flagging fortunes. Popular disenchantment with the Tory government had been attaching itself to Dalton McGuinty’s Liberals, and NDP tacticians figured the Liberals had a wishy-washy policy on the Hydro issue. By staking out a clear position in opposition to privatized power in a free market, they would benefit from any public wrath should the Tory policy go wrong. If that happened the Liberals, who had unanimously supported the market-opening enabling legislation and were cozying up to the Bay Street privatization industry, would scramble to denounce the Tories. At that point the NDP could occupy the high ground by denouncing the Liberals as opportunistic wafflers. By 2002 the NDP had painted up a campaign-style bus with those two words emblazoned on its side, together with pictures of Hampton and various electric appliances. The party even had a website, “publicpower.ca.” Despite rumblings of internal discontent that the party was investing too much political capital into one issue, Hampton took his show on the road.

As this was unfolding, the national political leaders of CUPE and CEP started to sense that the campaign needed a legal focus. They decided to launch a last-minute court challenge to the Hydro One privatization. The decision was straightforward enough for Brian Payne and André Foucault of the CEP; even though they represented no electricity workers, they saw the privatization enterprise as a threat to the public good, transcending the self-interest of individual workers or union locals. But for CUPE leaders Judy Darcy and leader staffer Morna Ballantyne, things were more complex.

One of CUPE’s biggest and richest locals happened to be the unit representing Hydro One workers. Local 1000 had always forged a separate identity within CUPE, even branding itself -logo and all - as the Power Workers’ Union. What’s more, it had decided to get onside with Ontario’s electricity policy despite the labour movement’s rock-ribbed opposition to privatization. The PWU had initially opposed privatization in a high profile ad campaign just after the Harris government was first elected. It had previously attacked Britain’s privatization pioneers, one of whose explicit goals was reducing union power; British firms had succeeded in eliminating some 66,000 electricity industry jobs by 1998. Still, Tory energy minister Jim Wilson had appeared at a union meeting and on the cover of the Power Workers’ magazine. John Murphy, the local’s president, served on the government’s Electricity Transition Committee.

All of that activity caused a domestic dispute within the House of Labour, and feelings became even more bitter when Murphy, the architect of the CUPE

Local 1000 flip-flop, went over to the other side. By the time of the court challenge to Hydro One privatization, Murphy was sitting in a vice-president's chair at Ontario Power Generation. Although no one in a position of authority at CUPE was willing to comment officially, many would have agreed with the assessment of Jim Stanford, the high-profile economist for the Canadian Auto Workers: "There's nothing new about being a management stooge."

Factory managers who are shrewd enough to spot talented shop stewards headed for union leadership positions often hire them as supervisors. "You make 'em, we take 'em," is the boss's approach. Those who change sides are particularly valuable to management. They make the best foremen because they understand the union culture and exhibit the predictable zeal of the freshly converted. So it was with John Murphy; he was soon talking the language of partnerships and pragmatism. "If you keep saying you are opposed to change but don't have any alternatives, you are going to get marginalized, and are not going to have any opportunity for influence," he said after defecting to OPG. Speaking of the Harris regime, he said, "We have not experienced any government that has done such broad consultation with the union on every step of the electricity industry restructuring."

The Power Workers remained choirboys for the privatization enterprise even after their leader decamped. It was unclear as to what kind of deal had been arranged with the government in exchange for the union's support. What was clear was that, aside from the police unions who loved the government's toss-em-into-boot-camps line on crime, no other labour group in the province was as close to the Tories as was the Power Workers' Union. Yet despite it all, CUPE's national office was surprised when CUPE 1000 retained counsel to intervene against its parent body after CUPE national agreed to go to court with the CEP. Relations between the national office and CUPE 1000 were getting frosty.

No one on the union side was convinced that they would win in court. It was, at best, a long shot. Their argument was that governments that had privatized major Crown corporations like CN Rail or Air Canada had passed legislation granting themselves the authority to make such a major public policy move. Against this background, the unions argued that the legislation that divided the former Ontario Hydro into separate companies did not explicitly give the government the power to turn around and sell them. For its part, the government trotted out the old claim that unions should mind their own business with respect to anything that doesn't directly involve their members. Its main case, however, rested on the argument that as the owner of Hydro One's shares it could do whatever it wanted with them. The Power Workers predictably avoided their ally's first argument, but backed the second one.

By the time Justice Arthur Gans had heard the competing claims and was ready to deliver his judgement, Ernie Eves had won the Tory leadership and been sworn in as premier, succeeding Mike Harris. The contending parties

gathered on Friday, April 19, 2002, at a courthouse on the broad, flowered boulevard of University Avenue, just up the street from the spot where the Ontario Electricity Coalition had launched its anti-privatization campaign four months earlier at the Adam Beck memorial.

“‘Hydro One,’ the corporate name for the new millennium, is one of the amoebic offspring of Ontario Hydro created by the Government in 1998,” Justice Gans began. “Ontario Hydro was one of the defining characteristics of the Province, one with which its residents could identify. . . Its creation and basic foundation was the primary reason a knighthood was bestowed upon Sir Adam Beck in 1914. His sculpted image stands watch over University Avenue.”

Justice Gans’s decision came down in favour of the unions, stating that the province did not have the authority to carry out the sale. The result was, of course, greeted with euphoria among anti-privatization campaigners, prompting them to keep up the pressure and redouble their local efforts to persuade municipal councils to pass motions opposing the government’s electricity policy. The NDP, which saw it as their issue, peppered the new government with embarrassing questions. The Liberals, sniffing blood, also began to focus on the Hydro issue.

If the opposition was emboldened, the supporters of privatization were aghast. Toronto’s Bay Street business class, having been enticed by rumours of a further bonanza on a possible \$8-billion privatization of OPG, was outraged to learn that its hundred-million-dollar payday for the Hydro One deal had been, at best, postponed. Their trumpets in the business press reacted with florid fulminations about an “ideological cabal of big unions.” The right wing *National Post*’s Terence Corcoran warned that the Hydro One “disaster” was “the first of many tests that will test the soggy wet mettle of the new Eves government.” Quoting Power Workers’ Union president Don MacKinnon as saying (mistakenly) that Hydro One was broke and that “the private sector is the way to go,” Corcoran declared, “That’s a union voice the new government should listen to.”

Even before the court decision, there had been rumblings in the Tory ranks. Rumour had it that, unlike Harris, Eves was not willing to make the tough choices. The backers of the privatization enterprise knew that the market was due to open in ten days time and that the Hydro One privatization was simply stalled. It could easily proceed within weeks if the Conservatives passed a quick bill empowering the government to go ahead with the IPO. But something had happened. As they say in the world of sports, there was a sudden shift in momentum.

In the end, the fight against the wholesale privatization of what had been Ontario Hydro was a significant victory over neo-liberalism. It featured the Ontario Electricity Coalition’s grassroots political activity (in which union activists played a pivotal role). It also included a legal challenge funded by two



unions and a challenge in the legislature and beyond by the NDP, a social democratic formation closely allied with the union movement. The success was also related to a tired government without any priority but an election: the Conservatives had been in office nearly two full terms, their ideological fervour blunted and, in the case of electricity, confounded by the incredible complexity of remaking the power system along neoliberal lines.

In October, 2003 the Liberal Party under Dalton McGuinty, promising a return to public power and regulation, defeated the Eves Conservatives. The Hydro file would prove no less thorny for them, as they moved to keep their promise to close dirty coal generators, return a modicum of regulation to the system and make room for new, private sector generators that they suddenly seemed to be counting on to ease a looming power supply crunch.

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## NOTES

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<sup>1</sup> This article is adapted from their book *Hydro: The Decline and Fall of Ontario's Electric Empire*, published in October 2004 by Between The Lines. Available through [www.btlbooks.com](http://www.btlbooks.com)