

Plant Closures

continued to keep employment and income in the City of Windsor, employment and income which has disappeared.

A detailed study of the auto parts industry was undertaken by our Mayor's Committee on Unemployment. It looked very carefully at many auto parts plants. It heard very frankly from those parts producers that there is a great deal of pressure on them, pressure which comes from restructuring within the auto parts industry itself and from the increasing value of the Canadian dollar over the last year. That pressure has made it very difficult for some of those plants to keep going.

Indeed, it was the conclusion of the special study by our Mayor's Committee on Unemployment that we should set up a system whereby the community would get access through the development commission and the union to the books of the company and would have the ability at that stage to make an offer to purchase and keep open a plant which would be shut down. With such a system, we in Windsor would be in much better shape as we face the uncertainties in the auto parts industry of the years ahead.

I hope that today's debate will have the effect of telling the Minister for International Trade that there is still a great deal of unemployment which exists in southern Ontario. Second, there is a possible solution to parts plants shutting down and to other plant closures when federal money is involved, and that is to see to it that there is access to the books and that there is the possibility of purchases by local development commissions of these plants to see to it that jobs are kept in the communities, not just the community of Windsor or the communities of Ontario but communities right across Canada.

• (1720)

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, I am pleased to make a few comments on this motion. I do not think there would be much disagreement among Members with the fact that no one likes to see plant closures. That is usually a sad time in any community, and particularly difficult for the individuals who work there. I guess it is a motherhood statement to say we do not like plant closures. Certainly those of us in public life and the private sector like to do anything we can to assist in helping businesses which may be in difficulty.

However, I suggest it is another concept indeed if the federal Government considers passing legislation to prevent plant closures. Yet we have here a motion by a member of the NDP which suggests that the federal Government introduce legislation, among other things, to prevent plant closures. There should be a law on the books and it should require that any shutdown be justified by demonstrating long-term losses. The other part of the motion says the law should say that any corporation receiving federal funding should open its books to the public.

When I first read that I thought it was not surprising that it is from a member of the NDP, and I see it was seconded by a member of the Liberal Party. It suggests a time in Canadian life when perhaps industry and society as a whole were more

static. It suggests the kind of company which apparently existed years ago in Canada where an individual might be employed at the age of 20 and be there until he or she retires at 65. I suggest that those kinds of industries have become very rare. What has happened to Canadian industry and society over the past decades is rapid change. The Canadian economy is not static, it is changing very rapidly.

The Economic Council of Canada recently did a study on the subject of adjustment and said, among other things, "Firms are constantly engaged in a process of adaptation, contracting or expanding production and employment, entering or exiting industries, merging and divesting, building new plants and closing existing plants". The same study found that the Canadian labour market is undergoing constant change. In a typical year, 8 per cent of jobs in the manufacturing sector disappear because of plant closings and contractions, while there is an increase of 9 per cent in the number of jobs created because of plant openings or expansion. Worker behaviour adds another important dimension to labour market turnover. The number of worker-initiated moves is equal in a typical year to at least 10 per cent of the labour force in the manufacturing sector. This excludes temporary movement.

Data would indicate that over the 1970s, which was characterized by multilateral trade liberalization, the main method of adjustment was creation of new establishments. At the end of the 1970s 30 per cent of existing establishments were new entrants, the large majority through the creation of new facilities rather than by acquisition. Conversely, 40 per cent of the establishments which existed in 1970 were no longer in existence by the end of the decade. I would suggest, therefore, that at the very least the suggestion by the NDP that the federal Government should step in and start legislating against plant closings is unworkable.

I would further suggest that those things causing changes in the market-place will be accelerated by the Canada-U.S. free trade agreement. I believe there will be expansions, new plant openings, and so on as a result of Canadian industries trying to take advantage of the new open markets and the reduction of trade barriers between ourselves and the U.S. This is all well and good because the reduction of trade barriers is not something new, invented in this Parliament. This has been going on since the 1930s when economists and finally politicians came to realize that duties, tariffs, red tape, barriers to international trade, were very bad for everyone. They did not protect jobs in the long run, but ensured there would be fewer jobs to go around. Trade liberalization policy has been pursued by every Government of Canada since the 1930s. That has in fact helped to expand trade.

The Government, in the sensitive area of worker adjustment, has continued to try to obtain the best advice possible from all individuals in society. We have concluded that it is the private sector that is the engine of growth in society. The private sector and market forces, working in conjunction with trade liberalization policies, will increase the number of jobs and benefit all Canadians as a result.