



House of Commons
CANADA

Standing Committee on Industry, Science and Technology

INDU • NUMBER 022 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Tuesday, October 24, 2006

Chair

Mr. James Rajotte

Also available on the Parliament of Canada Web Site at the following address:

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• (1530)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): Welcome, everyone.

Ladies and gentlemen, we are having the 22nd meeting of the Standing Committee on Industry, Science, and Technology. Further to Standing Order 108(2), we're continuing our study of the challenges facing the Canadian manufacturing sector. With us here today are four representatives of unions from right across Canada.

We have, first of all, from UNITE HERE Canada, Lina Aristeo, Quebec regional director. Welcome.

Secondly, from the Centrale des syndicats du Québec, we have François Vaudreuil, president. Bonjour.

From the United Steelworkers, we have Jorge Garcia-Orgales, researcher. Welcome.

Fourthly, from the Canadian Labour Congress, we have the president, Ken Georgetti, with us.

Welcome to all of you. Thank you for being with us today.

We do have time for each of you to have your opening statements of ten minutes each—you can go up to ten minutes. You can take as little time as you like, but we would hope you'd be as brief as possible so we allow as much time as we can for questions from the members. We'll start in the order that I read out.

Ms. Aristeo, if you want to start off, you have up to ten minutes.

Ms. Lina Aristeo (Quebec Regional Director, UNITE HERE Canada): Good afternoon, everyone. We thank you for the opportunity to speak.

Although I'm sure some of the other people here today will talk about the crisis in general in manufacturing—because it is a crisis, so “crisis” is the word I'm using—with job losses and the closure of plants across Canada, I'd like to take my time, and I'll keep it as brief as possible, to talk a little bit about a more particular crisis in the apparel industry in Canada.

The apparel industry in Canada is the tenth largest manufacturing industry in the country, and in Quebec it's higher up on the list.

To give a brief description on what UNITE HERE does and who we are, UNITE HERE Canada is a union of 50,000 members, and we have 10,000 members in Quebec. Although I am making a national case for the apparel industry, you have to understand that it

becomes a Quebec problem, particularly since 55% of the jobs are situated in Quebec.

Our union is the child of several different mergers. The old International Ladies' Garment Workers' Union and the Amalgamated Clothing and Textile Workers Union merged in 1995 to create UNITE, which in turn merged with the Hotel Employees and Restaurant Employees Union in 2004 to create UNITE HERE.

As our union has shifted and changed, it is only as a result of what has been happening in the industries that we represent, which are apparel and textile manufacturing workers, as well as hotel employees and restaurant employees.

What's going on in the apparel industry?

I'm sure you'll speak to plenty of people who represent the industry as well. I want to give you the perspective because sometimes we lack the human perspective on what this industry is and who it represents.

It's mostly in Montreal, and it's mostly immigrants, mostly women, mostly older women.

I'll give you the example of Lucia Sousa, a Portuguese immigrant who came to Montreal over thirty years ago. In her second year in the country she started working at Cardinal Clothes, and she has worked there ever since—until the 27th, when Cardinal is going to close its doors. Cardinal makes men's jackets and overcoats.

Another example is Carlos Costa, an immigrant from Chile who got his first job in the apparel industry and has worked at Jack Victor Ltd. in high-end men's suits for his whole life. Jack Victor is doing well. It's a men's suit company that is doing well, and he, his wife, his two daughters, and his son-in-law all work in the shop. You can understand that if this place closes, the whole family would be devastated.

We think of T-shirts, socks, bras, and underwear when we think of the apparel industry, but it isn't always that. Let's look at the industry that remains.

I'm not asking you to look to the past; I'm asking you to look to the future. What is the apparel industry in Canada today, and what could it be in five, ten, or twenty years down the line?

It's high-end men's tailored suits. We have a great reputation as the third largest city in North America...after only New York and Los Angeles, a place of distinction that I don't think we should lose. We make great labels: Tommy Hilfiger, Brooks Brothers, Nordstrom, Saks Fifth Avenue, Barneys New York, J. Crew, Paul Stuart, and Harry Rosen. The list is endless.

We have people of a certain celebrity who wear suits that are made in Canada, made in Montreal specifically, such as David Letterman, Neil Armstrong, and CBS sportscasters. There are people who will refuse to wear suits made in sweatshops because they hold a certain role in society. They are looked at.

Why should we as Canadians lose this place of distinction? They're wearing our stuff now and they should keep wearing our stuff. If not ours, they'll buy American-made stuff or European-made stuff.

This brings me to the reason I am here today. The United States and the European Union are our competing markets for the apparel industry in Canada. Let's look at what they've done to safeguard their industry.

They've put in place safeguard measures, which are provisions that exist in the World Trade Organization agreements. When the United States, the European Union, some South American countries, and South Africa, as little as a month ago, all put in place a measure to limit the imports from China of apparel coming into Canada, we have to ask ourselves why the Canadian government isn't doing the same.

This is what we've called on government to do, and what I'm asking the committee to consider as well: look at the possibility of putting in place and enacting these safeguards.

I'm sure most of you are probably familiar with what it is. But briefly, it would limit the growth of Chinese imports in apparel. If the growth of imports is already 10%, let's say, it would be 10% plus 7.5%. That's the limit on the growth we could put in place.

● (1535)

Now, the safeguard measures are measures that can only last for three years. Because of several different factors, we've lost the year, but there are still two years. I'm not at all talking from a protectionist perspective. It's not. Other countries who use free trade as commonly as possible have put in place these measures.

What I'm saying is that for these two years the companies need this. I talk to companies of distinction, such as Jack Victor, Samuelsohn, Confection de Beauce, who make different products but are all committing to saying they want to keep these jobs here, they want to keep their company open, and they want and need these safeguards. Let's not just listen to companies who import more than they produce. Let's look at the ones who want to keep this industry alive in Canada. They need these safeguards in place.

Giving them two years allows them to develop their markets, to specialize their niches, because yes, if the apparel industry continues to exist in Canada, it will exist only with those companies or manufacturers who have decided to develop a niche. Those who are just going to hang in for as long as they possibly can won't continue to exist in the short or medium term.

That's one solution. The other thing we're asking for, and I'm going to wrap up with this, is that after these two years, or in the case, for example, of Lucia Sousa who has lost her job, and of many others who are older workers, we need to have an older worker adjustment program, as we've had in the past. There was an announcement not long ago about some kind of adjustment program for workers, but it is completely ineffective. There's not enough money in it, it excludes Montreal, and it excludes apparel—and that's where the jobs are. We need a real worker adjustment program to help these people who are all over 55—closer to 65 than anything else—and that will permit them to take a retirement with dignity.

Finally, we should promote Canadian-made clothing and have procurement programs when possible. Let's not just think of T-shirts and uniforms; let's think of suits as well. The Montreal police use Canadian-made stuff, and the RCMP. We should make this, where possible, more commonplace.

Finally, and this is something that comes from a lot of people in industry, the Canadian dollar has hurt significantly the ability to compete, since most of our product—I'd say over 80%—goes to the United States. If we were able to relax the interest rate policy to reduce upward pressure on the Canadian dollar, that also would be helpful.

To give you a brief statistic on the impact China is having on the apparel industry, in men's suits, from 2004-05, there's been an increase of imports from China of 134%, whereas there's been a drop of 1% from every other country in the world put together.

We can't say it's just a trade problem; it is, right now, a China problem. There is an ability to limit this, and I think we should put it in place.

That's going to be it for now, and I'll take your questions.

The Chair: Thank you very much, Ms. Aristeo.

I'll just caution members, if they have a longer discussion, that we should cut it down.

We'll go to Monsieur Lapierre, and secondly to Monsieur Vaudreuil, *pour dix minutes*.

● (1540)

[Translation]

Mr. François Vaudreuil (President, Centrale des syndicats du Québec): Thank you, Mr. Chair.

I represent the Centrale des syndicats démocratiques, which is a Quebec labour federation with nearly 70,000 members, most of which are SMEs and manufacturing sector businesses from all regions of Quebec. Today's subject is a great concern for us and we are very pleased to be invited to appear before this committee.

Before the Free Trade Area of the Americas was adopted, in fact from 1993 to 2000, the Quebec manufacturing sector created 108,000 jobs. The sector reached a peak of 667,000 jobs in 2002. In 2006, four years later, the number of jobs in the industry had fallen to 488,000.

Some sectors have obviously been harder hit than others. Those exposed to international competition, in particular the clothing industry, have suffered more. It is important to bear in mind, when we talk about job losses in the Quebec manufacturing sector, that more than 200 municipalities are single-industry towns. Consequently, a plant closing in those municipalities has a negative impact not only on the workers of the business, but on the community as a whole.

The present situation is very disturbing. In addition, the crisis that the Quebec lumber and logging industry is going through affects more than half of those single-industry towns. Asian competition, the stronger dollar and the slowdown in the U.S. economy are other factors that have a major impact on jobs.

The overall analysis of the manufacturing sector reveals certain dangers, because the realities are many. This is a complex and multidimensional issue, and the problems differ greatly from sector to sector.

A large business employing several thousands of workers lives in a different world than that of a small or medium-size enterprise with 15 to 20 employees. Similarly, the geographic and demographic situations are other factors that must be taken into account in our analysis of the manufacturing sector.

What is for certain, however, is that the manufacturing sector creates a lot of direct and indirect jobs. The indirect job coefficient in this sector is very high. So this sector must be taken into consideration, particularly since, traditionally, it has always created high quality, well paid jobs. I use the word "traditionally" because this trend appears to be changing.

Despite the various characteristics that I have just outlined, we'll nevertheless try today to provide you with certain potential solutions which we think are universal. I draw these facts from an experience we had in Quebec. A number of you are no doubt aware that the Charest government organized the Forum des générations in the fall of 2004, to which he invited various civil society organizations to take part.

● (1545)

Two Quebec labour federations attended the Forum: the CSD and the Fédération des travailleurs du Québec, the FTQ. At the Forum des générations, we requested that a working committee be established to look into the future of the manufacturing sector, because we were concerned about the situation.

The committee was created and chaired by Gaétan Lussier. The committee's work was spread over a number of months. A report was prepared and was the subject of a consensus by the four union federations — CSD, CSN, CSQ and FTQ — and management organizations of Quebec. I'll send a copy of the report to the committee secretariat. The report proposes 70 economic and social measures that take into account the jurisdictions of Quebec and Ottawa for the purpose of supporting the manufacturing sector in its efforts.

I'd like to talk to you about that study by addressing two aspects. First of all, if we want to keep high-quality jobs in the manufacturing sector, we must ensure that our businesses are competitive. To do that, we must make efforts. The problem is that a lot is said about

productivity; in fact, a lot of nonsense is said. And yet there is an academic literature on the subject, from the Université Laval, the HEC and elsewhere. Mr. Anthony Giles, who is Director General, International and Intergovernmental Labour Affairs at Human Resources and Social Development Canada, made excellent presentations on productivity.

According to Mr. Giles, there are three main ways of increasing productivity. The first is to intensify work, which is the worst solution. The second is to invest massively in technology; our businesses have scarcely invested in this area in recent years. The third is work reorganization; this is the way that produces the most significant productivity gains. However, work reorganization must be done in partnership with the union and employees.

First finding: promote as much as possible the introduction of participatory management in the work place and support these social innovations in order to permit a genuine increase in productivity.

The second point I would like to address concerns a study conducted by Laval University. That study showed that the best performing businesses from an economic and social standpoint are those that use a participatory management model developed on the basis of the partnership between the union and the employer, as well as on employee participation.

This participatory management model needs help in order to spread. Better practices, particularly in human resources, are necessary in order to ensure business productivity. An SME with 10 to 15 employees, as well as most developing businesses, unfortunately does not have the necessary resources to develop the best human resource management practices. Innovative efforts in this direction must therefore be supported through policies. We must innovate in order to support businesses.

The issue of corporate governance must also be addressed, more particularly the abolition of the capital tax. If you decide to abolish that tax, business leaders must be required, in exchange, to make massive investments in their businesses. Otherwise, everyone will lose out.

In the wake of the Forum des générations, the CSD and the FTQ examined the phased retirement issue and filed a brief with the federal government, which is now with the Department of Finance. It is important to review that brief because a good phased retirement program, given our demographic issues, would enable people to work an average of one, two or three years more. Such a program is important in the context of the aging population and labour force.

● (1550)

We must also step up our investments in manpower training in order to develop greater employability.

I apologize for going beyond my time.

[English]

The Chair: Merci beaucoup.

We will now go to Mr. Garcia-Orcales, for ten minutes, please.

Mr. Jorge Garcia-Orcales (Researcher, United Steelworkers): Thank you for this opportunity.

I will divide my presentation into two parts: one, general context; two, the challenges we see as a union facing manufacturing and the solutions and ideas we have about how to deal with these challenges.

Let me start by sharing what Lina said. We think there is a crisis in the manufacturing sector. It's not simply some problems and some challenges. This crisis is affecting the economy in general and is also affecting the lives of people. Since 2004, almost a quarter of a million workers lost their jobs in manufacturing. If you look at the same period, 10% of the those declines were in Ontario and 14% in Quebec. Those are staggering numbers when you think that manufacturing employs almost two million workers in Canada.

The manufacturers association of Canada says it's not the union. It says that wages in the manufacturing sector are 28% higher than the average wage. That means we're not only losing jobs, but we are losing good jobs that pay taxes and help development in the communities. The manufacturers association of Canada said that for each dollar that is invested in manufacturing, it reproduces \$3 in economic movement. That means we are losing a lot of money every time a plant closes, not only us, the workers in the community, but also the country.

The recent crisis is reflected, as has been mentioned, in loss of jobs, but it's also affecting the economy in general. And 2006 will be the first year in the history of Canada that the GDP of Ontario, the manufacturing heart of this country, will be lower than the GDP of the country. That is a clear example of how the loss of manufacturing is affecting the economy in Canada.

There is what I like to call a bunch of myths around manufacturing. Some people like to say that manufacturing is over for countries like Canada, that we have to move into the knowledge society, we have to start developing these new industries that are highly technological.

I want to share a bit of personal experience. I probably call Canada my home these days, but I grew up in another country. My accent has already probably told you that. The country where I grew up is Argentina, a country that for many, many years mirrored Canada in the type of country it was—the natural resources, the immigration flow, and the industrial development.

It started in the seventies, a very important movement started with the military taking shape and moving into democracy, with an economic policy quite similar to the one we see applied in Canada today. The government decided to move the economy from an industrial base to a resource base.

I won't spend a lot of time on what the resources were. I'm sure that all of you remember December of 2001, the people on the streets, and five presidents in less than a month. People were looking for jobs; they were looking for stability. People were looking for the country they used to have, but it was not there any more.

I'm here because I'm afraid that if we don't pay attention to manufacturing in Canada, we could see a similar kind of reaction, perhaps not in the whole country but in areas where people have grown used to having good jobs and good opportunities for their kids.

I live in Toronto, and for me, it's not magic that violence on the streets is growing and that gangs are forming. That is completely related to a lack of opportunities and a lack of hope. I want you to pay attention to that word, because people go through life with the hope of making something better of themselves and of making something better for their families.

•(1555)

When you are destroying good-paying jobs, jobs that give opportunity, when you see plants close and you see that your kids won't be able to get those good jobs, when you see communities like those in northern Ontario turning into ghost towns every day because pulp and paper mills are closing, then that hope slowly disappears and all other kinds of social diseases start to appear.

I want to move quickly into what we see as the challenges for the manufacturing sector. I want to mention five.

I will mention the high Canadian dollar. I want to talk about energy prices and opportunities. I want to talk about the lack of an industrial policy on the part of the government. I want to mention trade agreements and the lack of representation of workers in the communities in that area. Finally, as Mr. Vaudreuil mentioned, I want to talk about skills development and adjustments for workers in the manufacturing sector.

Very briefly, about the Canadian dollar, I don't need to tell you that the increase in the value of the Canadian dollar is hurting the manufacturing sector. When the dollar goes up, the products that are sold internationally go up in price, but those prices that are going up don't reflect in new profit or opportunities for the employers in the manufacturing sector.

Right now, we have the dollar almost at 90¢ or past 90¢, and there are a bunch of reasons why that has happened. Very important is the low value of the U.S. dollar. There are some things about which we can do nothing, but there are ways by which we can influence our dollar. One of them is the interest rate set by the Bank of Canada. The Bank of Canada is keeping interest rates at a rate considered to be effective to fight inflation, but that rate is keeping the Canadian dollar too high, and that is hurting manufacturing.

In our opinion, fighting inflation at this time, and gaining that fight, is fighting the wrong fight and gaining the wrong fight. At this point, we don't see a concern about inflation coming and affecting the economy of Canada, but, yes, we see a strong effect in manufacturing because of the value of the Canadian dollar. We think the Canadian government should influence the Bank of Canada as much as possible to ensure that the interest rate is possibly reduced or at least maintained, to at least support and sustain the maintenance and development of manufacturing in Canada.

The second area I want to mention is energy. The energy prices are hurting manufacturing, but also new technologies. Energy could be a great opportunity for manufacturing. We believe that a green industrial strategy is the way to go to resolve the energy crisis and resolve the price of energy, but also to improve development of manufacturing in Canada.

I don't know if you know that production of windmills in Germany is the second consumer of steel, after automobiles. Just that could give you an idea of what a green industrial strategy can do for Canada's manufacturing. Making windmills consumes almost as much steel in Germany as automobiles.

We are greatly displeased with the new policy put forward by the federal government, so we ask for the possibility of looking at energy and new energy technologies as an opportunity for manufacturing.

• (1600)

Lina already talked about skills development, and if there are any questions, I will go there later.

Finally I will mention the need for an industrial strategy. We believe that sectoral industrial strategies are the way to go. We don't believe that just general tax cuts are helping the economy. We believe tax cuts should be directed to research and development, investment in new plants, and investment in equipment, sector by sector. To serve as an example, there's the Canadian automobile partnership sector and the new Canadian steel partnership sector.

I will probably use my answers to questions to continue.

The Chair: Thank you very much.

We'll now go to Mr. Georgetti for ten minutes, please.

Mr. Ken Georgetti (President, Canadian Labour Congress): Thank you for inviting me here today. I can't think of anything more appropriate than a poster of "Humanity First", from the NDP, sitting over my left shoulder as I make my presentation.

I want to start out by saying that I've been watching question period lately. It's usually a good way to find out what the members of Parliament think are the most important issues of the day. Quite frankly, I'm disgusted. Working people must be wondering what is in the water on Parliament Hill these days, and who can blame them.

Less than a year after an election campaign where everyone was talking about making life better for working people and the families they support with the wages they earn, less than a week after returning home from listening to your constituents, the best thing the House can come up with is a brawl about name calling. The only thing the press gallery can write about is the hurt feelings, the insults, and schemes of a party without even a single seat. Working people deserve better than this. With so many people out there worried about their jobs or about to lose them, I think members of Parliament would do well not to take their own employment for granted.

Canadian manufacturing and the sector are in a deep crisis. Over the last four years, we've lost one in seven, or about 15%, of the two million jobs we used to have in this sector. Almost 300,000 jobs have disappeared, gone, and I'll tell you right now that many more layoffs and plant closures are on the way.

There are 300,000 jobs gone—good jobs. Many of them were highly skilled jobs. Close to half of them were union jobs. They paid an average of \$21 an hour. They were the kinds of jobs that supported a decent standard of living for ordinary working people and their families, and the kinds that built the communities that all of us came from.

Just to remind you, the last time we saw job losses on this scale was between 1989 and 1992, when our economy was declared to have been in full recession. But if you believe the banks and the right-wing think tanks or those millionaire wizards of the Canadian Council of Chief Executives, our economy is robust.

I suppose if you're a capitalist, someone who makes their money from investing or the spillage of moving so much of other people's money around, you might think things are pretty good today. But if you're someone who works for wages, the odds are your future isn't as bright as it was a few years ago, because it doesn't stop there.

Manufacturing jobs are the wellspring for jobs in other sectors. When we lose them, we lose good jobs in the sectors that supply manufacturing companies with specialized inputs—sectors like transportation and business services, to name just two. It's a domino effect that cuts across the rest of the economy.

We hear a lot today about the need to build a highly productive, innovative, and so-called knowledge-based economy. The impression is often left that the good jobs of the future have nothing to do with the old business of making things. The fact of the matter is that fully two-thirds of the research and development in Canada are undertaken in our manufacturing sector.

It's true that the energy boom is creating jobs, and they're good jobs, I might add, particularly in western Canada. But in terms of direct jobs, the oil and gas industry has replaced only one in six of the jobs we've lost in manufacturing since 2002.

We also hear a lot today about the need to improve Canada's productivity performance. One of the worst ways to do that is to shift jobs from the high-wage, high-productivity industries to low-productivity, low-wage industries, but that's precisely what we're doing in our country today.

The proportion of all jobs held by adult workers that pay less than the poverty line wage of \$10 an hour has been increasing to one in eight adult jobs in 2005. Most manufacturing workers who lose their jobs take a big pay cut, and when they are lucky enough to find a new job, they end up earning much lower wages.

My key point is that we need to maintain and build up our manufacturing sector as a major source of good jobs for the future. The bottom line is that Canada needs a long-term job strategy. Fundamental to that strategy is building an innovative and highly productive manufacturing base, a base that can support well-paid jobs with decent working conditions. Other countries have done it. Their economies are strong. Communities are prospering there, and their citizens are reaping the benefits.

Canada's role in the world must be as a supplier of goods and services that sell on the basis of being unique and of high quality. This requires investment in research and development, investment in skills, and investment in leading-edge new plants, new machinery, and equipment. It requires a plan, an agenda, because quite frankly, much of the Canadian manufacturing sector as it exists today is not up to the challenge.

• (1605)

The constant mantra of the corporate elites, repeated by most politicians, I regrettably add, has been that the free trade deals and low corporate taxes, plus a tax on the living standards of workers, will lead to increased international competitiveness. I've heard it all of my working life. That strategy has clearly failed. Free trade agreements modelled on the Canada-U.S. deal have led to job losses. They've led to unbalanced trade outcomes and relentless downward pressure on wages, benefits, and working conditions as well. Even unionized manufacturing workers have seen few increases in wages and benefits, even as work demands and productivity have increased. As a country, we have become more rather than less dependent on raw resource exports. It's a shame. High corporate profits have not been ploughed back into major new investments, and our companies are sitting on piles of cash, I might add.

The CLC has put forward the beginnings of such a plan for good jobs and wealth creation. It's a combination of better monetary policies, balanced trade, protection of labour rights, support for investment in new manufacturing, equipment and tools, training and skills development for workers—working Canadians—and an actual industrial strategy to knit everything together. The market is not going to provide us with prosperity that can come from a productive value-added green and sustainable economy unless we make investment first.

The plan was sent to you last week, so I won't go into details. However, I do look forward to your questions, and thank you for your time.

The Chair: Thank you very much, Mr. Georgetti.

We'll now go to Mrs. Kadis, for six minutes.

Mrs. Susan Kadis (Thornhill, Lib.): Thank you, Mr. Chairman, and welcome, everyone.

Actually, I found it to be extremely insightful. I think today's presentation, for me, has been very eye-opening. Maybe it was not as much for others, but certainly it was for me.

Along that line, I'm quite interested to know what the industry, the sector, is investing in. You talked about investing in technology—which was very heartening—and investing in terms of skills training and upgrading. What collaboration do you feel there has been with the federal government, and what more can there be along those lines, in terms of skills shortages and skills training?

Ms. Lina Aristeo: Were you asking me specifically?

I didn't address this too much. However, in terms of skills training, if we look at the type of people working in the manufacturing sector today, they're people with almost no education, no training, no specific or higher training. A lot of them don't even have a high school diploma. Many of them can't speak English or French. I'm talking about core manufacturing, about people who've come from other countries and who depend on this. Are you going to tell the 55- or 56-year-old woman, who is single, most likely, and who has three children at home, to go back to school to recycle herself so that she can work in the service sector because that's the industry we're saying we're going to focus on?

I'm sure there's a lot we can do, and some is being done in the various industries, on skills development. However, it's not the only solution. It is, probably, for some specific industries, but it's not for apparel. It is the case a little bit in the textile industry. That's one thing I would like people here to understand: the distinction between apparel and textile manufacturing. They're not at all the same thing, and I'll take a little bit of time just because every time I say this people's eyes open up.

Textile production is the weaving of thread to make the tissue, and apparel production begins with the cutting of the textile. As soon as it touches scissors, it becomes apparel. So there's a clear difference between the apparel industry and the textile industry. In the textile industry there is more training. The workers are most likely men. I'm still looking in Quebec, because a lot of the jobs are in Quebec, so they're Québécois, and they are living in the regions. In the apparel industry, we're talking about women. We're talking about immigrants. We're talking about Montreal. It's completely different.

I'm not sure, but I'm probably not responding to your question directly. Maybe somebody here can give you what you're looking for.

• (1610)

The Chair: Mr. Garcia-Orgales.

Mr. Jorge Garcia-Orgales: Thank you.

I'm looking at my own union and the experience twenty years ago during the previous crisis in the steel sector. At that point, the union and the industry created the CSTEC bipartite organization to discuss the need for retraining for unemployed and employed workers. At that point, we had the support of the federal government, and it was a very successful experience.

Today the federal government has devolved to the provinces a lot of their training, and then people say the federal government cannot do much on the issue of training and retraining.

We think that first the federal government has to re-engage in training. This is too important to just say, "It's not my responsibility." Secondly we have a few ideas about how this could be done.

First, we think the EI system could be revamped and used for training, allowing employed and unemployed workers to collect benefits during training. This is important. We have experience doing this, as in the apprenticeship model, where people collect their wages through EI while attending school. We are suggesting to you the same model for training and retraining.

Secondly, we think that Quebec's model of a training levy of 1% on corporations that don't do training is an excellent model to study and repeat nationally. Again, this is not a punishment; it is making sure you do proper training. And it is not that much money; it is 1%.

Finally, we support the sector council's agenda that the federal government is doing. But at the same time, we think that without some monetary support through EI or some tax levy, the sector councils that are in place cannot do much, because there is no lever mechanism. You can research, you can study, and you can talk about it, but until you get some dollars to really do it on the ground, there is not much you can do.

The Chair: I have Mr. Vaudreuil and Mr. Georgetti as well.

Is that okay, Ms. Kadis?

Okay.

[Translation]

M. François Vaudreuil: The CSD has millions of people working in the clothing and textile industries. So we're very familiar with those two situations. Earlier Lina explained to you the differences between the two industries, and I agree with her.

The federal government must increase funding granted out of the employment insurance account, under the Canada-Quebec agreement, for manpower training. In Quebec, the labour market partners commission currently manages \$600 million a year. Quebec has made giant steps on this issue in the past decade.

The other item we want to examine — Jorge spoke about it earlier — is the sectoral committees. They produce very concrete results through highly pragmatic and controlled approaches by people in the community.

Lina told you about immigrant workers in Montreal. This is a reality, but there are also workers from the regions. For example, in central Quebec, in the Beauce, these people are highly vulnerable when they lose their jobs following a plant closing. As president of a federation of nearly 400 affiliated unions, I sometimes witness moments of union truth at general meetings and see the suffering of these women.

Social policies are part of the problem. As president of a labour federation, how can I respond to a 60-year-old woman who gets up and explains that, as the eldest in her family, she had to go to work when her father died and hand her pay cheque over to her mother every week and that, today, some 40 years later, she has to apply for welfare? She can no longer live with dignity. Why? Because the federal government has shirked its responsibility for establishing an income support program for older workers since May 1997. That's one example, but I could cite others.

Training is important, and the income support program for older workers is equally so.

• (1615)

[English]

The Chair: Before I go to Mr. Georgetti, I should have probably explained this at the beginning. Members of this committee are only given a very short period of time to ask some questions. Ms. Kadis only had time for one question, and we're already three minutes over her time. It's my fault because I'm supposed to keep people within the time. So I'm asking all of you to be very brief, because if we go on and on, members will not be able to ask questions, as we'll have to go on to the next member.

So we will finish with Mr. Georgetti, but please be mindful. The first round is six minutes; the second round is five minutes. It goes very quickly.

Mr. Georgetti, you can finish off here.

Mr. Ken Georgetti: Thank you. I have three quick points.

A huge proportion of our productivity gap between us and the United States, for example—I think 40%—could be solved through basic literacy and numeracy training for Canadians. The federal government needs to do a lot more on the issue of national standards on training for labour mobility and issues like that. And I would recommend the members of this committee take a look at the employment insurance program as it pertains to maternity leave, the incentive they put in place for corporations and unions to bargain adequate maternity benefits, and the rebate system that works there. We have a program and a suggestion that we put to the last government and this government to do the same thing, to use the EI system to incent training by manufacturers and employers.

The Chair: Thank you, Mr. Georgetti.

Thank you, Ms. Kadis.

We're going now to Monsieur Crête.

[Translation]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Thank you, Mr. Chair.

I'd like to remind you that, last Monday, the Bloc québécois introduced a motion that was adopted by all the opposition parties, to create an assistance program for older workers. Only the government has not agreed to that motion.

I'm very pleased that you're here today. I'm going to ask you a brief question, which is central to the government's decision whether to act on this motion.

In three years, what will be the impact of the governments' refusal to change market rules and the decision to maintain an economic laissez-faire approach on the various sectors that you represent?

Mr. François Vaudreuil: To give a brief answer, I'd say it would be disastrous.

Ms. Lina Aristeo: I entirely agree with Mr. Vaudreuil. He made a brief reference to that situation in response to the previous question.

The impact would be devastating. The people we represent in the clothing industry and in the manufacturing industry in general are middle class people. They are people who pay taxes. However, as I said earlier, these people are unable to retrain in other industries, because of their age, their training and a host of other reasons. Whatever the case may be, those reasons exist. If these people lose their jobs, our country, our provinces and our regions, more particularly, will suffer as a result.

I don't mean that the clothing industry must grow, but we have to protect what we have and protect people who are going to lose their jobs.

• (1620)

Mr. Paul Crête: You don't think the market will regulate that?

Ms. Lina Aristeo: No, not at all. I believe there's a complete imbalance. The market will never regulate itself.

Mr. Paul Crête: I'd like to have the opinions of Mr. Georgetti and Mr. Garcia-Orgales on this question.

In terms of jobs, what would be the impact on the workers and communities that you represent if, for example, if there were no industrial policy choices, or if we let the market act?

[English]

Mr. Jorge Garcia-Orgales: I have a couple of examples. The softwood lumber deal was presented. One of the characteristics of that deal is an incentive to export logs out of Canada, instead of manufacturing, making paper, furniture. The softwood lumber had not yet been implemented. Northern Quebec and Ontario were seeing mills closing one after another. Complete communities have been destroyed. Close to 200,000 jobs have already been lost. If nothing changes, you can count on another 250,000 jobs gone in the next couple of years.

The economy of Ontario is suffering. We organize workers from hotels, health care, and manufacturing. While some jobs have been created in health care at \$11 or \$12 an hour, others have been lost in manufacturing at \$28 or \$30 an hour. Two hundred and ten thousand jobs have been created. If you look at the numbers, it seems that everything is fine. But at the same time, another 200,000 jobs were lost. There is a big difference between having a good job and just having a job. If we leave it to the hand of the market, we don't see any solution coming. It will be the other way around. I support my friend. Catastrophe is what is coming.

The Chair: Mr. Georgetti.

Mr. Ken Georgetti: There's an expression in Latin, *res ipsa loquitur*, which means the facts speak for themselves. We're seeing record profits. Corporate salaries have never been higher. There's more money in the bank accounts of corporations. We've lost more jobs than at any time since the last recession. The productivity gap is growing. Real investment in machinery and equipment is down.

The system cannot work by itself without intervention of the representatives of the citizens of this country, and that's the government. Business only works when government works at the same time.

[Translation]

Mr. Paul Crête: The Europeans and Americans have implemented safeguards. In the U.S. and European economies, was any negative impact subsequently felt on other sectors of the economy? That possibility haunts the Canadian government.

[English]

Ms. Lina Aristeo: *Je vais vous répondre en anglais parce que...* Look at the effect of safeguard measures on the apparel industry in the United States. For the first time in over twenty years, there was

an increase in jobs. This is a time when we're talking about decreases, closures, losses.

So it has a definite positive effect. The workers of the industry cannot understand why Canada is not acting. The United States is not a country that is going to help someone else for no reason. They have put in place these safeguards. So has the European Union. We cannot afford not to act. The workers here need us to act. We're not talking about a luxury. We're talking about a need.

The Chair: Thank you.

We go now to Mr. Van Kesteren, for six minutes.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you for joining us.

I have a question for Ms. Aristeo.

You stated that you need a little bit of time for the switchover. Am I correct in understanding that you're not so much against having trading partners, you just think we're doing it a little too quickly? Did I understand that correctly?

• (1625)

Ms. Lina Aristeo: I'm not saying it's going too quickly. I'm saying the two years that we still have at our availability should be used. There is no reason for it not to be used.

Mr. Dave Van Kesteren: Mr. Vaudreuil, you have given us some interesting statistics as well. I hear from you a little bit more of a positive statement. Very quickly, what is your opinion of the future of manufacturing in this country? Is it as grim as some of the others? Do you think...?

[Translation]

Mr. François Vaudreuil: That's what I think. The situation and future of the manufacturing sector in Canada are really a major concern and that's why we have to act quickly. We have to improve the competitiveness of our businesses, particularly through productivity.

When I say productivity, it's always from a perspective of a kind of sectoral work reorganization that respects the people who create decent jobs.

[English]

Mr. Dave Van Kesteren: On that point, I understood it when you said it. You think a lot of the solution is going to be more cooperation between the manufacturing sector and labour. That's definitely a path that labour.... That's what I thought.

Mr. Garcia-Orgales, you quoted us some parallels between your country and the last. You spoke about the high dollar, but if my memory serves me correctly, the Argentine government didn't protect their dollar. Didn't they have rapid, runaway inflation that pretty much led to economic ruin?

Mr. Jorge Garcia-Orgales: It's exactly the contrary. During the time of crisis, the Argentinian currency was of high value. It was one to one with the Canadian dollar, and that was what destroyed the whole industrial base, to the point that after the crisis, just to start re-engaging the economy, they had to move the Argentinian currency to three pesos for one dollar, meaning the value of the Argentinian currency was reduced by 66%.

The same model—not to the same intensity, but the same model—is being followed by the Bank of Canada, meaning they are keeping the Canadian dollar a bit too high. That is affecting the opportunity for Canadian manufacturers to compete internationally.

Mr. Dave Van Kesteren: Mr. Georgetti, I want to talk very briefly about free trade.

You're suggesting that it leads to unbalanced trade and some problems. How do you explain our low unemployment? We've heard some pretty sobering statistics from you as well, but I think the last government statistics on unemployment put us at the lowest level since 1972. Briefly, how do you explain that?

Mr. Ken Georgetti: I explain it, as I said, in the growth of the low-wage service sector, which doesn't support and sustain the economy. The problem is that the jobs we're creating don't pay enough to support a family. People are actually having to work two jobs, and they have to work longer and harder. Both members of families have to work, hence the reason we argue for day care centres.

The reality in Canadian life today is that the jobs we used to enjoy when we were growing up are not available any more for younger families. They have to take lower wages; hence, there is a lower standard of living, even though the economy appears to be prospering. The gap in the middle class is contracting, and we're shrinking. That's not good for our economy.

Mr. Dave Van Kesteren: We've had a number of witnesses here, and they tell us that our auto production in Ontario is far higher than it has ever been. How do you explain that? Those jobs pay pretty well.

Mr. Ken Georgetti: In the last three weeks, I don't think that's the case; we're losing jobs in the auto sector. We're losing jobs in the auto sector because we're attempting to sign free trade agreements with countries like Korea.

There is no level playing field in this notional free trade agenda. That's the problem. If we had free trade, how come we had all those duties laid on our softwood lumber? I thought we had free trade in lumber with the United States. We were promised that playing field would be level, and it's not; if it were level, we'd have a better chance.

• (1630)

Mr. Dave Van Kesteren: We shouldn't get into that. It didn't fall under the free trade....

What do you think? Do you think the future for manufacturing in this country will be a commitment from labour and from management to work together?

Mr. Ken Georgetti: We do now. I agree. There needs to be a third level, though. There needs to be a collaboration from all levels—from labour, from management, and from government. I think there is a bright future if we do it right, but just leaving it to the market doesn't work. There needs to be intervention on our part. If we left it to the market, we wouldn't get wage increases. We have to negotiate. They don't come for free. We were told in previous governments and this government that cutting taxes would lead to more investment. It hasn't happened. There need to be some rules attached to that. The

CME agrees with us on that. There need to be targeted incentives for companies to reinvest and move things up.

The main basis of all this is in competition, frankly, as anybody can buy a piece of machinery. We have to have a highly skilled workforce, and unfortunately, we're not investing enough in Canadian citizens. Most kids who graduate from high school and who go into the blue collar jobs lose 25% of their skills in the first five years in the workplace. That means the workplace is not stimulating enough to keep those skills up to a level where they can move into new jobs. We need to do more in that regard, and I don't think we are.

Mr. Dave Van Kesteren: Am I out of time, sir?

The Chair: You're out of time, Mr. Van Kesteren. Sorry.

Thank you.

We'll go to Mr. Masse, for six minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

To start, I'm going to clean up a couple of issues here.

First, southern Ontario, where I come from, has one of the highest unemployment rates in the region and across this country, even compared with the United States. Actually, we're having our manufacturing jobs literally obliterated. In fact, the only reason we had more auto production happening outside of Ontario, compared to Michigan, for the first time ever, was because Michigan was retooling their plants. They were down.

What's happened is the Ford Motor Company, for a recent example, is actually cancelling plants in Windsor, Ontario, as well as in other parts of Ontario, and it is actually putting new product in Michigan. So what happens when that new product goes to market is we will have a greater gap between the two, coupled with the border...and the issues of lack of progress on that. We have significant decisions that have already been made that are going to cripple the industry even further.

I do want to talk, though, and get a specific response about one of the issues that I think is unconscionable. The current Minister of International Trade, the former Minister of Industry here, promised me on two occasions that he would have a national auto policy, one that would be actually tabled in the House of Commons. He backed away from that completely. In fact, he has misled, I believe, this committee and also me, in the House of Commons, under questioning, and he is now pursuing a deal with Korea in terms of free trade.

How do you view that this is going to affect your industries? I'm absolutely shocked that we would continue to go this route, given the current status quo we have right now.

The Chair: Mr. Georgetti, do you want to start off?

Mr. Ken Georgetti: Thank you.

As we see with other trading agreements, they seem to be focused on some key elements but miss others. We think the lack of enforcement of regulation and the lack of enforcement in environmental and human rights legislation to be a key factor in trading advantages of countries that we signed notional free trade agreements with. In terms of the auto industry itself, we think a free trade agreement with Korea will have an 18% negative effect on the Canadian auto industry, and the parts that supply that auto industry, in the first five years of this notional free trade agreement. So it will have a huge, devastating effect, just in auto.

Mr. Masse, I'm sorry, I don't know the details of the rest of the industry. I'm sure my colleagues would be able to tell you, particularly in their own industries as well.

Mr. Jorge Garcia-Orcales: In our case, we represent workers in steel and manufacturing and we represent workers in auto parts. It's quite clear that cars that are coming into Canada, made in Korea, will affect our members, because they have not been able to produce the auto parts or the steel needed to make cars in Canada.

Parallel to that, I want to mention that our union in the United States is supporting the auto workers union in what they call a "Marshall Plan" for the automobile industry. That, essentially, is calling for the Government of the United States—and I think we have to do something similar here—to invest and support an investment in high technology...a new automobile industry. We are not calling to compete in cheap imports; we are calling for building an industry that will be green, recyclable, and with new technology, because we think there are even more jobs in a green industrial policy than what it is in just keeping a traditional industrial policy in place.

• (1635)

The Chair: Mr. Masse.

Mr. Brian Masse: Thank you, Mr. Chair. I'll move on in my questioning.

I've been here long enough to know—I don't know if I'm paranoid—when my questioning sends a parliamentary secretary out of the room with two people.... I'm sure you'll have further comments on this type of issue in the future—on the issue in Korea.

I do want to follow on my questioning, Mr. Chair. And actually, this is something that you had promoted over a number of different years—newer technology and moving innovation from the shop floor to manufacturing in our community. I think we actually have a wonderful opportunity, if we seize upon it, with some of the new, greener technologies out there. If we can move that from the classroom to the manufacturing room, it's very important. I guess to do so, though, we have to provide some patent protection, as well as some protection over knock-offs and other types of products that are abused internationally and then shipped back to Canada.

What more can we do to incentivize the move from the classroom to manufacturing? Second, once we have those manufacturing jobs, what can we do to prevent other countries' harmful practices when they use knock-offs?

Mr. Jorge Garcia-Orcales: The World Economic Forum report on global competitiveness put Canada at number 27 over 58

countries in unique products and processes, meaning we won't be able to compete in things that are originally from Canada.

Research and development in Canada is quite important. We think that instead of general tax cuts, there will have to be tax incentives for research and development as well as implementation of those new processes and products from the shop floor. In that sense, we call for a more energetic policy by the federal government to use the tax system to create incentives for research and development in Canada and for implementation of the research and development in our country.

The Chair: Okay.

I have Mr. Georgetti.

Mr. Ken Georgetti: It's a quick point, Mr. Masse.

The other area where there is a huge shortfall is venture capital in this country. The largest supplier of venture capital in Canada right now is money that is controlled by the labour movement, coincidentally. But there needs to be a lot more. Once the product is developed in the garage, or wherever they do it, there is a huge shortage of venture capital. The ability for venture capital to lift them into the development and research stage, where they start to go into production, is unavailable to most Canadian investors. In fact, they go to the U.S. and other places, where ultimately those products get exported back to our country.

The Chair: Thank you.

We'll go now to Monsieur Lapierre.

[Translation]

Hon. Jean Lapierre (Outremont, Lib.): Thank you, Mr. Chair.

Welcome, madam, gentlemen. I'm going to address three or four points.

Mr. Vaudreuil, we've heard a lot today about manpower training and so on. At some point, someone said that the problems would be eliminated if everything was transferred to the province. Everything has been transferred. Furthermore, my colleague here signed other agreements with other provinces in the last months of the last government.

It was said that this total transfer would make things more efficient, that it would be more consistent with the reality, closer to the workers, that it would avoid duplication, and so on.

Has it solved the basic problems or only the administrative problems?

Mr. François Vaudreuil: As a member of the board of directors of the Commission of Labour Market Partners since 1998, since the Canada-Quebec agreement, I can say that there has been considerable progress. Trust me: it's not from an administrative standpoint, but rather an operational one. In that respect, what's been done is quite simply incredible.

However, as I said earlier, the needs are so great that granting more out of the employment insurance account would be welcome.

Hon. Jean Lapierre: So, in concrete terms, you think this arrangement is a more effective vehicle.

Mr. François Vaudreuil: I think it's a model. I've observed what happened in France, Belgium and a number of other countries, and I have concluded that the Quebec model really works very well.

Furthermore, do we hear any negative comments on these questions from the Quebec labour federations or management associations? Never. In my view, Quebec is one of the best places for social dialogue. It brings together employers, unions, the education community and Emploi-Québec. This is an excellent arrangement, an excellent vehicle.

● (1640)

Hon. Jean Lapierre: With respect to industrial policy, in principle, there should be one in a number of sectors, in particular in the aerospace industry. There are comprehensive or sectoral industrial policies. Again today, 485 lay-offs were announced at Bombardier, 200 more are to come, and so on.

You talk about a plan. Mr. Georgetti, I've been hearing speeches on industrial policy for many years now. We've managed to invent a few, including one just before the election on the aerospace industry. It was tabled, but it's now in limbo.

When you talk about a plan, do you mean a sectoral plan? We get the impression that circumstances in the manufacturing sector are completely different from one another. A single plan can't cover everything. To determine what aid measures should be adopted, we should proceed sector by sector. Quebec made an attempt at that when Claude Bécharde published his document. It amounted to a lot of verbiage and served no purpose.

Is there a model, in a sector or in a country, that we could draw on? I've been interested in politics for at least 25 years, and no one's ever come up with anything in this area.

An hon. member: What are we talking about here?

Jean Lapierre: About his great economic policy, which was so long.

An hon. member: The Quebec Advantage?

Jean Lapierre: Yes. That thing only lasted one day.

An hon. member: But it circulated for longer.

Jean Lapierre: Yes, but nothing came of it.

Mr. François Vaudreuil: The problem with the Quebec Advantage, and thus of Claude Bécharde's policy, is like the problem with the Lussier Report, and here I'm talking about the deadlines set. Although the labour and management associations were consulted, they had trouble setting priorities, which resulted in an accumulation of information.

As for industrial policy, science, the universities and our own experience point to a genuine partnership, participation by workers and participatory management. In the United States, for example, it has been observed that 70 percent of business change models have been unsuccessful. I'm not saying that; it's the HEC. The objectives set have not been achieved. I think we have to learn a lesson from those experiments in work place change management.

The government has to adopt a policy designed to support the parties and develop employment. In my humble view, we should focus on that aspect in order to improve productivity and make our businesses competitive. In that way, it will be possible to preserve jobs and create others that are also of high quality.

Hon. Jean Lapierre: I'd like to go back...

It's over? You scarcely have the time to get warmed up and it's already time to stop.

[English]

The Chair: I think Monsieur Crête took some of your time.

We'll go to Mr. Shipley for five minutes, please.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you very much.

An interesting comment was made earlier by Mr. Georgetti that he would have supported universal day care. We put in a universal child care program for everyone. I'm just wondering in your party why it would be so good to have a program proposed that 5% to 10% of people would have used and that would not have addressed weekends, shift work, and holidays. I'm so glad we put a program in that addresses everyone, regardless of when they work and what their schedules are. It sort of shocked me that you would support a program that didn't really fit your type of industry that has shift work.

I also have a quick question on the manufacturing part of it. Mr. Garcia-Orcales talked a lot about the crisis in manufacturing. We've heard a lot on that through our discussions with manufacturing about the dollar, energy, labour...actually they didn't mention much about labour costs. You talked about how competitive you were, and that for \$1 there was a \$3 return. I can go to some other industries—actually one of the primary industries that feeds this country—where they say \$1 invested returns over \$7. What is your response on productivity in that respect?

● (1645)

Mr. Jorge Garcia-Orcales: There are a couple of things. There is this myth that workers and manufacturers in Canada are not productive. Just plain numbers will show that is not true. We've lost 250,000 jobs in the last two years and we didn't lose \$1 in shipment in manufacturing. That means this country is producing at the same level as in the past without investment in new equipment, new plants, or skilled training, and with 250,000 fewer workers. That means the workers are producing a lot more with less investment and no increase in wages. So the myth of low or less productivity in the workers in Canada in the manufacturing sector doesn't have any basis in numbers when you look at the statistics.

The second issue is the one you mentioned quickly—labour cost. There was a study by KPMG that said Canada had the lowest business cost environment among the G-7 countries. The study is called "Competitive Alternatives", 2006 edition.

Productivity has been increasing and wages have been stable. There are no numbers that really show that labour cost is an issue for Canadian manufacturing. Productivity is not an issue, again with a lot fewer workers, no investment in training, and no investment in equipment. Productivity is still at the same level and wages are not increasing. Taxes are the lowest compared to the G-7 countries. When you look at numbers and not the rhetoric, labour cost is not an issue in the manufacturing sector.

Mr. Bev Shipley: I think one of your comments was that the manufacturing wages are 28% higher than the average wage in—

Mr. Jorge Garcia-Orgales: For the Canadian worker.

Mr. Bev Shipley: Okay.

Then you say your productivity is \$1 invested for \$3 returned, where in some cases other ones are quite a bit higher.

You say we've lost 250,000 jobs in manufacturing. We've had the lowest unemployment in many years, and you're saying they are jobs that don't pay very well.

We're losing some jobs in manufacturing. I'm wondering what you are doing by way of concessions to stop that from happening.

Mr. Jorge Garcia-Orgales: On what we are doing to stop the loss of jobs in manufacturing, we are first doing a presentation to you, and hopefully you will do something.

Mr. Bev Shipley: I know what we can do. I'm asking what you will do. You have 28% higher wages and a productivity problem.

Mr. Jorge Garcia-Orgales: We don't have a productivity problem.

Mr. Bev Shipley: In comparison to some, you do.

Then we have a strong economy. We have low unemployment, but we're losing jobs. I'm just wondering what you're going to do that will help us in terms of our resources.

Am I over?

The Chair: Yes, but we'll just finish with Mr. Garcia-Orgales. Then Ms. Aristeo wants to make a comment.

Mr. Jorge Garcia-Orgales: Also in answer to Mr. Lapierre, we support sectoral industrial strategies. We are working with employers in the steel sector and with the federal and provincial governments in the steel partnership sector council. We support that kind of strategy, like the automobile sector council, working together in partnership with provincial governments and employers to support the maintenance and development of new jobs and opportunities in the manufacturing sector.

The Chair: Ms. Aristeo.

Ms. Lina Aristeo: I couldn't help but answer when I heard the last part of that question.

Concerning 28% higher wages, it's not everywhere. An apparel worker makes \$10 an hour on average and has a pension plan and insurance and therefore can make it—can send their children to school and can afford to get sick. But you can't tell me that they're 28% overpaid. No way.

You can look at manufacturing in general, but look at it specifically as well. Low unemployment rate—maybe. So this

\$10-an-hour person who loses his job may get another job somewhere else because they have no choice; they have to get hired somewhere else. But then they may be earning minimum wage with no insurance and no pension plan. Don't tell me this is making a better Canada.

Finally, you asked us what we're doing. We're doing absolutely everything we can, but we're just the voice of working people. I ask you, what are you doing?

● (1650)

The Chair: Thank you.

Monsieur Vincent.

[Translation]

Mr. Robert Vincent (Shefford, BQ): Mr. Chair, I don't know what side of the table I should be sitting on. I could have answered the people on both sides at the same time.

I think some people have trouble understanding things that have been explained for years. I'm going to try to explain them to them once again.

I find it somewhat odd that it's being said today that employers and unions must form a team in order to save jobs. First of all, that's not my view of matters. However, since the government in power isn't doing much, we have to find solutions from the inside. It's a bit like expanding the inside of a plant when you want to install new equipment. That's what we're doing: we're trying to save the industry within the country. From what I can see, it's very hard to understand.

Do you believe the government can adopt new measures? With respect to the market economy — you referred to China earlier — we have one criterion. In Europe, they have five because they rely on salary. It seems to me that one of the first things the government should do would be to start saving our industry, saving the market. What do you think?

Mr. François Vaudreuil: First, I think that competitiveness is played out in the field, plant by plant. Second, I would say that, when you work with union members to save jobs, your adversary is the market. We have to work in the plant, with management, to find innovative strategies, both technological and social. I'm telling you, and I can send you studies that show this: the best economic and social performance is achieved when there is a partnership and worker participation.

As for government policies, we absolutely have to intervene. I'm going to give you an example of things that have happened in government. In a decision, the Canadian International Trade Tribunal recommended safeguards for the next three years, but the government refused to act. What will the consequence be? The business won't have the time to switch its low-end bicycle production to high-end bicycle production. In Waterloo, they're going to lose 300 jobs because the government refused to enact measures recommended by the Canadian International Trade Tribunal following a hearing during which everyone was heard. We think that's unacceptable.

Mr. Robert Vincent: I'm happy you referred to the bicycle case. Earlier, I said on this subject that, in 2004, the European tribunals had used the price of Mexican bicycles sold in Mexico as a benchmark. They concluded that China was engaging in dumping and that it was necessary to assess a 22 percent duty. That anti-dumping duty is still in effect. If we had a similar policy, we'd already be enjoying a 22 percent tax on bikes.

Do you think that, without us copying that practice, some kind of criterion could lead us to understand that other countries aren't achieving market economies? In that case, the country's businesses might have less difficulty.

Mr. François Vaudreuil: On that point, I'd say that, in my opinion, the case of Raleigh in Waterloo was simply indecent, disrespectful, inhuman and socially irresponsible.

Ms. Lina Aristeo: You referred to the International Trade Tribunal. You also mentioned irresponsibility and ultimately a disgusting attitude.

In the case of the tribunal, with regard to the clothing industry, what is irresponsible is to have waited 15 months before saying that there was a vice of form. Workers had filed a complaint so that safeguards would be implemented. The tribunal took 15 months to respond that they did not have the necessary authority to do so.

You asked whether we should start by saving the industry. We think it's abominable that workers have to work with the employer in order to save the industry. The workers are ready to do anything in their power to save it. However, the government, at some point, has to do its share and intervene. For a few months now, I've been constantly asked whether wages are going to be cut and whether the collective agreement will be reopened.

• (1655)

[English]

If what we want is a race to the bottom, we're on the right track. But if we want a decent economy in a decent country, then we're completely on the wrong track.

[Translation]

Mr. Robert Vincent: The thing is to take charge of the matter ourselves and to save the industry without the help of the government, which, I believe, is overwhelmed and wants to abandon free enterprise.

Ms. Lina Aristeo: The government has a role to play that it's not playing right now. And there are no good answers to give the workers.

What's the government hiding from? What's it afraid of? Are these workers, immigrants, or people who belong to the middle class? It's hard for them to speak out. So we're here to do it on their behalf. But the government will have to act at some point. These people think the government has completely forgotten them. If the government decides it no longer wants the industry, let it say so clearly!

[English]

We don't care about apparel, and that's why we're not acting. But let's not pretend and put in some blanket measures to hide the real problem.

[Translation]

Le président: Thank you.

[English]

Now we go to Monsieur Arthur, for five minutes, please.

Mr. André Arthur (Portneuf—Jacques-Cartier, Ind.): Thank you, Mr. Chair.

I would like to try to check my impressions of what I heard with our panel of guests.

[Translation]

Thank you for being here.

[English]

Mrs. Aristeo, you bring us into the ethnic ghettos of economic Montreal.

[Translation]

Mr. Vaudreuil, you talked about the disaster of single-industry towns, and you described to us a third world that's setting in in places, geographically.

[English]

Mr. Garcia-Orcales, you compare us to a giant Argentina, a country that some years ago was throwing its dissidents from aircraft over the south Atlantic.

Mr. Georgetti, you talked to us about Canada getting poorer because corporations do not pay enough taxes.

Do you realize how depressing you are? Are those the points you want to make?

Ms. Lina Aristeo: You know, I'm not here to be depressing.

I came into this union only a couple of years ago. When most of these people were organizing, I was still in high school. When the workers I claim to represent came into the country, I wasn't born. So why am I here trying to save an industry that most people have completely forgotten?

I'm not trying to depress you. What I'm trying to say is that it's still an exciting industry. It's still an industry that is worth saving.

Montreal is third highest in North America for production of apparel. Samuelsohn makes the best high-end suits in North America. Jack Victor has a reputation. So does Coppley. I think this is a great, exciting industry. I think there are workers who depend on it.

If we're bringing out the depressing statistics, it's because the feedback we're getting sometimes is depressing. To be knocking on doors every day, to be rallying, to be talking, to be sending letters and getting no response, that's depressing. So when we sometimes feel or sound like we are at our wits' end, it's because we don't know what to go back and tell these workers.

Those hands are making great products. They're making great stuff that makes Canada look great on a North American and world scale. But they feel that no one cares about them. So sometimes we feel exasperated. I'm only the voice of the people who simply don't know what to do any more.

The Chair: Mr. Garcia-Orgales, and then Mr. Georgetti.

Mr. Jorge Garcia-Orgales: Mr. Arthur, yes, I compared us with a country that was throwing people from planes. And I compared that because I was one of those.... I spent three years in jail in that country, and I'm here as a political refugee. This country saved my life. When I talk about that country, I know what I'm talking about, and I would appreciate it, when you talk, that you have a bit more sensitivity to the people you're talking to and about how you mention things.

Still today in Argentina there are questions about where those people are. And today in Argentina, for the first time since those times, we have new disappeared.

Honestly, when I talk about Argentina, I talk about a crisis in industry that hurts the economy. If you want to talk about human rights, I'm fully prepared to talk about how a crisis can also affect human rights. But I would—

• (1700)

Mr. André Arthur: That's what's depressing. My impression is that all of that is very depressing. Maybe it's insensitive to be depressed, but I am.

Mr. Jorge Garcia-Orgales: I'm sorry, but that is the reality, as Lina said, that we deal with every day.

I dealt with that in my past in that country. I'm dealing with that today. I have to go to workers where the plants are closing to tell them that the best they can do is to go and apply...if they have the language and if they know how to operate a computer. On top of that, call centres are opening all over this country paying \$12 or \$13 an hour, but you have to speak English, you have to write English, and you need to know how to use a computer to work in a call centre at \$12 an hour.

If that is not depressing, I don't know what to call it. But if you want to be a happy camper, be my guest.

The Chair: Mr. Georgetti.

Mr. Ken Georgetti: Sir, I think your glib characterization of our concern for a third of a million Canadians losing their livelihood is depressing. It's disgusting, quite frankly.

[Translation]

Mr. André Arthur: Mr. Vaudreuil, did you really mean to give us such a depressing impression?

Mr. François Vaudreuil: First, since we regularly see these kinds of problems, it's important for us as union representatives to pass on

to you the concerns, insecurity and, in some cases, the anxiety and distress that currently prevail in the work place.

The second item concerns the thinking we've begun and the fact that we're taking charge matters to get ourselves out of this precarious situation with the aid of the objectives we've set. In that context, the government must provide us with support.

For example, when J. Ford Ltd. ran into trouble in your riding, I intervened personally. I attended the general meeting, and it wasn't easy.

So this is a situation that we see every day, and, in every case, we have to develop different strategies to make it possible to keep jobs. We work in this field. We have good expertise. We intervene sector by sector. However, we need government support. You must help us so that people can live with dignity in our society. Ultimately, it's only that and all that that we're telling you.

Mr. André Arthur: Do I have any time left, Mr. Chair?

[English]

The Chair: Sorry, we're over a minute over.

We'll go to Mr. Masse, for five minutes.

Mr. Brian Masse: Thank you, Mr. Chair.

I just wanted to follow up with some of the solutions that are being proposed here.

With regard to the two years and the tariff safeguard, what other countries—you mentioned this at the beginning—are pursuing this? Are there any left that can pursue the safeguard that have chosen not to? Are we the only ones not enacting that?

Ms. Lina Aristeo: The United States has enacted safeguards. The European Union as a whole has enacted safeguards. South Africa has enacted safeguards. Some South American countries have enacted safeguards. I will send to every member of this committee a complete report; it just wasn't bilingual for today. We can look at every country. I'm sure there are some countries that haven't enacted safeguards, but our competing markets have all put safeguards in place. That's what is important here.

If all the places we're trying to send our clothes to are limiting Chinese imports, or if all those places that are also buying Chinese imports...if the imports are being limited...if these clothes aren't going to places all around us, they're going to come here.

It's easy. We're able to do it. There are still two years. The clock is ticking, it's true, and I think it will be absolutely devastating to not do it.

Mr. Brian Masse: That's an important note, especially with the United States enacting it in their current industry.

One of the things that I thought was one of the more interesting proposals—and I think there is probably some support for it universally—is redirecting savings to an investment tax credit for new manufacturing machinery and equipment. Maybe you could expand on that.

I know the CLC has that, but I would like to hear from all the panel in terms of that as a potential solution.

Also, how do we make sure that procurement and that incentive stay in Canada, that we couple that with a good training program through employment insurance, where it should be used, and I guess secure that incentive over a period of time, as opposed to the general corporate tax cut, which is currently the status quo?

● (1705)

Mr. Ken Georgetti: We do support, for new manufacturing, investment through a targeted program, and tax cuts for those measures, rather than across-the-board corporate tax cuts, which mainly benefit the energy and financial sectors, which, frankly, today don't really need it, I would think. Building on the partial success of the automotive strategy, we support a temporary investment tax credit for investment in new manufacturing for machinery and equipment.

Let me just elaborate quickly on our suggestion on using EI for training.

In Canada, when maternity benefits were put into the EI act, there was a concern that we in the union movement would stop bargaining maternity benefits because it was provided for under employment insurance. The government put a program in place that said if you negotiate or if you're not in a union and the employer delivers maternity benefits that are superior to those in the act, they actually get a premium rebate on their unemployment insurance. Last year, Canadian corporations realized \$1.3 billion in tax savings in their EI premiums for giving maternity benefits to Canadians that were superior to those in the act.

We say why not do the same thing with training, and incentivize training through that act rather than giving back money through notional unemployment insurance surpluses? There is lots of room to move without having to move too far or too radically in the tax system.

But blanket exemptions don't work. And when you keep doing the same thing and expect a different result.... I'm told that's the definition of insanity. That's what we keep doing.

Mr. Jorge Garcia-Orgales: As I mentioned earlier, and as Mr. Georgetti said, we believe in sectoral industry strategies and sectoral industry councils. We see the employers, the unions, and the federal and provincial governments working together in a strategy for that particular sector, which will allow the growth of the industry in Canada. We see all the taxes, loans, and grants that are coming out of proposals, and the ideas that those sectors will propose, being directed to the industry in a targeted manner. We think that research and development, investment in plants, equipment, and training are areas in which taxes could be effectively used for promotion. Instead of blanket tax cuts across the board, we think those moneys should be directed to promotion of the industry at all levels.

At the same time, we believe the industry, in all its components—workers, employers, and government—is the best body to develop those sectoral strategies and the tools they need to implement them, from investment to tax relief to whatever they consider necessary to put it in place.

The Chair: I'm sorry, we're over time, Mr. Masse.

Thank you. We'll go to Ms. Stronach for five minutes.

Hon. Belinda Stronach (Newmarket—Aurora, Lib.): Thank you. First of all, I want to say that I appreciate your presentation and the concern you show for Canadian workers and their jobs.

I couldn't agree more with Ken that we need to be discussing these important issues in the House of Commons, and we need to elevate these issues, because they're not on the radar screen. We owe it to Canadians and we owe it to Canadian workers to be talking about global competitiveness and to develop a strategy to make sure we keep jobs in Canada.

I also couldn't agree more—and it's music to my ears when I hear you speak, Mr. Garcia-Orgales—about the need for a sectoral industrial strategy, a strategy sector by sector. That's something that I've been speaking about for a while, so I'm very happy to hear you talk about that.

In some ways, this question has been answered in part, but I'd like to ask what incentives should be put in place to establish more manufacturing operations in Canada.

I have another question that relates more to research and development. Patents are a good measurement of research and development and are what actually leads down the road to commercialization. Canada doesn't even rank within the top fifteen in the world in terms of new patents being developed. In fact, we now rank thirtieth at patent filings per Canadian resident per \$1 million of R and D spending. We rank behind Japan, the United States, China, Russia, India, Sweden, and Brazil, and when you look at the remarkable rate at which China and Korea are progressing, that threatens the manufacturing industry and other industries in this country.

So what incentives should be in place? As a broader question, in research and development, what are we missing? What can we do to stimulate or to shorten the lead time, to see new patents, to see commercialization of those proprietary products or knowledge?

● (1710)

The Chair: Mr. Garcia-Orgales.

Mr. Jorge Garcia-Orgales: We think, again, the tax system is the proper mechanism to implement research and development and to guarantee implementation. We don't think there exists in Canada at this point a proper mechanism, even when there is a fund that is used once in a while, and I think last year \$1.3 million was used in the fund to support new technology. We consider, number one, that there has been rhetoric about innovation going around for the last ten years, but there are very few tools in place to allow that innovation to happen. That mechanism is one of them.

Secondly, we believe in a green industrial policy. I mentioned earlier that we think there is a lot of opportunity, but that implies research and development. That implies a new way of thinking about all the opportunities we have around. Then we think a green framework that will allow for proper development of the industry also has to be in place.

We also believe that at this point in time there is not enough control in the education system of the use of the knowledge developed in our universities. In many cases, universities develop knowledge, professors develop knowledge, and I think, as you know, often that knowledge is opening a company someplace else and somebody else is making money.

We also believe that the opportunities companies have to work in partnership with universities, with educational institutions, should be monitored and controlled to make sure that the subsidies governments are putting into educational institutions and the subsidies that are, at the end of the day, transmitting this new knowledge stay in Canada.

Those are three measures that I can think of quickly in terms of research and development.

Hon. Belinda Stronach: Thank you.

The Chair: Thank you.

Mr. Georgetti.

Mr. Ken Georgetti: I would just add one, Ms. Stronach. We also would recommend a sector development bank to assist in the restructuring of firms through injections of long-term equity targeted to firms, particularly in hard-hit sectors such as textiles and clothing and pulp and paper.

Given some of the news in the last couple of weeks, we'd be remiss to not suggest that we're going to have to, whether we like it or not, review the income trust laws in this country, the development of the income trusts, and the concerns about how that's going to restrict firms from reinvesting in developing their own products or expanding their own capacity.

The Chair: Unfortunately, we're out of time.

Hon. Belinda Stronach: Thank you.

The Chair: I have two members who've indicated they want to ask questions, and then I'd like to ask some final questions, if that's okay.

I have Mr. McTeague and Mr. Crête.

Mr. McTeague.

[Translation]

L'hon. Dan McTeague (Pickering—Scarborough-Est, Lib.): Thank you for being here today.

That was very interesting. This is a difficult situation, and I believe that all of you, in your own words, have described the extent of the problems. This is something very serious, especially for us members from Ontario.

[English]

Let me ask you a couple of questions, and I may do this in very short order.

There was discussion here a little earlier about the impact of China, and of course Canada does have a significant trade relationship, depending on where you go in the country, with that country. In regard to the issue of counterfeit products coming to Canada, have any of your organizations looked at this as a potential...to ensure that products that do come into Canada are in fact legal? We are noticing a larger proportion, and Canada seems to have some work to do with respect to laws as they relate to products that are here, and in particular with respect to laws that would protect some industries here in Canada.

I'll leave that to all of you to answer, if you wish.

The second question deals, Mr. Georgetti, with your comments with respect to training. I've spoken to a number of business leaders—not from the organization you had mentioned, from the old Business Council on National Issues, or whatever they're calling themselves these days—who talked to me about the fact that if they could work the EI system differently, in such a way that there'd be an incentive to train and to hire long term, such that you might have a situation where rather than sending this money back to the government to train someone down the road, they would in fact take the risk themselves. Often what happens is they will train somebody, say in the electrical industry, with a job for twenty- or thirty-year commitments, but that person may very well wind up working for another company. It seems that there's not a question of shared risk there. I'd like to get your observations on that, considering the problem I have in Ontario with maintaining jobs, but also the dearth of job applicants that exist in the chair's riding, in the regions in Edmonton, where they can't find enough workers.

• (1715)

The Chair: Mr. Georgetti.

Mr. Ken Georgetti: Again, I think the proposal you're referring to was one from the Canadian Manufacturers and Exporters Association, and we have been working with them.

Although our two suggestions are nuanced a little differently, I think we're saying the same thing. Our program would say that those employers that do train and worry about having their employees poached are at least going to get some form of recognition through an EI-type program. We think that's a good system. After all, the system was changed from unemployment insurance to employment insurance, and what better way to ensure employment than to use that fund to skill workers so that they themselves can prevent those periods of unemployment?

In terms of the question about China, though, I think that's a good question. Our trade deficit with China from 2002 to 2005 has moved from \$12 billion to \$22 billion. We shouldn't be constrained or hampered by trying to enforce or check all the cargo coming in; I think the responsibility is China's, and the fact that China doesn't enforce those rules, doesn't enforce environmental rules, and doesn't have the same kinds of environmental checks it would take to build a dam or a nuclear power plant is de facto a subsidy. Yet in our trading agreements we don't consider those measures subsidization. When we have to compete against different rules like that, we are at a disadvantage. That's the only rub we have against trade deals.

We are a trading nation. We think trade is good, but it has to be on a level playing field with equal rules. When you have a country that allows people to violate patent protections and copyright and get away with it, it's not our problem, it's theirs, and we should deal with it through sanctions, not through us having to put more enforcement mechanisms in place to check their bad behaviour.

Mr. Jorge Garcia-Orgales: I would like to add that the counterfeiting problem is important, but the real problem is the amount of manufactured goods that are coming into this country from China without a counter-balance—that is, manufactured goods going from this country to China. We believe that is where the energy has to be put.

The European countries, Japan, and many other countries are using their internal legislation and even their international trade laws to impose on China the obligation to buy more products if they want to sell. It's not the Auto Pact that we used to have, but there are mechanisms in place that the European Union is using with China. We believe, counterfeiting or no counterfeiting, we need to increase the pressure on China for China to import more manufactured goods from Canada.

China is making all kinds of products that are selling here, but they are not buying in Canada the equipment they use to make the cheap products. We could have good jobs in a highly skilled industry, the equipment industry. They are buying equipment from Japan to make cheap products to sell in Canada. That is the angle that I think we need to explore.

The Chair: Ms. Aristeo.

• (1720)

Ms. Lina Aristeo: I agree, so I won't add to what they said. But what's also becoming a problem with the goods coming in from China—because we all keep saying they're cheap goods—is that it's not going to be just cheap goods pretty soon. Some of these places that are struggling to stay alive here in Canada have models of suits coming in from China and are flipping out at how great the quality is. So we can't count on, oh, don't worry, we'll keep the good-quality market; we'll keep that niche.

Do you know what? We are able to keep it because we still have a bit of an advance over China, but they're coming up and they're coming up pretty quickly.

The Chair: Thank you.

Mr. Crête.

[Translation]

Mr. Paul Crête: Mr. Vaudreuil, you said that if the capital tax were abolished, a way would have to be found to lead people to invest in businesses. So instead of paying the capital tax, we could tell businesses that, if they invest, they'll contribute less to that tax. Did I understand you correctly?

Mr. François Vaudreuil: In fact, I made that remark because we see a strong trend among finance ministers, in Ottawa and Quebec City, toward abolishing the capital tax.

We think that the abolition of that tax should go together with concrete results in the area of corporate investment because we're lagging far behind in that regard.

[English]

The Chair: As the chair, I want to ask a few wrap-up questions.

I want to thank you all for coming and for your very specific suggestions.

I've made some notes, but I believe the three of you...if you wanted to put something more specific on paper, please free to do so, in terms of recommendations with respect to imports from China, older worker adjustment programs, Canadian procurement policies, investing in technology, and these sorts of issues.

Mr. Georgetti, I have your brief here, which is very detailed. I appreciate your comment about the exchange rate in China, which I think is a very good point and certainly has a lot to do with the trade deficit.

I want a few clarifications. On page 15, you say we should withdraw from the Korean free trade agreement. Are there any conditions under which you would want to see this proceed, or are you recommending very firmly that the government withdraw from it completely?

Mr. Ken Georgetti: We say withdraw right now, because it's on a track that can't be salvaged. We think you have to withdraw, pull back, retrench, and rethink the strategy with Korea.

I'm sure you can come up with something that we and others would agree with, but right now it's on a real fast track to cripple our auto industry. We're very worried about this, and it's a sincere worry.

The Chair: I know you mentioned the temporary investment tax credit in response to Mr. Masse, and you may have mentioned this in response, but I just want to clarify it.

Are you in agreement with the recommendations about the capital cost allowance rates that the Canadian Manufacturers and Exporters put forward? Secondly can you sort of explain very simply how the investment tax credit would work, in terms of investment in new machinery?

Mr. Ken Georgetti: I don't know the answer to the first part of your question, because unfortunately I don't know what the CME has recommended.

We're saying that the automotive strategy in which they had that temporary investment tax credit, and it's granted for investment in new manufacturing and in machinery and equipment.... We also suggest that a higher tax credit be given for the purchase of Canadian-made equipment to help build Canadian manufacturing.

We use the example here in Ottawa and the contrast with Toronto. Toronto decided to buy Bombardier products made in Thunder Bay, and Ottawa decided to go with Siemens, and those cars will be made in Germany. That doesn't help build our manufacturing base in this country. So I would think there needs to be a procurement policy to go with that.

If there are any specific questions on the mechanics of this, the director of research in our department would be more than happy to supply the committee with that information.

The Chair: I appreciate that.

Also on the CCA rates, it's something that's been mentioned numerous times by numerous witnesses, so if you have your research department.... We have some interim recommendations, and it would be helpful if any of the rest of the witnesses want to comment on the CCA rates. It certainly seems to be one of the primary topics, so if we could have your input on that later....

The final thing I wanted to raise was the issue on page 18 with respect to wage earner protection. This was passed in Bill C-55, which was sort of grouped together with the bankruptcy and insolvency legislation. So it's officially been passed, but because of some sort of logistical issues, it's been hard to implement.

Would your recommendation be to section the wage-earner protection part of that bill off from bankruptcy and insolvency? You have wage-earner protection, which I believe all four parties agreed to before the last election, but you also have bankruptcy and insolvency, a very complex set of issues, which seems to be more problematic, in terms of passing the legislation.

• (1725)

Mr. Ken Georgetti: Our understanding was that any and all of the difficulties with the bankruptcy section had been resolved through the consultations process and the bill was coming back for proclamation. We had this assurance given to us from the minister himself. We were told that would be coming back. So I'm not sure why we would want to consider the bankruptcy section now. I thought it was resolved.

My understanding is that it's days away from proclamation.

The Chair: Okay.

Other than that, does anyone else have any final comments?

Mr. Carrie.

Mr. Colin Carrie (Oshawa, CPC): I actually did want a clarification.

First I wanted to thank you very much for coming today.

We have spoken to a lot of different manufacturing companies and sectors, and this is really the first good input we've had from labour.

One of the things that's really important for me, coming from Oshawa—

The Chair: Mr. Carrie, do you have a question?

Mr. Colin Carrie: Yes.

You mentioned the free trade agreement. You're really not in favour of it. With the Auto Pact, there was a one-for-one exchange. In this country, we seem to be producing about a million more vehicles per year than we buy. It seems we have benefited from the free trade agreement very much, yet you weren't in favour of it. A lot of people have said we need more of these agreements.

Mr. Ken Georgetti: If you characterize the Auto Pact as a free trade agreement, I'm with you, but I think that was—

Mr. Colin Carrie: I said the Auto Pact was before.

Mr. Ken Georgetti: That one-for-one is gone now. They've abrogated the Auto Pact. We're still benefiting from it, but it's a legacy. It's not part of the free trade agreement.

We're afraid we're going to see a lot more job loss—not just to the United States but also to Korea. And wait until China starts making cars. We need to make sure we get some benefits out of these trade agreements. As long as the playing field is level on the regulatory side, on the human rights side, and on the monetary side, we can live with the free trade agreement. Problem is, it seems to be only on the monetary side, with the other two forgotten.

Mr. Jorge Garcia-Orgales: I don't know the number you mention about a million more cars produced in Canada. I'm happy if that is true.

I can see very quickly two reasons that are important for the committee to think about.

One, we have a well-developed and competitive industry in the auto sector that was developed under what you can call a protectionist situation, the Auto Pact. To compete internationally, I think we need to consider this approach in other areas in which we need to develop the industry.

Secondly, General Motors is paying more money in the United States in health care than in steel. We know because we sell steel. A car in the United States costs \$1,400 more to make than in Canada, because of the health care costs. Perhaps this also has something to do with why they continue producing cars in Canada and why it is important to protect public health care in Canada as an international competitive tool.

The Chair: Thank you all for being with us today. I think it was an excellent session. I hope, Mr. Georgetti, you found it more informative than our question periods usually are. It was a good debate, and I appreciate your taking the time to be with us.

We have some procedural matters, so let's all thank the witnesses and then we'll proceed right away to the procedural issues.

I don't think we need to suspend. I think we can go right to the procedural issues. I am told by the clerk that we have to pass a budget motion, which I want unanimous consent for:

That the proposed budget for the committee's study of challenges facing the Canadian manufacturing sector in the amount of \$13,000 for the period of October 24, 2006 to December 31, 2006 be adopted.

This covers expenses for witnesses. It's very inexpensive. Do I have consent? Who's moving this motion? It does not include the travel.

• (1730)

Mr. Paul Crête: I so move.

Hon. Jean Lapierre: I second the motion.

The Chair: It's moved by Mr. Crête and seconded by Mr. Lapierre. All in favour?

(Motion agreed to)

The Chair: The second issue I want to raise is travel for the industry committee. We've had proposals from some members, which have been very helpful. I want to encourage members to get their issues in as quickly as possible. We've had responses from Mr. Van Kesteren, Mr. Shipley, Mr. McTeague, and Mr. Carrie. So anyone else, especially in relation to those regions that you best know, please get them in to the clerk as soon as possible. This week would be helpful.

Mr. Masse.

Mr. Brian Masse: I will have some in soon. Do we have the actual days yet? People are asking us to give them a day.

The Chair: By when you would submit it?

Mr. Brian Masse: No, by when—

The Chair: The week of November 20th. So if you're looking at Halifax, day one, then Montreal-Granby....

Mr. Brian Masse: Do we know the specific days of the week yet, or are we still working on it?

The Chair: Halifax, day one, would likely be the Monday. Day two would probably be Montreal-Granby. Day three would likely be

Oshawa and Toronto. Day four would be Windsor. Day five would be Edmonton.

Mr. Brian Masse: Thursday in Windsor, is that what you're saying?

The Chair: But don't book it in too permanently.

Mr. Brian Masse: It narrows it a bit. We have a list.

The Chair: Okay.

Monsieur Crête, is it on this?

[Translation]

Mr. Paul Crête: I want to talk to you about my motion, notice of which you've received and which is further to the committee meeting held last week concerning telecommunications. It goes without saying that it relates to the necessity of the deadline. I therefore ask that the committee say it's in favour of this motion.

[English]

The Chair: Go ahead, Monsieur Lapierre.

[Translation]

Hon. Jean Lapierre: Mr. Chair, to ensure that this isn't for an indefinite period, I move that the motion be amended by adding, after the words "et, par la suite, de présenter un rapport à la Chambre sur l'impact de cette déréglementation," the words "au plus tard, le 1^{er} mars 2007".

[English]

It cannot be open-ended.

[Translation]

In English, that would be:

[English]

"no later than March 1, 2007", after "a report to the House on the impact of the deregulation".

The Chair: Okay, wait a minute.

Monsieur Crête, you've moved your motion. Is this an amendment to the motion?

[Translation]

Hon. Jean Lapierre: Yes.

M. Paul Crête: I agree on the amendment.

[English]

The Chair: Do you want him to read the amendment?

The Clerk of the Committee (Mr. James M. Latimer): So the amendment would read, Monsieur Lapierre, that the motion be amended by adding after the word "deregulation" the following, which are the words—

Mr. Paul Crête: Yes, "no later than March 1, 2007".

The Clerk: Right, "no later than March 1, 2007".

Shall I read the entire motion as it would read? Do you all have it in front of you?

The Chair: No, it's okay.

Does everyone have the motion?

Mr. Carrie, this is a debate on the amendment.

Mr. Colin Carrie: I know. But what I want to suggest, first, is that there's going to be a lot of conversation about this motion, and seeing as we have a vote, very soon, and we have to get over to the House and settle in, I'm recommending that instead of going through this whole thing now, we wait until the next meeting, and then we can discuss it properly instead of rushing through it.

Hon. Jean Lapierre: We don't intend to argue.

[Translation]

M. Paul Crête: No. We're ready to vote.

Hon. Jean Lapierre: We're ready to vote.

[English]

There is no argument.

[Translation]

Mr. Paul Crête: No one here has an argument to make. We all agree.

[English]

The Chair: Well, I have some arguments.

[Translation]

M. Paul Crête: We can hear them right away.

Hon. Jean Lapierre: Go ahead.

[English]

The Chair: Are you finished, Mr. Carrie? I have some issues.

Mr. Carrie, if you want to, go ahead.

Mr. Colin Carrie: Well, the whole idea with this entire process.... It has really taken me by surprise that they've even brought this up. Even after the indications today, Mr. Vincent says the government is not doing anything. But when we're trying to move a policy direction forward, you want to delay another six months before we get started.

• (1735)

Hon. Jean Lapierre: It isn't six months.

Mr. Colin Carrie: You want to delay until March, anyway, before we start moving this forward.

We had this telecommunications policy review panel report. It was tabled back in March.

The Chair: You have a point of order, Monsieur Crête.

[Translation]

Mr. Paul Crête: Mr. Chair, I have a point of order.

The discussion should concern the amendment. We're not discussing the amendment right now; we're discussing the merits. Let's dispose of the amendment first, and, if the member wishes to discuss the merits, he will do so afterwards.

[English]

The Chair: You're correct, Monsieur Crête, that it has to be on the amendment. But as I heard Mr. Carrie making his arguments, it was with respect to the six-month time period until March. That's relative to the amendment, as I see it.

Are you talking about the six months?

Mr. Colin Carrie: Well, I'm talking about the time period we've had. Here we're looking at a report, Mr. Chair. This was started by the former government back in 2005. We had an expert review panel look at the entire telecommunications industry. It took them ten months to review the whole industry and they came up with 127 recommendations.

This has been available to everyone since March of this year, which is seven months ago, and we didn't hear a thing from this committee until last week that we haven't heard from enough witnesses. They spent ten months talking to witnesses—that was their job—and it wasn't something they took lightly. In ten months they pretty much talked to everybody in the industry. What they wanted to do was come up with recommendations for the government, and this was something the Liberals started. What we're doing with this is...we simply want to put forward what the former government started with this policy direction.

Since this entire process started.... We had the opportunity to start this back when we started our committee. We actually recommended that we start with telecom. At that time we decided instead to work with the manufacturing sector. That's a very good study to do, and I think everybody's encouraged and we'd like to get this completed in a timely manner, by December, so we can be relevant before the next budget.

Until last week we didn't hear anything from this committee, and we haven't had a report. How many recommendations have any of the members here actually made to the CRTC? We've had since June 13 to make recommendations. Why is it now so important that we have to delay this even further than it has been delayed?

I don't think anybody on this committee has put any recommendations toward the CRTC. I don't think any senators have put any forward.

We've received input from the different companies, consumers' groups, and individuals, and if anybody here wants to look at what's out there, they can go to the website, which is strategis.gc.ca, and see what has been put there.

In the committee last week we heard from all the relevant witnesses ourselves. We've had a snapshot of what's been going on, and there's no need to delay this any further. We have a policy direction that was given by the expert panel. The policy direction follows the recommendation of the telecom panel review report, and it was selected by and empowered by the previous government. What we've done...this government has taken the recommendations objectively and moved forward with a major recommendation of a proposed policy directive.

I pose as a question, would the Liberal members be opposing this now if it had been delivered last year? I really don't understand the objections of the opposition and to delay this even further. We've had since April, we've had since June to put up the recommendations, and up until last week nothing has been put forward by the opposition. Now they want to delay it for another four or five months before we start moving this forward.

If you look into—

● (1740)

The Chair: Mr. Carrie, I do have Monsieur Crête and I have Monsieur Arthur.

We don't have Monsieur Crête?

[Translation]

Mr. Paul Crête: I'm ready to vote.

[English]

The Chair: Okay.

Sorry, Mr. Carrie.

Mr. Colin Carrie: I've heard some opposition worries about the legal right to direct the CRTC by the minister. We've done some research that we hope takes into account the objections of the opposition.

What we did was ask where the Minister of Industry is given the authority to deliver a policy direction in the Telecommunications Act, and how it was actually applied in this case. The answer we got was that section 8 of the Telecommunications Act empowers the Governor in Council to issue the CRTC direction on broad policy matters with respect to the Canadian telecommunications policy objectives. The process is outlined in section 10 of the act.

On the whole idea of the forty sitting days and whether the forty sitting days are mandated as the maximum or minimum time designated for the House to consider the direction, subsection 10(6) of the act specifies that after the fortieth sitting day of Parliament, the Governor in Council may make the order, either as proposed or with any modifications.

If you want to look at the actual text of the policy direction as proposed by the telecom panel review, what we actually submitted was very similar; it is almost exactly what the experts have put forward.

With regard to the last time the CRTC actually got any direction, they've stated that it hasn't been since 1993—thirteen years ago—that they got any direction at all from the government. What this minister wants to do is help the CRTC—give them some guidance, give them some direction. Back in 1993, there was no VoIP, there were no BlackBerrys, there was no digital at all. These technologies weren't there. We've heard that it needs to be modernized.

[Translation]

Mr. Paul Crête: I have a point of order, Mr. Chair.

Since this is the first time in 13 years of parliamentary life that I've seen a government filibuster, could the clerk tell us whether we are going to continue, that is to say whether this subject will automatically be first on the agenda of Thursday's meeting?

Le greffier: That will not be the case if the committee has not decided so. There's no Order Paper for committees.

Mr. Paul Crête: So it is moved that we continue debate on this question as a priority on Thursday.

[English]

The Chair: Let me address that. First of all, I have two more members on this list here.

As the chair, I just want to remind members that I first brought telecom forward for this committee to study. The opposition said no to that; the opposition said the minister should act on the telecom panel. That's what I heard at the time, in the spring. Then we studied manufacturing, which was our second choice, but it was agreed.

[Translation]

Mr. Paul Crête: I have a point of order, Mr. Chair.

A motion has been introduced that we continue debate on Thursday. We must vote on that motion. So I ask that we continue this debate on a priority basis on Thursday.

The Hon. Jean Lapierre: It would be the first subject on the agenda of Thursday's meeting.

[English]

The Chair: We have witnesses invited for 3:30.

[Translation]

Hon. Jean Lapierre: That's life! It's the government's fault.

Mr. Paul Crête: Yes. They're the ones who don't want to vote.

[English]

The Chair: The other thing is that as the chair, I was mandated to finish the manufacturing study.

[Translation]

Mr. Paul Crête: I move that we continue the debate on a priority basis on Thursday. I formally move that this matter be the first item on the agenda of Thursday's meeting. If someone has to second my motion, someone will.

[English]

The Chair: I'm advised that procedurally, Mr. Crête, you can move this motion, but as a motion it is debatable. That's what the clerk advises, which means we can debate this now.

Is there anyone who wants to speak to...? Let's read the motion.

[Translation]

Mr. Paul Crête: My motion speaks for itself: we're here to vote to continue the debate on Thursday.

[English]

The Chair: Mr. Crête proposes....

The Clerk: Mr. Crête moves that the debate on the amendment to the motion be adjourned until Thursday, October 26, and that this be the first item of business on that day.

• (1745)

The Chair: It is seconded by Mr. Lapierre. Is there any debate on this?

Mr. Arthur.

Mr. André Arthur: At this point, pardon the inexperience of this youngster here, but we've made commitments to people who are coming to the committee to talk to us and answer our questions. If we have to move that forward to Thursday, I think it would be an elementary politeness to put that at the end of the next session and not at the beginning.

[Translation]

Mr. Paul Crête: No. We did it today.

The Hon. Jean Lapierre: That's what's happening today, and there's a filibuster.

Mr. André Arthur: If you want to punish the government because it's spoken, you can do so, but, if you want to be respectful toward the people appearing before you, you'll have to be consistent. You're always here thanking them for coming to see us and telling them how delighted you are to see them, and here you're going to make them wait in the corridor.

The Hon. Jean Lapierre: We'll settle that quickly on Thursday.
[English]

The Chair: If members want to speak, the clerk has a list. It was Monsieur Arthur, and then I have Mr. Carrie.

Mr. Colin Carrie: Mr. Chair, this is very important, and I fail to see the relevance of doing this right now. As I said, everybody has known since June 13 what was happening with the government. We have been very clear. We had witnesses last week. We listened to the different witnesses. They basically said they're not arguing with the philosophy behind the direction. There is a little bit of a disagreement. Some people want things going now. Some people would like to wait for a year, but on the overall philosophy of what the government is doing and what they're moving forward, everyone seems to be in agreement. By delaying this even further, as even the witnesses stated, the benefits to the Canadian consumer, as far as having more open competition, are going to be dramatic.

I fail to see the relevance of this entire process. Why are we doing this now? This is something that the opposition has had months to do. It's not the government stalling this. This is something that you've had months to bring toward the government, and nothing was done until last week. This is not a filibuster; this is something that is very important. What the opposition wants to do is delay this, and I fail to see why you would like to do this at this stage and stop the benefits.

[Translation]

Mr. Paul Crête: We have until November 2, sir, to give notice. After that date, the deadline will be passed.

[English]

The Chair: Monsieur Crête, do you want to go ahead?

Are you finished, Mr. Carrie?

Mr. Colin Carrie: Well, he's talking about the second of November. The honourable member knows he's had since June 13. Nothing, absolutely nothing, has been brought up by the opposition. They've had since June 13 to bring recommendations to the CRTC. I did not see one single member here actually bring up any recommendations to the CRTC. Nothing has been done. We have had all kinds of other recommendations by companies. We've had recommendations by individuals. There's been nothing from the senators.

Hon. Jean Lapierre: It's not the CRTC. We don't report to the CRTC.

The Chair: Okay, Mr. Lapierre

The Acting Chair (Mr. Colin Carrie): The recommendations have been made. We've had plenty of time to do that. This is a delay tactic by the opposition for something the former government wanted to see put forward, and all we're doing is moving this forward.

The Chair: Are there any more comments?

[Translation]

M. Paul Crête: So we're ready to vote.

[English]

The Chair: If we vote in favour of this, I'm going to phone the witnesses and tell them we're debating this. I guess we'll have to move them off to whenever, because I'm not going to have witnesses sit here while we debate a motion for two hours. Okay?

Yes, Mr. Carrie.

Mr. Colin Carrie: We have a tight agenda that we have worked through for travel and for everything to get this manufacturing study done. They've had tons of time to bring this entire motion forward. Nothing has been done. Why is it so important that we do it right now?

If we have to vote, if we have to cancel witnesses, it's going to put us behind on our agenda for the manufacturing. This is something that doesn't need to go forward. If you insist on voting on this, I want a recorded vote.

Mr. Paul Crête: Sure. Okay.

The Chair: We'll have a recorded vote.

On the motion of Monsieur Crête, that the debate on the amendment and the motion be adjourned until Thursday, October 26, at the usual time of the meeting, and that this be the first item of business on that day.

(Motion agreed to: yeas 7; nays 4)

• (1750)

The Chair: It's passed. At 3:30 we will debate this motion.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

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