

Adjournment Debate

At one time in Malton, Ontario, there were employed approximately 8,000 workers. In 1972 this was reduced to 5,000 employees, and we believe that with this present impending lay off beginning tomorrow the workers and staff at the Douglas Aircraft plant will be reduced to a mere 1,200. That makes a reduction of approximately 6,800 workers in 10 years. I think this is a great blow to the present and future of the Canadian aerospace industry.

The current problems at Douglas Aircraft are the result of the cyclical nature of the aerospace industry which is prevalent in many countries, not only because of increased production costs, but especially because of the increase in the cost of aviation fuels brought about by the Organization of Petroleum Exporting Countries since 1972. These additional and unforeseen fuel costs have added to the difficulties which have beset all airlines in the world in the past three years and, of course, resulted in a marked slowdown in orders for new aircraft.

While the people at Douglas Aircraft in Malton, Ontario, are confident of an increase in market demand, perhaps in the next two or three years, unfortunately no viable solution to alleviate the present situation has been forthcoming. The tragedy is that many of the skilled teams of Canadians who worked so ably to create this high technology industry are being dispersed because of the impending lay offs, and when the cycle once again enters an expansionary period much time will be lost in training new personnel.

Another point worthy of note is the fact that Douglas Aircraft Company of Canada in Malton, occupying some two million square feet of space within a confine of 110 acres, has developed into one of the most efficient aircraft parts manufacturing plants in the world. The quality of its product is of the highest order, and its productivity superior even to American aircraft firms. These statements are hard to refute when it is considered that employees' salaries equate with U.S. counterparts, that shipping charges on components sent to California are paid by the firm, and yet the components are still less expensive than those produced locally in California.

I might add that in the past ten years productivity at the Douglas Aircraft plant in Malton has generated \$1.1 billion in sales, or about \$150 million per year. It would be a pity therefore to lose those export sales, and so many highly trained, skilled workers.

It has been proposed that to save this country's aircraft industry, which includes Douglas, the three major companies, de Havilland, Canadair, and Douglas, should be amalgamated, the new entity to be known as Canadian Aerospace Limited. In this way specialization would be retained, de Havilland being responsible for engineering and development, Canadair for high technology manufacturing, and Douglas for components production, assembly, and possibly flight testing.

The new company would be staffed by Canadians and, at the beginning, could be assisted financially by the U.S. parent of Douglas and, later, through a financial arrangement entered into between the federal government and the consortium of three Canadian aircraft companies.

I mention this possibility for restructuring the Canadian aerospace industry because it is not only important but

[Mr. Haidasz.]

urgently needed. I hope the federal government, in particular the Departments of Industry, Trade and Commerce, National Defence, Treasury Board, Supply and Services, and Finance, which have been briefed about this proposal, will continue negotiations with the management of Douglas Aircraft in order to save the 150 jobs and to give Canada a better footing in the aerospace industry.

[Translation]

Mr. Marcel Roy (Laval): Mr. Speaker, first I would like to congratulate the hon. member for the concern he showed for the workers affected here and also for the interest he has always had toward the development of the aerospace industry in Canada.

It was necessary that the employees of the Douglas Aircraft Company of Canada Ltd. be sent their notices of dismissal because of the shortage of work at the Malton factory. The company does regret it had to take this measure, following the common efforts put forth by the company and senior Canadian government officers during weeks in an attempt to avoid these layoffs.

In January 1976, the company announced it expected to dismiss 800 to 1,000 employees because of cutbacks in the production of DC 9 and DC 10 aircraft. The move would bring the total number of employees from 1,650 to 650. We are already concerned by the fact that not only would this jeopardize the DACAN project but the layoffs would also threaten the operations of the suppliers of DACAN, and Fleet Industries in particular, where 105 employees out of a total workforce of 385 are now working on the DACAN project.

Following that announcement, meetings were held with representatives of the UAW on February 9, and with Messrs. McDonnell and Reece, on February 12. The meeting with Mr. McDonnell resulted in an agreement to postpone the announced layoff. In the meantime, the people concerned were to examine all opportunities to obtain other contracts for the achievement of the work or find a way to maintain production at its present level.

An interim solution was considered which was to keep about 1,450 employees as a result of stock financing, but it was rejected because it was not practical. At a subsequent meeting between senior officials of the department and Messrs. Sanford McDonnell and John McDonnell on February 24, the lease financing of 10 DC 9 and 50 aircraft to Eastern Airlines was discussed within the GAPP and EDC program. The department agreed to undertake a feasibility study in that regard.

[English]

The lease financing was later expanded to include other airlines and increase the time period. This approach is still being investigated although no specific customer has been identified or definite request received from the company. Because of the depressed state of the entire aerospace industry at home and abroad, no additional work has yet been identified.

The company has advised that lay-off notices will be given to 30 employees on Friday, April 2, effective eight weeks later. It is their objective to carry out a selective gradual reduction of approximately 30 people per week up to a total of 150 maximum by July 15, which is the beginning of their holiday shutdown period. This will reduce