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The Stelco steelworks, its thousands of steelworkers and retirees and the surrounding communities in the Hamilton region have repeatedly been the targets of legalized scams since 2003. These pay-the-rich frauds have resulted in great losses to what belongs to workers and retirees by right, and damage to their steelworks, economy and communities. The main weapon in these attacks has been the legalized theft of the *Companies' Creditors Arrangement Act* (CCAA) under the authority of the Ontario Superior Court and federal government with the active collusion of the Ontario government. Legalized thieves have taken millions of dollars out of steelworkers' pockets, their pensions and benefits, removing enormous actual and potential value from the local communities and economy.



Stelco steelworkers and retirees led by USW Local 1005 in Hamilton and their allies have waged consistent resistance to this legalized theft that has rained down on them in waves. Once again, plotters are back with yet another scheme to use the Stelco steelworks in Hamilton and Nanticoke as a means to fashion a big score. A gang of U.S. investors called Bedrock seized control of Stelco out of CCAA insolvency protection just last June. At the time, the U.S. oligarchs bragged of having tons of money available to invest in Stelco and restore its capacity. Apparently that was an empty brag to

fool the gullible, as they have filed official papers, a prospectus, for an Initial Public Offering (IPO) to sell shares in the steelworks they only recently seized.

The IPO positions Bedrock to sell shares in Stelco to institutional investors and then on a securities exchange. The money from the partial sale of the company goes to the owners of Bedrock to use as they decide. The total they are seeking has been estimated from \$500 million up to \$1 billion depending mainly on how much institutional investors, quite often insiders or friends of those issuing the IPO, are willing to pay and how high the stock price goes up later on the open market. The entire process involves scores of parasites who claim money from placing the IPO without producing any value themselves similar in many ways to those involved in the CCAA process.

A summary of the Bedrock Prospectus highlights what the New York oligarchs believe are the selling points of the post-CCAA Stelco. Primary amongst those strengths is the elimination of "costs associated with legacy liabilities," the defined benefit pensions and Other Post-Employment Benefits (OPEBs). Those "eliminated liabilities" stolen from Stelco retirees are estimated at \$1.4 billion. Those obligations have been taken off Stelco's balance sheet allowing the owners to claim more of the new value steelworkers produce.

The Prospectus also brags of eliminating most of the risk and social responsibility of having to deal with historical pollution from Stelco operations at both Hamilton and Lake Erie Works. It says an agreement with the Ontario government, and sanctified by the Superior Court within the CCAA process, "has significantly lowered our exposure to unforeseen historic environmental issues" in Hamilton and Nanticoke. The social responsibility for environmental remediation of the historical Stelco lands has been shifted to a land trust under the authority of the Ontario government. Canadians must give serious thought to how to deprive these socially irresponsible robber barons of their control over Canada's land, economy and the social wealth the working people produce, and in sharp contrast give the economy and country a new pro-social direction and aim.



Prospectus Aims to "Maximize Profit"

The Prospectus makes clear the aim of Bedrock is to maximize the claim of investors on the new value steelworkers produce. The aim of maximizing profits on the backs of the workers who produce the value is repeated again and again in the Summary of the Prospectus. The terms used

repeatedly are variations of "focus on maximizing shareholder returns," "maximizing profitability" and the great benefits derived from being "largely free from legacy liabilities in order to ensure maximum free cash flow generation."



It reads, "Additionally, through the CCAA process, we have significantly reduced our financial costs, including interest expense and costs associated with legacy liabilities," the defined benefit pensions, OPEBs and environmental problems. The Prospectus even brags that Stelco has been extremely profitable in 2017 while under CCAA. Of course it fails to say that this is due in part because the Superior Court denied the claims of retirees for their OPEBs and stopped payments into the pension funds and for municipal taxes.

The Prospectus notes that Bedrock "indirectly acquired" all of the company's shares (from U.S. Steel) for "cash proceeds of \$70 million" yet in another breath claims the net fixed value of the two mills runs into the hundreds of millions of dollars. The Prospectus adds, "Through the CCAA process, we were able to extinguish approximately \$3.0 billion of secured and unsecured debt [paying 10 cents on the dollar to local suppliers and contractors for outstanding payments due - editor WF] as well as approximately \$1.4 billion of pension and OPEB obligations." One can feel the excitement of the robber barons anticipating yet more legalized theft of what belongs to Canadian working people by right.

To cover their tracks for the inevitable downturn in the steel sector, the Prospectus in small print warns of "the cyclical nature of the steel industry" and a possible third venture into the CCAA Wild West. To ease the fears of possible investors, the Prospectus reminds them: "Unlike many of our integrated peers, we are not encumbered by significant and uncapped liabilities associated with pensions and OPEBs. Further, we have approximately \$1.1 billion of non-capital loss carry-forwards and other tax attributes on a pre-tax basis, which may allow us to reduce our cash tax payments and increase free cash flow generation."

You can see them in their posh New York offices breaking into a chorus of the *Gold Diggers' Song*, "We're in the money! We're in the money!"

The present direction of the economy is not sustainable economically or socially. The direction is unjust in that it deprives the working people of what belongs to them by right, their claims on the value they produce to guarantee their well-being and security until passing away. The present direction is anti-social in that it does not take up its social responsibilities to humanize the social and natural environment. The present direction solves no problem of the Canadian economy but merely sinks it farther into the abyss of the Fortress North America of the ruling oligarchs, where anarchy and violence are the rule. The Prospectus even admits as much with its warnings of the problem of steel prices, which as one economist says, "fluctuate like a heartbeat."



The steel industry should be the backbone of an independent all-sided self-reliant Canadian

economy where internal production of steel and other basic products of a modern economy conform to internal demand, and prices are set and stabilized according to the actual prices of production, where the aim is not to "maximize the profits of a few" but to guarantee the well-being of all and the extended reproduction of the economy, and to harmonize the social and natural environment.

How to arrive at such a new direction is the problem steelworkers and others are discussing. How do workers mobilize and organize their peers in a mass ideological and political way to deprive the ruling oligarchs of their power to deprive the economy and country of a new pro-social direction? Join the discussion and mobilization to build the new!!



Bombardier's Attempt to Enter U.S. Airline Market

Boeing Aerospace Monopoly Uses U.S. State to Crush Its Competitor

The U.S. Commerce Department has unleashed an attack on Bombardier, a global transportation monopoly headquartered in Montreal. Bombardier is attempting to enter the U.S. airline market with its C Series mid-size airliner. The plane has already been sold in modest amounts in Europe and recently secured an order for 125 planes from U.S.-based Delta Airlines for delivery beginning next Spring.

Boeing saw the Delta order as a direct threat to the airliner monopoly it enjoys along with its European rival Airbus. Aside from being unwanted competition in a section of the market it plans to occupy, Boeing considers the low price for the C Series jet as putting downward pressure on the price of airliners generally. Tariffs and duties have the effect of raising market prices for the affected goods. Such has been the case with the recurring imposition of duties on Canadian softwood lumber exports to the U.S.



Boeing asked the Commerce Department to impose an 80 per cent tariff on Bombardier planes sold in the United States to compensate for the alleged low price. Boeing used as proof of a price below market value the well-known facts of federal Canadian and Quebec state funds given to the private Bombardier monopoly generally and specifically for the production of C Series airliners.[1] Boeing refuses to acknowledge that all monopolies within the imperialist system of states receive state funding in varying amounts. The private monopoly Boeing consistently receives state funds to pursue its empire-building.[2]

Boeing is one of the largest production monopolies in the world. In 2016, it reported gross income of \$94.571 billion from the sale of 748 commercial aircraft, 180 military aircraft and 5 satellites, plus its services, leasing and supply of parts. Boeing reports employing 147,683 workers mostly in the U.S. but also 1,600 workers in Canada manufacturing parts in Winnipeg, 2,000 in the U.K. in maintenance, repair and overhaul (MRO) and 3,500 in Australia.

Bombardier Inc. reported a gross income of \$16.34 billion in 2016 employing 66,000 workers

worldwide in all its divisions. Twenty-five thousand workers are in the aerospace division with 17,000 in Montreal and 4,000 in Belfast, Northern Ireland. The aerospace division had a gross income of \$11.2 billion in 2015. The transportation (rail) division reported a gross income of \$9.6 billion in 2014. In January 2011, the rail division had 34,900 employees, 25,400 of them in Europe, and 60 manufacturing locations around the world.

The U.S. Commerce Department has upheld the Boeing complaint and put a 219.6 per cent tariff on Bombardier airliners sold in the U.S. not the 80 per cent requested. This tripling of the price for the C Series jet effectively shuts Bombardier out of the U.S. market. As usual in these trade cases, the specific findings of the price of production versus the market price along with the influence of the pay-the-rich schemes were not revealed other than in vague terms such as "unfair" or an "absurdly low" market price paid by Delta for the jets.

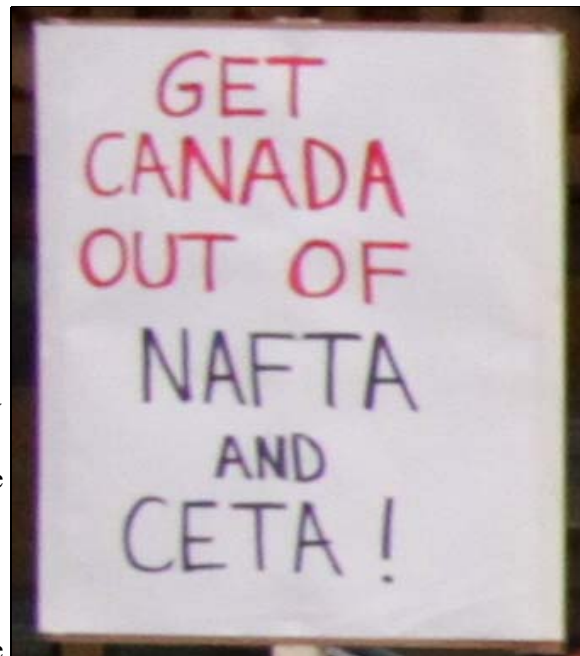
Canadian Foreign Affairs Minister Chrystia Freeland said in a statement that the U.S. duty "is clearly aimed at eliminating Bombardier's C Series aircraft from the U.S. market." Prime Minister Trudeau threatened in retaliation to cancel the purchase of Boeing fighter jets, which has yet to be finalized. Quebec Premier Philippe Couillard used militarist language to describe the situation saying, "Boeing may have won a battle but let me tell you the war is far from over -- and we shall win." He accused the U.S. government and Boeing of trying to "eliminate a competitor that makes better products." Couillard said the issue has nothing to do with state subsidies to Bombardier, declaring Boeing itself a "giant created and fed by decades of government support in the United States."

Captive within U.S.-Dominated Imperialist System of States

The Canadian and Quebec economies are overwhelmed within the U.S.-led imperialist system of states. The terms of monopoly-controlled trade worked out in NAFTA, CETA and the World Trade Organization are meant to cater to the monopolies and their penetration into nation-states without restrictions. However, when a powerful monopoly or grouping of monopolies within the U.S. or European Union consider it necessary to act in their own interests, it simply ignores the established terms of monopoly-controlled trade and uses the state machine directly to achieve what it wants. This is what Boeing has done and any complaint filed within NAFTA or the WTO will take years to resolve and the end will have already been achieved.

Boeing wants to eliminate Bombardier's penetration into the U.S. airliner market and ensure market prices for airliners remain high and that it continues to reap record money profits. To achieve its aim, Boeing circumvents the existing conventions and defends its empire-building by using the U.S. state machine.

Bombardier and the Canadian state are mostly impotent in the face of the U.S./Boeing attack because they have become completely enmeshed within the imperialist system of states and rely on global trade and markets to sustain production. The U.S. amounts to one-third of the global market for airliners and at least one half of that market exists in having standardized parts, servicing and suppliers through maintenance, repair and overhaul (MRO). Bombardier loses not only the sale of



airliners but the accompanying MRO.

Disruption in global trade either by this sort of particular attack or recurring economic crises has a serious effect on the security and livelihoods of Canadian workers and their well-being. If Canada had a vibrant all-sided internal self-reliant economy producing raw materials, other means of production and consumer goods and services, accompanied with a vast array of public services and social programs, then international trade based on state-to-state mutual benefit would be an added factor contributing to the economy. The economy would not be susceptible to disruption from an attack like the Boeing/U.S. assault on Bombardier, the tariffs imposed on softwood lumber or economic crises within the imperialist system of states.

Because of the vast size of Canada and Quebec and being blessed with an educated experienced workforce and abundant raw material and agricultural opportunities, the Canadian economy does not have to depend on external trade. The five main regions in themselves are quite capable of having a vibrant all-sided self-reliant economy with internal economic intercourse benefiting the development and stability of the Maritimes, Quebec, Ontario, the Prairies and BC along with vigorous support for the North.

The present direction of the economy held captive within the U.S.-dominated imperialist system of states is wrought with instability and dangers. The worry of Bombardier workers is well-founded and must be urgently addressed. But it cannot be addressed with calls for even more entrapment within the current direction. The Bombardier manufacturing plants within Canada could be immediately retooled and the skilled workforce employed to provide means of production and consumer goods now manufactured outside the country. This includes most heavy machinery for construction, raw material extraction, agricultural and even defensive military equipment such as tanks, all other rolling stock, fighter jets and ships for defence, domestic use and commerce. Many Canadians still regret and denounce the government for cancelling the Avro Arrow CF-105 in 1959 under pressure from the U.S. imperialists.

All those companies currently selling their industrial products in Canada, especially heavy machinery, without manufacturing them here could be put on notice that this will stop as soon as Bombardier and other industrial plants are producing similar goods using Canadian steel and other material. A timetable could be established with a definite plan of action based on the highest quality production on time using state-owned enterprises and financing in the main.



The U.S. imperialists have the right to decide whether they want to import the C Series airliners or not and at a market price they find acceptable. Canadians have a similar sovereign right to decide what commodities come into and go out of Canada and at what price. Such a right is an affirmation of sovereignty. Whether that affirmation of sovereignty serves the common good and general interests of society is up to the people in the sovereign country to decide.

The people do not want conflict and war over trade issues or hooligan and brigandish trade partners. That is not the modern way to engage in international trade, nor is violence the way to

solve internal or international problems.

A new direction for the economy is possible based on self-reliance to guarantee security and

stability and meet the needs of the people and general interests of society where the rights of all are recognized and upheld. The crucial aspect missing to make it happen is the political will and leadership of the organized and mobilized working class.

No to empire-building where might makes right outside and in contradiction with any modern rule of law!

Yes to nation-building on a new basis where the people decide and exercise their right to control the affairs of state within a modern constitution and rule of law that guarantees their well-being and rights!

Notes

1. Pay-the-rich schemes for Bombardier widely reported in the media:

Bombardier has received federal aid 48 times since 1966 with similar largesse shown by the Quebec government.

Other payments specific to the C Series include:

- Equity infusion by Investissement Québec (\$1 billion)
- Equity infusion by Caisse de Dépôt et Placement du Québec (\$1.5 billion)
- Launch aid for the C Series by Canadian Federal Government (\$259.9 million)
- Launch aid by Québec Provincial Government (\$86.9 million)
- Launch aid by U.K. Government (\$145.9 million)
- Export Development Canada and Export Financing Investissement Québec Export Financing (\$1 billion)
- Technology Partnerships Canada Program (\$103.7 million)
- Technology Demonstration Program (\$40.1 million)
- Government provision of production facilities and land at Mirabel for less than adequate remuneration
- Tax incentives and other support provided by the City of Mirabel
- Innovation, Science, and Economic Development Canada support for Aerospace Research and Development (\$14.9 million)
- CDPQ Line of Credit (\$500 million)
- Emploi-Québec (\$3.0 million)

2. Media in the U.S. have noted the irony of Boeing suing anyone over government handouts. Boeing is the No. 1 recipient of state funds from all levels of government. The federal U.S. Export-Import Bank is often referred to as, "the Bank of Boeing." The website Subsidy Tracker has named Boeing the No. 1 recipient of U.S. state pay-the-rich schemes. It reports Boeing has received \$14.4 billion in various pay-the-rich schemes since the 1990s.



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