

Plant Closures

The motion speaks only of companies which have received federal funding. I think that most Canadians would agree that if they received funding it is completely wrong for them, after a year or two, to sell the plant to a foreign buyer who will close it down or to close it down in order to put their money into something which they believe will bring them an even greater return.

They may not be suffering losses at all. That is very often the case, but they see an opportunity for getting even greater profit in another investment so they consolidate, close down the plant, and put their money into a higher-profit-making process. That is all right as long as they have not used federal funds to build up the equity in that plant. However, I think Canadians would agree that if they have used federal money they should not be able to close down the plant, put the workers on the street, and put the money into a higher-profit-making business.

The motion says that they would have to demonstrate long-term losses. That makes sense to me. As I have said, we are discussing a motion and not a Bill. I am pretty sure that with some imagination the Government could suggest how this might be done.

Government Members very often refer to what they consider to be a great record in job creation over the last few years. There has been quite a good record in job creation over the last few years but not much attention has been paid to the types of jobs that are being created nor the fact that there has been a lot of job turnover.

As the Hon. Member who introduced the motion pointed out, we have been steadily losing industrial-type jobs for service-types jobs. Everyone knows that industrial-type jobs are usually unionized, receive higher wages, are full-time and receive benefits such as pensions and health plans. Since they are full-time jobs, if you are laid off you get unemployment insurance. The new jobs that have been created since the recession of 1982-83 have, for the most part, been service-type jobs which have been part-time jobs at minimum wage and without benefit. Very often they are less than 15 hours a week so the employees do not get unemployment insurance if laid off.

So while we have been getting a lot of new jobs, a lot of them are of that kind. The job creation which has been going on is net job creation. Jobs are being lost and new jobs are coming on stream but very often the new jobs are not of the same quality as the old jobs.

The adjusted unemployment rate figures for last month were around 7.7 per cent. That is still higher than the unemployment rate before the recession of 1981-82. In 1981 the unemployment rate was 7.5 per cent and in the 15-year period prior to 1980, from 1965 to 1980, the average unemployment rate was 5.6 per cent. In 1981 it was 7.5 per cent. We had a recession in the following two years and the unemployment rate jumped up to around 12 per cent and has only started to come down since 1983. Five and a half years after the

recession we still have a rate of unemployment higher than the rate just prior to the recession.

It is false to suggest that such a rapid turnover, even in a developing economy, from industrial-type jobs to service-type jobs can be adequately dealt with by the Canadian Jobs Strategy because such a turnover requires retraining, upgrading, and often relocating. The Canadian Jobs Strategy in its present form will not do the job. A unanimous report by the Standing Committee on Labour, Employment and Immigration recommended many changes to the Canadian Jobs Strategy. The other day, the Minister turned down most of them.

• (1740)

It is a step forward to accept a motion of this kind. It is asking that the Government consider the advisability of bringing in legislation to prevent plant closures, where the companies owning those plants have received federal moneys to help the companies in the past. It is saying that in those circumstances they should not be allowed to close unless they can demonstrate long-term losses. That is a good principle that I think we should support in the House.

Mr. Alan Redway (York East): Madam Speaker, I appreciate the opportunity to say a few words in respect of this motion before the House. The motion states:

That, in the opinion of this House, the government should consider the advisability of introducing legislation to prevent plant closures, which would require any corporation that had received federal funding to make public the books of any plant it proposed to shut down and would require any shut down to be justified by demonstrating long-term losses.

That motion raises, by implication, three separate issues. The first issue concerns whether or not there should be federal government funding or assistance at all for private industry. Certainly we have seen over many years of previous Governments and, quite frankly, over the years of the present Government federal financial assistance to Crown corporations as well as private industry.

I suppose in a perfect world we would not have any need for any financial assistance to private industry. After all, private entrepreneurs are supposed to be risk-takers. They engage in business operations for the purpose of making a profit and one would think that they would be doing that on their own individual capital or the collective capital of a group of people who were prepared to take those risks. You may have some examples of this in your riding, Madam Speaker. In my riding I have an example of a private company which feels very bitter about the fact that there has been federal financial assistance to a competitive company. This particular industry, Allanson is in the heavy duty battery business. It has been established in my constituency for many years and believes very strongly that Government should not be giving grants or loans to assist companies or businesses that would be competing with it in the same particular line. However, that is exactly what has happened in the last two or three years.