

*Economic Rehabilitation*

I suppose this background of strife that the town of Espanola had left a mark on the populace and on the Ontario government, because immediately after the privy council decision was passed the company marched down to Queen's Park and a private bill was put through the legislature allowing the company to continue in operation despite the pollution. It shows the problem involved there and the fear of what would happen to that town if the company were forced to cease operations as a result of that series of events.

So much for the extractive industries, and how the problem occurs in that area of our economy. What about the secondary industries? Here the factor is markets. I quite agree with the hon. member for Cape Breton South when he took pains to point out, not once but two or three times, that it is a question of markets and transportation costs that governs the establishment of secondary industries. He referred to that when he was discussing the coal industry in his particular part of the country, and when he made his suggestion that a capital risk fund or public investment fund, as he called it, that would stimulate activity be set up. I do not know whether or not I agree with that, but I should like to deal with it in a moment. I think if you can find markets, particularly in the maritimes, the labour and power will be found. I think transportation costs will be paid. It is a question of finding a place to send your goods where they can be sold at a profit.

Look at our situation in and around metropolitan Toronto. I realize we are most fortunate indeed in that area. We have virtually a golden horseshoe, you might say, extending from Oshawa around the end of the lake and as far as the city of Niagara Falls, covering Toronto, Burlington, Oakville, Hamilton, St. Catharines, Welland, Thorold and Niagara Falls itself. There is certainly no lack of markets. We have a tremendous local market in that area. I believe the automotive industry sells about one-third of all the cars produced in Canada in that area. We are fortunate in having the Niagara power system, and we will be within reach of the power being developed on the St. Lawrence. We have cheap transportation by way of the great lakes. We have some of the largest industrial cities in the United States surrounding the lakes which are easily reached.

In York-Scarborough alone we have two large plants, Frigidaire and John Inglis, catering to a purely domestic market in that area. Then there are the motor companies such as Volkswagen, Rootes, Ford Motor Company at Oakville, General Motors at Oshawa and Studebaker at Hamilton, all

dealing with local domestic markets. Many of these are what are known as secondary manufacturing industries. In Scarborough we have the Canada Foils Company and Acme steel plant, both supplying the local market. Then there is the S.K.F. roller bearing plant. Recently we made one of the largest deals, as they are called in Scarborough, for a new industry when the Minneapolis-Honeywell people purchased a site at a cost of \$250,000. It shows you what happens where you have all these factors of market and transportation in your favour.

But even in areas such as these you have the problem of the company town which is the subject matter of this resolution. In the local strike of General Motors Corporation employees there were many towns which were affected, but none were affected so much as the city of St. Catharines. There the McKinnon industry closed down during the strike, and it meant a difference of \$1 million a month in wages to that city. Again, St. Catharines, while having some diversification of industry, is dependent on this one branch of the General Motors industry, and the loss of \$1 million a month in wages had quite an impact on that town for the four or five months during which the strike continued. Therefore the problem is not confined to one particular part of the economy; it can occur even in a part where normally conditions are very good indeed.

We have General Motors plants in York-Scarborough. As I mentioned, the Frigidaire plant is there, but we have so much diversification, so many industries, that a cushion is provided and the effects of the strike were not felt nearly to the extent that they were in some other cities I have mentioned, such as St. Catharines and, of course, London, Ontario, and Windsor.

To my mind that outlines what you might call the natural forces that go to make up the diversification of industry and hence prevent this problem we are discussing; but what can you do? What is the role of government in this situation? Are we just simply to take plants and dismantle them and say, "Well, we are going to move them to some other part of the country and set up industries en bloc, wholesale"? That kind of approach is completely impractical. On the other hand, it is just as bad to sit back and take no action whatsoever, to take a passive action and say, "Well, the natural forces that go to encourage industry will in the long run look after the situation".

What, then, can government do? We have had two or three suggestions here this afternoon. The one that has a great deal of merit in it, of course, is the retraining program that was dealt with at length by the