# Everything Must Go

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On an evening in August of 2007, the Interstate 35W bridge in Minneapolis collapsed and thirteen people died. The little cracks and other problems government officials knew about but had been slow to fix, combined with a design flaw that had gone unnoticed, grew too severe; under the weight of rush-hour traffic and about three hundred tons of construction equipment, the whole thing went down into the Mississippi River. Most people died because they suffered blunt force trauma. One man died because the delivery truck he was driving caught fire and dangled from the broken concrete as he remained trapped inside. Firefighters retrieved his burnt corpse some hours later.

The collapse brought to the surface a fact that was clear to anyone who cared to look around: our national infrastructure is in deadly bad shape. For a brief time, there was a lot of discussion about it. But then, about a year later, Lehman Brothers went bankrupt and global markets crashed and people lost their jobs and their homes, and the notion that a major bridge could break was no longer very shocking. It was relegated to that mishmash of other sad and terrible facts everyone hates, yet in practice accepts—as if one of the most visible and fundamental roles of the government, to provide reliable "public works," was no longer a baseline expectation of American life. And maybe it wasn't: despite the crushing fallout of the private sector's biggest failure since the Great Depression, in which private mortgage companies and complex Wall Street investment schemes were directly responsible for a nationwide wave of foreclosures, a decades-long effort to "re-invent government" by turning toward private enterprise rolled forward. In fact, it wasn't long before some champions of "privatizing" government functions incorporated the Interstate 35W bridge into their long list of reasons why the public sector must be saved from itself. The savior, they said, should be big business.

That's been the mantra under Presidents Reagan, Clinton, Bush, and, at first, Obama. Now privatization has found its most obvious champion in Donald Trump, a man operating under the delusion that a nation can and should be run as a business.

Trump's control of the executive branch means that all the usual anti-government ideologues have been able to propose their usual pet projects with even more success. When the administration released its proposed budget for 2019, the libertarian Cato Institute approvingly observed plans for "privatizing federal assets such as airports, air traffic control, and electricity facilities." Citing several possible targets for "potential divestiture" named in the budget—

including Washington's Reagan National Airport and Dulles International Airport—a Cato writer noted, "These reform ideas are straight out of Cato's playbook."

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Trump's 2020 budget is laced through with references to "leveraging the private sector" and "increasing the private sector's role," in ways that would affect national forests, schools, infrastructure, the Department of Veterans Affairs medical system, and federal food stamps. It proposes to sell publicly owned electricity assets (such as those of the Tennessee Valley Authority) because "the private sector is best suited to own and operate electricity transmission assets." It requests authority to "incentivize the private sector to fill the defense financing gap"—that is, give handouts to Raytheon and the like—"so that America can still be the defense supplier of choice for partner countries for which loans are not the best option." It says we need a long-term bill to address our highways because that's where most transportation-related fatalities happen, and because it would provide "certainty to America's state, local, and private partners, so they can plan and invest in projects with confidence."

And why stop at America? The Trump administration wants corporate interests to privatize Palestine so it can "integrate with neighboring economies." Hell, why stop at Earth? The International Space Station is open for business too.

The Incredible Shrinking Plan

Selling off public assets and contracting out basic government functions has never been a cause driven by strong popular sentiment. When George W. Bush announced, days after his reelection in 2004, that he would use his "political capital" to push for the privatization of Social Security, it wasn't due to an outcry demanding an alternative system of private-sector retirement accounts. Bush took his ideas on the road in early 2005, but the response was so underwhelming that the plan was never even introduced in Congress and died a quiet death.

The reason Bush tried to make it a priority is telling: Social Security is a pillar of the New Deal reforms that Republicans have long dreamed of killing off. The Republican right saw the threat of socialism throughout the wave of legislation in the 1930s, of course. But it was after Friedrich von Hayek's 1944 book *The Road to Serfdom* that it became an article of faith that those reforms would someday have to be reversed. Milton Friedman's 1962 book *Capitalism and Freedom* further bolstered the idea that much of what the government was taking on could be done instead by corporations. Yet it wasn't until the 1970s that such ideas began to seem politically feasible—and then, with the election of Ronald Reagan in 1980, the privatizers had an ally at the highest level.

The Reagan administration floated more privatization proposals than any previous president's, and yet it was for the most part blocked by a Democratic Congress. At the same time, the Reagan years saw a deadly combination of "taxpayer revolts" and tighter fiscal pressures on state and local governments—which often lead to efforts to contract out government services like trash hauling, transportation management, or providing ambulances. The great leap backward ultimately came in the 1990s, under President Bill Clinton. As Donald Cohen, the executive director of the In the Public Interest research and policy center wrote in 2016, Clinton succeeded where Reagan and Bush failed. Writing in 1997, the Heritage Foundation's Ron Utt (who had been Reagan's "privatization czar") praised Clinton for pursuing "the boldest privatization agenda put forth by any American president to date," and noted that his proposals were "virtually all drawn from recommendations made in 1988 by President Reagan's Commission on Privatization." In 2006 Reason Foundation's Robert Poole declared that "the Clinton administration's privatization successes exceeded those of Reagan."

Clinton put Vice President Al Gore in charge of the privatization efforts; buzzwords like "reinventing government" and "public-private partnerships" were in favor. In all of this you might ask: Where did the cost savings come from? The true believers spoke of the "efficiency" of streamlined business techniques and the magic of "competitiveness." But the driving motivation since at least the Reagan years had always been to cut labor costs. Privatization was one of the ways the right hoped to weaken organized labor—striking as often as possible at public employee unions by transferring their jobs to lower-paid, non-unionized workers.

One obvious effect of this project has been to redistribute a lot of wealth to the people at the top. But another effect is the continued concentration of power into the hands of people we didn't elect and have no system to control. As the government finds new ways to pass the buck, the lines of authority and the flow of money become so scrambled that no one knows who to direct their requests to, or their anger. Remember the people protesting with signs that warned the government to keep its hands off of Medicare? "The more privatized the government, the less visible the government is for the citizens who receive the service," Chiara Cordelli, an assistant professor in the Department of Political Science and the College at the University of Chicago, told me in June.

"They're confused about where goods and services are coming from; they see it coming from the private sector. They don't see that's the work of the government. An important consequence of this is that if you don't see the government as the main provider of the goods and services you receive, you're more likely to be less interested in government, to vote, to participate in politics. You think of what you get as detached from political institutions. There's a link between privatization and decline in participation and trust in government."

And the more the government hands over to the private sector, the more the condition renews itself, said Cordelli, whose research also investigates the societal effects of relying on philanthropists for social programs. "Once the infrastructure of your society has become dependent on wealthy people, the government increasingly becomes hostage" to those very same people, she says.

Nine Million Veterans Can Be Wrong?

If you like making money, and already have a lot of it, you can get in on this racket. You can, for example, call up Ernst & Young, a firm that "advises clients on financial, procurement, strategic and public-private partnership issues for large-scale infrastructure projects, providing support from project evaluation to procurement, financial close, construction and operations, and by helping governments strategically manage capital and transactions, asset sales, and divestments." In other words, why not buy a bridge, then charge people to drive over it for the next eighty years?

In the words of the Trump budget, however, “the strategy is simple: by eliminating or amending regulations that are duplicative, unnecessary, ineffective, or unduly burdensome, the Administration is unleashing the ingenuity, determination, and know-how of the private sector, which has always been the principal driver of American prosperity.”

It’s a hard sentiment to stomach when the private sector can’t even be trusted to automatically include safety features in airplanes to prevent them from nosediving. Or when the object of privatization is something that, unlike a ruined bridge, hasn’t failed. Take the Department of Veterans Affairs (VA) medical system, which has had its share of detractors, but still provides better care with shorter wait times than the private sector, according to a recent study in the *Journal of the American Medical Association*’s online network.

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About nine million qualifying veterans are covered by a health care plan that uses a network of government-run hospitals and clinics. Yet because of the right’s longtime bugaboo of “socialized medicine,” the VA is a consistent target for privatizers. Under the guise of expanding veterans’ “choice and access,” the Trump administration is attempting to steer more veterans to non-VA doctors and hospitals. In reality, it’s a Koch brothers plan to steal billions that should go to VA hospitals and hand it to private ones instead—a project guided by three of Trump’s Mar-a-Lago friends, two of whom have no experience in health care or in medicine.

These efforts are already putting veterans’ lives at risk—for example, by opening the door to quacks hawking fake PTSD treatments. Square that with the fact that twenty veterans die by suicide every day, including fourteen who have not received recent care from the VA medical system, according to the department’s data. Even the RAND Corporation has pointed out the problems with privatizing veterans’ medical care, as it did last year when it found that almost all of New York’s private health care providers accept new patients, but only a tiny fraction were ready to specifically help veterans. The VA’s privatization coincides with corporate abuse for other service members, too, like those living in military housing run by corporate slumlords who ignore black mold and vermin, all while cooking the books.

Privatization has been a success for the privatizers, though, as the federal database of government contracts shows. The nation’s biggest pharmaceutical distributor, McKesson Corporation, has so far this year won $2.8 billion in contracts with the VA. Also this year, the firm settled a lawsuit with West Virginia, in which state officials said McKesson had sent the state enough hydrocodone and oxycodone for every legitimate patient to receive three thousand doses. The settlement was for $37 million. That’s 0.00018 percent of the firm’s $208 billion in profits in the last fiscal year, the type of minor fine corporate executives factor into their cost of doing business, like office space rental. But sure, let’s send more business McKesson’s way.

## Fed up yet Starving

Mainstream media outlets tend to skip those details when they talk about privatization, as if a corporation is a sentient monolith and not run by individual human beings like McKesson chief executive officer John H. Hammergren, who in 2011 was paid more money than any other CEO in America. He retired at the end of March and will reportedly receive a $114 million pension, in addition to other benefits worth nearly $25 million. While vets struggle to get competent treatment for depression and service members live in houses with mice and mold, Hammergren’s home, until recently, was a 23,000-square-foot compound in Contra Costa County that included a rock climbing wall; courts for tennis, bocce ball, racquetball, and squash; a car wash; and a yoga center. He sold it last year for three times the $3 million he bought it for in 1996. (He had been hoping to sell it for seven times as much.)

Government enablers of privatization hand contracts to the business class because they want their campaign contributions, and later, once they're out of office, they want jobs and bloviation gigs. They also want public works that really are falling apart to stop being a problem for their approval ratings. Both broken public works and higher taxes make voters angry, and elected officials are too cowardly to face what they see as an impossible double-bind.

So their typical gambit is to starve the public sector until the public is fed up with the quality of whatever service is under attack, talk about how bad it is, and then usher in a corporate entity to come save the day, David Morris, co-founder of the Institute for Local Self-Reliance told me in June. The service may or may not improve, but either way, selling it gets it out of the public eye.

In our own era, privatization is nowhere more crypto-fascist than in the network of concentration camps detaining migrants across the United States.

"The companies and activists in favor of the privatization provide a very intensive campaign to criticize the public sector . . . they paint a very bleak painting. Then they contract it out, and then it disappears. And it disappears because it went private," he said. "The reason we have so much criticism of the public sector is because it's public. In the private sector, you can't get information."

Medicaid privatization in Iowa and Kansas, for example, "has led to people not getting their money, people dying, but people were convinced that the previous system was horrendous. . . . What happens after you privatize is that the issue disappears. Except for the workers, who feel it immediately. But the U.S. stopped listening to our workers fifty, sixty years ago."

And they bury it further by claiming privatization isn't privatization at all, as the VA does while watching its resources gush out the door, or as the federal government does when it tells its employees that public-private partnerships aren't the same as privatization. (They are).

Sold for Parts

There is an especially dark threat when the power of big government is combined with the power of big business. What better financial system to support ascendant fascism than one that disenfranchises the public, and hands power over our immediate environment to a few unaccountable people? Just look at how the hearts of investors leapt when Jair Bolsonaro took office as the president of Brazil: that nation's stock market hit an all-time high, and despite being what Wall Street refers to as an "emerging market," performed better than all the other major indexes in the world for the first week of 2019. Shortly after he was elected in October 2018, the *Wall Street Journal* had welcomed the good news, publishing an editorial titled "Bolsonaro's Hope and Change" that extolled his promise to privatize various industries, writing, "the best medicine would be a Chile-style privatization," an activity that coincided in that country with the rise of a dictator. The editorial board went on to warn that Bolsonaro's "history of economic nationalism . . . could be his downfall," failing to understand that there's no contradiction if the goal isn't really to make a booming free market that's great for everyone, but a nation whose every aspect is in his thrall. He could, for example, privatize Brazil's public works—ridding them of any public control—and then renationalize them to the benefit of himself and his cadre.

That's the script Mussolini ran, though he's best known for the second part. His Fascist party won thirty-five seats in the national parliament in the 1921 election, thanks to support from landowners, small businessmen, and middle-class professionals, who had initially been skeptical of Mussolini but really liked making money. Ultimately, Mussolini and his first finance minister, Alberto De Stefani, sold the state-owned tolled highways, metal machinery producer, telephone infrastructure and services, and the state monopolies on match production and life insurance, all to curry favor with the middle class.

No other country in the world would privatize its public works until the Nazis in Germany did it between 1934 and 1937, a rhetorically useful factoid if ever you are caught in a discussion with someone claiming that the Nazis were socialists.

Watch as they suggest that privatization demonstrates that "the era of big government is over," not that a new shadow government is being created.

In our own era, privatization is nowhere more crypto-fascist than in the network of concentration camps detaining migrants across the United States, where the private sector adds another layer of obfuscation on top of the one laid down by the government. Though private-sector companies run only a fraction of prisons in the country, they run most of the camps, according to the Detention Watch Network and the National Immigration Justice Center. Unlike with other public works, it wouldn't matter if the camps were nationalized; in a just world, the detainees would be set free, the camps would be razed, and anyone who profited from or enabled them would be tried for crimes against humanity. But it's useful to look at the camps in the context of privatization to see what the people making the money are getting away with, and how they're doing it.

Look at how the CEO of the private-sector prison company CoreCivic plays with words and facts to throw off critics, as he did in a May earnings call: "I want to take a moment to address false information that unfortunately continues to be repeated by some special interest groups to misrepresent our company," said Damon Hininger. "To be very clear, none of our immigration facilities under contract with ICE previously or currently house unaccompanied minors. Any statement otherwise is false."

Well, that's nice. But what Hininger failed to say is that he's actively fighting a shareholder request to codify that policy. We can assume, then, that he hasn't got any moral disagreement with stuffing kids into dog kennels, and we should expect that's what his company will do if given the chance. Otherwise, why not put it in writing?

Or take, for example, the chilling way Hininger describes his company: "CoreCivic is a diversified real estate investment trust specializing in developing government real estate solutions to serve the public good." The "real estate solutions" have been good for Hininger, who took home $4,117,669 last year, including stock options and other earnings—roughly equivalent to the salaries of 150 farm laborers in the metro Nashville area, where he lives in a mansion with a pool.

Hininger acknowledges that the gravy train may end if there's enough bad press or "changes in . . . the public acceptance of our services." Until then, the cash flow will continue—some of

CoreCivic’s contracts are listed as lasting “indefinitely”—because this is the system of Democrats and Republicans alike.

“Both parties have a lot of people trying to feed at the trough of privatizing schools, roads, and hospitals—things that are public goods, like national parks,” said James S. Henry, a senior advisor to the Tax Justice Network. “This is the great new scam,” and it belongs on the list of large-scale swindles alongside sub-prime mortgages and predatory lending. “It serves the ideology we call neoliberalism, though I hate the term, because there’s nothing liberal about it. It serves the Ayn Randists of the world,” David Morris echoed. “It says that the profit motive will drive the people to do the right thing.”

The fight to prevent privatization is small, and there is no central database to find out how much of the nation has been sold off. Unlike in the United Kingdom, where privatization and its failures are a staple news topic, privatization in the United States barely makes it to national audiences, no matter how large the effort, like billionaire Rex Sinquefield’s ongoing attempt to privatize St. Louis Lambert International Airport, or Chicago Mayor Richard M. Daley’s disastrous $1.15 billion leasing of the city’s parking meter system to a limited liability company composed of Morgan Stanley, the Abu Dhabi Investment Authority, and others, in a seventy-five-year contract.

Watch, while we move through the rest of this terrifying election cycle, as candidates and elected officials alike suggest that these kinds of deals are innovative, or merit-based, or fiscally responsible, or any number of other nonsensical characterizations. Watch as they, like Bill Clinton before them, suggest that privatization demonstrates that “the era of big government is over,” not that a new shadow government is being created. Remember that when profit is the driving force behind any project, it will subsume any other consideration.

After the I-35W bridge collapsed, federal investigators discovered that the design flaw which was partially to blame had been executed by a firm that no longer existed; it had been bought by a much bigger firm, Jacobs Engineering Group Inc., years earlier. So, the state of Minnesota sued them. Jacobs fought all the way to the U.S. Supreme Court to have the case dismissed. It wasn’t Jacobs’s fault, they argued; Jacobs had no hand in it. The justices refused to hear their appeal, so in November 2012, Jacobs executives settled for $8.9 million—pocket change for a corporation that this June said its revenue was $12 billion. They admitted no wrongdoing.

Victims sued URS Corporation, which evaluated the bridge before it went down, and which defended itself by saying that it wasn’t to blame; engineers hadn’t known about the design flaw. That was Jacobs’s problem. Still, URS agreed to pay victims $52.4 million. Progressive Contractors Incorporated, which was working on the bridge when it collapsed, also settled a lawsuit brought by victims, for an undisclosed amount. They, too, argued that they weren’t the real villain. URS, Jacobs Engineering, and the Minnesota Department of Transportation were.

Today champions of privatization still evoke the I-35W bridge collapse as a reason to sell our infrastructure to the highest bidder. It’s a long-held dream—as Peter Samuel put it in a 1995 Cato Institute policy paper, “State highways should be sold section by section to private owners.” One of today’s aspiring innovators is presidential hopeful Amy Klobuchar, who lived a few blocks away from the I-35W bridge. She wants to prevent similar tragedies. How? Various ways, including helping “states and localities better leverage private funds.” You know what that means.