

ANOTHER PUBLIC-PRIVATE PARTNERSHIP DISASTER

London: the London Underground

The London Underground upgrade is another 3P disaster from around the world - a disaster much like the failures (SR 91 and SR 125) that have cost California taxpayers hundreds of millions more than they should have. Because they are so profitable, it is not a surprise that multi-national companies and Wall Street Investment houses want to bring more such 3Ps to the "lucrative" California market.

What the experts say:

"Taxpayers will have to pay £2 billion (nearly \$3.9 billion US) to rescue the failed privatization of London underground,"¹ admitted Ruth Kelly, Transport Secretary. According to a 2008 Transportation Committee report, "The cost of work on station upgrades spiraled to 375% of the anticipated price."²

The Public Interest Alternative

- Require competitive bidding.
- Require public oversight, design and inspection to ensure public safety and cost controls.
- Utilize tax exempt public financing which is as much as 35 percent lower than private borrowing.
- Tolls should be reinvested in our transportation and other public infrastructure.
- Prohibit non-compete clauses and cash payments that prevent improvements to competing public roads, increasing congestion.

¹Long Term Funding for Transport for London," 2008 Written statement to Parliament by the Secretary of State for Transport, Ruth Kelly

²The London Underground and the Public-Private Partnership Agreements," 2008 House of Commons Transportation Committee Report

