

Canada's Liberals debate aid for Bombardier as it slashes 7,000 jobs

By Roger Jordan
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Canada's Liberal government is considering extending US\$1 billion in financial support to the Montreal-based airplane and train manufacturer Bombardier. The urgency of the bailout talks has intensified following the company's announcement this Wednesday that it will slash 7,000 jobs over the coming two years, close to 10 percent of its global workforce.

Almost half of the cuts, 3,200 jobs, will take place at Bombardier Transport, which manufactures trains and subway cars. Of the 3,800 other job cuts, 500 are coming from the manufacture of business aircraft, 800 from aerospace development, and, 2,500 from aerostructures and engineering services.

Overall, the company is eliminating 2,830 jobs in Canada, including 2,400 in Quebec. Company officials claim, however, that none of the company's Canadian manufacturing facilities are threatened with closure.

At Bombardier's plant in Belfast, Northern Ireland, 580 jobs are slated to be eliminated this year, with another 500 possibly to go in 2017. According to the *Belfast Telegraph*, Bombardier notified its Belfast workforce of the impending layoffs and job cuts by text message. Bombardier is also planning to cut 270 jobs at other UK facilities.

In Germany, where the firm employs around 9,000 workers, Bombardier is slashing 1,430 jobs, all in the train division.

News of the job cuts came as Bombardier released lower than expected earnings for the fourth quarter of 2015. The company said turnover fell by 16 percent in the last three months of last year and it is now projecting turnover of \$16.5 to \$17.5 billion in 2016, down from \$18.2 billion in 2015.

Like its larger competitors Boeing and Airbus, Bombardier has been hit hard by the global economic crisis. Its attempt to develop its first ever medium-sized jet, the CSeries, has also been plagued with delays and cost overruns. So serious are the problems, Bombardier last year sought an investment from one of its leading competitors, Airbus, and there have been persistent rumours it is

considering a fire sale of its train manufacturing division.

In justifying the job cuts, a Bombardier spokeswoman said it is "crucial" the company "right-size our business in line with market realities."

Bombardier also announced Wednesday that it has struck an agreement with Air Canada to purchase 45 of its CSeries jets with an option for 30 more. Air Canada is the first major airline to sign a letter of intent to purchase the aircraft since 2011.

In November, the Quebec provincial government injected US\$1 billion in emergency financial support into Bombardier, and at the government's prodding the Caisse de dépôt, the Quebec pension fund, invested a further \$1.5 billion in the company in exchange for a 30 percent stake in Bombardier's train division. Media reports suggest that Bombardier's aircraft sale to Air Canada also involved Quebec, with the provincial Liberal government of Philippe Couillard conveniently announcing the very same day that it is dropping a lawsuit against Air Canada in exchange for the airline agreeing to have its future CSeries aircraft maintained at facilities in Quebec.

The federal Liberal government has said it is studying options for investing in Bombardier. According to government records, the company has received over \$1 billion in cheap loans and grants from Ottawa since the 1960s.

In late January, the Liberals announced the lifting of sanctions against Iran, in line with moves by the United States. Foreign minister Stephane Dion noted at the time that Bombardier would be one of the major beneficiaries of this move, telling reporters, "If Airbus is able to do it, why (will) Bombardier not be able to do it?" Dion added that the refusal of the previous Conservative government to lift sanctions had resulted in Airbus getting the jump on Bombardier and securing a contract to sell Tehran 160 planes.

The prospect of a federal bailout of Bombardier is provoking bitter dispute within Canada's elite.

Much of the bourgeoisie argues that it is essential that the

Trudeau government support Bombardier, as it is one of the country's few "world-class" manufacturing companies and routinely accounts for 10 percent or more of private sector research and development spending in Canada. "There is no one (else) at the size of a truly global competitor with a global footprint," McGill University management professor Karl Moore told the Canadian Press.

However, powerful sections of capital, predominantly based in the west and reliant on the oil and energy sectors, are opposed to Ottawa providing financial assistance to Bombardier, believing it will prove to be a case of throwing good money after bad. At the very least, they want to use the haggling over a bailout to advance their own interests.

Brad Wall, the conservative premier of Saskatchewan, gave voice to these sentiments Thursday, complaining in a Facebook posting that Ottawa should be doing more to support the energy sector. "If the federal government," wrote Wall, "is considering a \$1 billion bailout to address 2,830 job losses at Bombardier, what about the tens of thousands of job losses in Canada's energy sector?"

Since the defeat of Stephen Harper's Conservatives in last year's federal election, Wall has emerged as a leading spokesman for Canada's right. In recent months he has repeatedly questioned why tax monies from Saskatchewan and Alberta should be transferred to Quebec via federal transfer payments, when Quebec's political elite isn't championing the Energy East oil pipeline, which would bring western oil to eastern Canada and overseas markets.

Writing in the *Globe and Mail*, Jeffrey Simpson explicitly linked the two issues, suggesting that assistance for Bombardier could be used to bring the ruling elite in Quebec on side with the Energy East pipeline and further expansion of the Alberta/Saskatchewan oil tar-sands. "Ottawa should privately (and, if necessary, allude to this argument in public) that in exchange for the Quebec government and Montreal officials getting what they want—federal cash for Bombardier—they in turn should pipe down about the Energy East pipeline and stop making ex gratia attacks on a project that is in the national interest."

This week Quebec Premier Philippe Couillard defended his government's decision to invest US\$1 billion in Bombardier, by once again claiming that his government is acting to preserve the 40,000 jobs in the province that are directly or indirectly reliant on Bombardier production.

Couillard's alleged concern for workers' jobs is a fraud. His government has carried out massive social spending cuts that have resulted in the elimination of thousands of public sector jobs. At the same time as his government provided a handout to Bombardier last November it was demanding cuts in pensions and real wages from a half million teachers, hospital workers and civil servants on the grounds that the

province has no money.

Pierre Karl Peladeau, the media and telecommunications magnate who leads the pro-Quebec independence Parti Quebecois, criticized Couillard this week for failing to secure guarantees to retain jobs in Quebec. However, he was in full agreement with the Liberal premier that the federal Liberals should step in to help Bombardier. At a news conference Wednesday, he compared government support for Bombardier to the 2008-09 auto industry bailout in Ontario—which was used to impose massive wage and benefit cuts on autoworkers so as to boost corporate profits.

For their part, the trade unions affected a show of surprise at the thousands of job cuts, while promoting a nationalist response, which pits worker against worker, derails any challenge to big business, and has time and again served as the cover and pretext for the imposition of wage and benefit concessions.

David Chartrand, Quebec coordinator for the International Association of Machinists and Aerospace Workers (IAM), sought to incite the 4,500 workers his union represents against those in other countries by focusing on outsourcing as the main problem. Telling CTV that dozens of administrative jobs have been sent overseas to Brazil and India, Chartrand declared, "I just believe that when we do give subsidies and when the government gives subsidies and all that we have to maintain a certain level of employment. (Because) ... at the end of the day ... those people that you are outsourcing that don't have jobs anymore, they're the ones that are paying for those subsidies."

The bankruptcy of the unions' nationalist-corporatist policy, which is predicated on a slavish acceptance of the subordination of workers' jobs and social rights to investor profit, has been starkly exposed by Bombardier's latest job-cut announcement. Up to 350 jobs could go at its Thunder Bay, Ontario plant, a facility that saw a two-month-long strike in 2014.

Unifor, which represents the 1,100 workers at the plant, previously boasted that it had attracted business there as part of a Buy Ontario initiative it had negotiated with Ontario's pro-austerity Liberal government, a close political ally.

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