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USW Local 1005's position since USSC filed for CCAA back in September 2014 has been JOBS, PENSIONS, other post-employment benefits (OPEBS).

During the last 20 months we have met with bidders (potential owners), the Province of Ontario, Financial Services Commission Ontario (FSCO) -- this is the part of the Provincial Government responsible for defined-benefit pension plans in Ontario. We have told them as recently as a week ago our position has not changed -- JOBS, PENSIONS, OPEBS -- and that we would like to find a solution that addresses our priorities.

Lately there have been media reports that there are bidders interested in purchasing Stelco and Algoma and they will not assume "legacy obligations" referring to pension deficits. We will support bidders that take care of our retirees and our active members by paying pensions, OPEBS and preserving all jobs.



USSC's latest reports on cash flow forecast which is supported by the monitor overseeing this CCAA process has the company in a position to have \$163.8 million in cash as of April 30, 2016. This is the same company that motioned the courts that they could not continue to pay pension payments, OPEBS and property taxes as there was not enough cash in the business as a standalone company separated from its parent USS. Clearly this has not been the case the last 7 months as the cash on hand indicates. Also at the same time the company is to pay out KERP (key employee retention bonuses) amounting to \$2.57 million at the end of this month. We would like to have our OPEBS reinstated by the same judge that granted the original motion to temporarily suspend these payments.

We would like to remind all involved that the last time we came out of CCAA, the three hedge funds made 1.2 billion dollars. That money came off our backs. Now again some of the same players want to again make billions. However, they are not interested in our priorities of JOBS, PENSIONS, OPEBS for retirees.

We have told the Province that we are interested in a bidder that honors our priorities and since the Province allowed our special pension regulation last CCAA we would hope that they would support us with our choice of bidders.

Currently, steel prices have been increasing quickly, the orders book at Hamilton and Lake Erie Works are good. A Local area MP gets it, she told us that the best way to protect Jobs, Pensions, and OBEPS is a viable steel company.

We will continue to meet with any and all bidders to discuss solutions for a successful restructuring that has our JOBS, PENSIONS and OPEBS kept intact.

(uswa1005.ca)



U.S. Steel Reorganizing Its Debt Ownership

Of its total \$3.1 billion in long-term debt ownership, U.S. Steel (USS) has \$500 million in bonds that mature in 2017 and \$503 million in 2018. The company reported \$705 million in cash when

the first quarter ended March 31, 2016 down from \$1.3 billion a year earlier. Gross annual realized income fell from \$17.5 billion in 2014 to \$11.6 billion in 2015 mainly from a dramatic reduction in work-time as thousands of employees were fired and facilities operated at reduced capacity along with weaker realized prices.

USS announced on May 2 that it would be selling "up to a total of \$500 million" in new bonds and several days later reported an additional \$480 million would be issued. *Morningstar* reports, "The notes [USS bonds] will pay 8 percent and mature in July 2021. The company will use the proceeds to pay down debt, focusing on near-term maturities. Remaining proceeds would be used for general corporate purposes, the company said."

Despite the public gloom and doom regarding the steel sector and USS in particular, it appears the Social Wealth Controlling Funds of the financial oligarchy lined up to purchase all the newly issued USS bonds without delay.

The claim of interest profit of 8 per cent on \$980 million amounts to \$82,075,000 annually. This guaranteed yearly claim of interest profit will come out of the realized added-value USS steelworkers produce. Obviously, the Social Wealth Controlling Funds of the financial oligarchy in quickly buying the bonds accept the anticipated return and are not overly concerned with any risk to their investment.



Debt and Interest Profit at U.S. Steel

Members of the financial oligarchy own both stock equity and debt in U.S. Steel (USS). They claim hundreds of millions of dollars per year in interest and other profit from the added-value steelworkers produce annually. Yet, USS constantly complains of losing money year after year. It used the complaint of mounting losses to drag concessions from steelworkers at its U.S. plants last year. It used the complaint in 2014 to put its wholly-owned Canadian subsidiary into insolvency protection of the *Companies' Creditors Arrangement Act* (CCAA) to attack the Canadian steel industry, Stelco retirees and others, and to eliminate the former Stelco's independent production capacity as a steel competitor.

The workers at the monopoly known as U.S. Steel in the U.S., Europe and Canada consistently produce enormous new value year after year, which becomes the reproduced-value steelworkers claim in wages and benefits, and the added-value owners of equity and debt and executive managers claim as profit.[1]

Total Value Workers Produce, Reproduce and Transfer

The total value workers produce is a sum of:

- old value or previously produced value workers transfer as fixed transferred-value from machines, other equipment, tools and buildings, and inputs from circulating transferred-value from material such as iron ore, coal, electricity and natural gas;
- plus, new value that contains reproduced-value, which is the value of the working class itself that it reproduces anew through work-time, and the added-value, which is additional value from work-time that owners of debt and equity and executive managers and directors claim as profit.[2]



Owners of debt and equity significantly increased their claims of profit from 2012 as a percentage of realized gross income while the reproduced-value (wages and benefits) of employed workers fell dramatically with the mass firings, decrease in work-time and concessions.

Within the concrete conditions as they exist and not some imaginary capital-centred concoction, to suggest that those who own and control USS

social wealth are "losing money" is wrong-headed and a scam. The distortion was used as propaganda and pressure to extort concessions from U.S. workers as happened last year, to engage in a fraudulent CCAA bankruptcy of its Canadian subsidiary in 2014 and unilaterally for USS to wreck production at Stelco beginning in 2008.

Putting the former Stelco and Essar Steel Algoma in CCAA insolvency protection could only be considered reckless schemes to fleece money from retirees and others, and from the steel communities, and at Stelco in particular to put its steel facilities in a perilous condition so as to eliminate them as competitors to U.S. Steel.

CCAA solves no economic problems for the Canadian steel sector either at Stelco or Algoma. The repeated scams orchestrated by members of the financial oligarchy to serve their narrow private interests in contradiction with the public interest must be denounced and rejected. Another way is possible! Canadians must take control of the steel sector, starting with Stelco and Algoma, along with the wholesale steel market and its determination of prices, so that problems can be solved and a new direction found that strengthens the economy and serves the well-being and security of the present and retired steel employees, their communities, Canada's collective economy and the public interest.

Notes

1. Ownership of the social wealth workers produce and have produced at U.S. Steel for over one hundred years is held as stock equity and debt.

Debt ownership totals \$4.7 billion as reported at year-end 2015 of which \$3.1 billion is long-term bonds, \$1.5 billion is a credit facility, reportedly mostly unused, and the rest is short-term borrowing.

Stock equity ownership held as 146 million shares currently trades for around a total \$2.5 billion.

The claim of owners of USS debt as interest profit on the added-value workers produced during the last four years totaled:

2012 -- \$271 million;

2013 -- \$305 million;

2014 -- \$320 million;

2015 -- \$292 million.

The claims of owners of debt rose from 2012 to 2015 even while realized gross income from sales

of production has fallen. Realized gross income fell from \$19.33 billion in 2012 to \$11.57 billion in 2015 mostly from less work-time, as USS fired 12,000 employees during the period. The gross income was also affected by fluctuating realized steel prices.

The claims of the top five executive managers alone on the added-value workers produced in 2015 were \$16,795,562.

Also, regardless of results, every year owners of stock equity claim 20 cents per share, which amounted to \$28,600,000 for 146 million shares in 2015.

The claims on added-value of owners of debt and stock equity and executive managers arise out of the realized added-value workers produce. In 2015, these claims for profit totaled over \$337,395,562, which includes debt interest profit of \$292,000,000 plus stock equity profit of \$28,600,000 plus claims of five executives totalling \$16,795,562.

2. Realized gross income from sales of the USS steel value workers produced, reproduced and transferred in 2012 was \$19.33 billion. Note that this represents only the value that was sold through exchange and not the total value workers produced. USS employed approximately 33,000 steelworkers and salaried employees in 2012. The total realized average value each employee produced, reproduced and transferred in 2012 was \$585,758.

Realized gross income from sales of the value workers produced, reproduced and transferred in 2015 fell dramatically to \$11.57 billion. USS employed approximately 21,000 steelworkers and salaried employees in 2015, which means 12,000 workers were fired in the three years before that. The dramatic drop in work-time from firings, the crisis in capacity utilization of the means of production and fluctuations in the realized prices for steel are reflected in the fall in realized gross income. However, the total realized average value each employee produced, reproduced and transferred in 2015 fell only slightly to \$550,952, and the claims of owners of debt rose from \$271 million in 2012 to \$292 million in 2015.

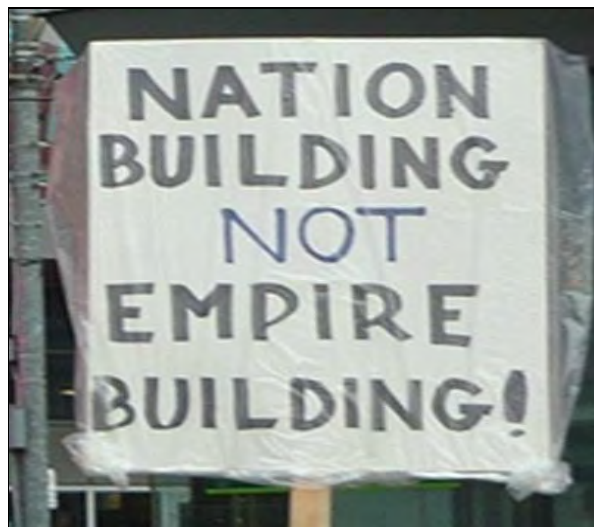


Nation-Building in the 21st Century

- Rolf Gerstenberger -

The steel sector is dominated by empire-builders. We have U.S. Steel, Essar, ArcelorMittal and a few others. They all like to complain that Chinese steel is the main problem plaguing the steel sector in North America. How could Chinese steel be the problem in your own economy if that economy has a nation-building agenda? It would never be a problem and possibly even a blessing under a trading regime of mutual benefit in supplying certain types of steel that we have yet to learn how to produce and which we could learn from them and they could learn from us.

If the public in a nation cannot exercise control over what products come in and leave, then what



kind of national economy is that? Certainly not one under the control of the actual producers and broad masses of the people, serving the public good and interests and constantly being strengthened. The global monopolies control imports and exports under free trade. If the steel monopolies were serious about building a Canadian steel sector, they would be opposed to free trade but they are not and their political champion now is Trudeau. For them, free trade is the freedom to dictate their views and private interests on us and on the Chinese and everyone else. They want to whine when some imports hurt their particular sales but they do not want a public authority that can control what comes into the country and at what prices. They are hypocrites who simply want to divert the working class from taking up its own agenda to deprive the empirebuilders of imposing their anti-social anti-national agenda.

The human-centred agenda for the steel sector is quite simple in its initial stage. Steel is a strategic product for any economy. Any nation, especially one as large as Canada and Quebec must produce enough steel to meet the economy's apparent need with an appropriate quality without disruptions.

The empire-builders say no, no, that is bad, that will not be good for the economy. They say this with a straight face even in the face of the recurring crises and serious problems of their free trade empire-building agenda where bankruptcy protection is more common than not and brandished as a threat against the working class and where without pay-the-rich schemes from the public treasury the monopolies say they cannot compete and survive.



Why is it not good for the economy to produce what the economy needs and to build up the internal skill and expertise and objective conditions of production to meet those needs without ups and downs, wild swings and crises? You hardly have any steel production anymore in Quebec. Why is it shipped in from elsewhere at great expense and to the detriment of the Quebec working class? Because Quebec has been victimized by the empire-builders and has had its nation-building project hijacked and suppressed. All five regions of Canada should have a vigorous self-reliant steel sector -- the Maritimes, Quebec, Ontario, the Prairies and BC.

What about prices of production? The energy, steel and raw material sectors are all suffering because global market prices have fallen. Why should prices fall below their prices of production? Why do market prices fluctuate wildly up and down away from their prices of production? Because we humans are not in control. We humans pride ourselves on controlling the forces of production to produce steel from raw material to finished product. We pride ourselves on the ability to bring oil and iron ore out of the ground and refine it for our use and put airlines into the air and spaceships into space, but when it comes to pricing commodities we stare at each other dumbfounded because the empire-builders tell us some non-human magician is in charge of prices, some non-human force called the market with its invisible hand is controlling the prices and nothing can or should be done. Can you imagine this nonsense that nothing can be done? We humans can send fellow humans into space and transform heat into mechanical motion but nothing can be done to control prices. Meanwhile our lives are turned upside down because this mysterious non-human market kicks us in the gut. This monopoly dictate is anti-human nonsense that should be rejected with contempt.

In January 2004, steel prices were low and Stelco executives said the company had a liquidity

problem because of low prices and because they wanted to rid the company of steelworkers' defined-benefit pensions. But the empire-builders in control had an even bigger agenda; they saw an opportunity to make a big score using the weapon of CCAA. So they went into CCAA bankruptcy protection, which our Local 1005 immediately denounced as a fraud. And you know what? Within the first month in CCAA, steel prices jumped higher and the company was having not one but month after month of stupendous profits, some of the best on record. But this did not stop them from continuing the CCAA fraud and manipulating the situation in an effort to eliminate our defined-benefit pensions and hit a big score. Well, they did hit a big score three years later with the sale of the company to U.S. Steel but they did not eliminate our pensions because of steelworkers' organized resistance.

Steelworkers in Local 1005 refused to participate in the CCAA farce. We denounced it from the beginning as a fraud and produced reams of material to prove our point; we took our views out into the community and won widespread support and saved our defined-benefit pensions for the time being. But the empire-builders are persistent; they kept hammering away at us. The province gave the schemers \$150 million and an extension of the payment holiday to make the pension plans whole until the end of 2015. So Stelco was fattened up so to speak for the sell-out to U.S. Steel and that monopoly with its many mills in the U.S. and Europe proved to be an even bigger enemy with more resources to attack us and attack us they did.

Ontario's \$150 million was essentially the entire equity value of the company at the time Stelco exited CCAA, when its debts and obligations were considered. Instead of the province giving the money to the schemers so they could then turn around and sell the company for a big score to U.S. Steel, the province could have bought Stelco outright and made something of it instead of the wrecking mess that U.S. Steel has thrown in our faces.

But an important point in all this is that the province buying the mills would not have been enough. Public buying of companies under the control of the empire-builders is not enough to turn the economy around in a new direction towards nation-building. More often than not at this point in history so-called nationalization, such as the U.S. and Canadian governments' purchase of General Motors during the economic crisis in 2008-09, is to pay the rich. That was not called a nationalization but ownership of shares, as part of the general empire-building agenda to pay the rich. Today both the Quebec and the federal governments are making arrangements to fork over a lot of money to Bombardier all in the name of saving jobs. But it too is for empire-building and to pay the rich.

If nationalization is to amount to anything positive in the public interest, it must be part of a broad nation-building agenda where the aim of the society must be set by the workers and people themselves. As an example, in the steel sector it must include the building of public institutions with the authority to control the wholesale market and prices, with the authority to control what comes in and goes out of the country. It has to be part of a nation-building project to deprive the empire-builders of their power to pay the rich and block nation-building, the power to deprive the empire builders of the power to deprive the people of their rights, interests and future. It must be a new direction for the economy.



We steelworkers know exactly what value goes into producing steel. We know the transferred-value

that we transfer and preserve in the steel from the value of inputs of material, energy, machines and buildings. We know how much work-time we put into the steel to produce and reproduce value, which is the new value we create. The new value together with the old value from the inputs is the total value. It is not a big mystery. With the knowledge of the sum of the new and old value, a modern formula exists to find the price of production of all commodities with an average rate of profit, and that should become the exchange-value in the market.

(Excerpt from presentation at an April 10 conference in Montreal organized by the Marxist-Leninist Party of Quebec. The complete presentation is available here: "Nation-Building in the 21st Century or Empire-Building: Finding a Practical Way Forward for the Workers' Movement to Make the Struggle for Rights Effective at This Time," TML Weekly, April 23, 2016 - No. 17)



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