

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

*Andrew Jackson, National Director
Social and Economic Policy, Canadian Labour Congress*

Introduction

In the midst of an apparently healthy economy, Canada's manufacturing sector is in a state of deepening crisis. Tens of thousands of jobs have already been lost, and many more layoffs and plant closures are on the way as company after company announces plans for "downsizing" and restructuring to meet "new competitive realities." This crisis has major long-term implications for Canadian workers and our communities, since the manufacturing sector is a major source of productive, reasonably well-paid jobs.

Manufacturing makes a crucially important contribution to the overall well-being of the Canadian economy and job market. Notwithstanding recent job losses, as of May 2006 this sector directly accounted for 2.1 million jobs, or 12.9% of all jobs. These jobs paid an average \$20.68 per hour in May 2006, significantly above the average hourly wage of \$18.42 per hour. Almost one in three manufacturing jobs - 30.2% - are union jobs. Unionized manufacturing jobs pay well above average wages, and also generally come with a decent pension and benefit packages.

Higher than average manufacturing wages reflect higher than average productivity. Manufacturing accounts for 12.9% of all jobs, but fully 17.1% of all value-added in the Canadian economy, and 20.1% of all value-added in the business sector. Moreover, manufacturing accounts for a disproportionate share of exports, and supports many jobs in the non-traded sectors of the economy. Inputs to manufacturing account for a large share of activity in business services; manufacturing wages support many jobs in consumer services; and taxes on manufacturing workers support quality public services for all citizens.

The overall Canadian unemployment rate is quite low at just over 6%, cushioning the impact of job losses compared to the last major round of mass layoffs and plant closures in the early 1990s. However, the manufacturing jobs which are being lost are more productive and better-paid than average, and many laid-off workers will be unable to find comparable new jobs. This is particularly true of older workers who lack skills in demand in the expanding resource sector.

Some economic commentators do not find it troubling that our manufacturing sector is shrinking, so long as the energy and resource sector is booming. But it has to be borne in mind that direct job creation in the resource sector is not making up for direct job losses in manufacturing. The basic resource industries like mining and energy extraction are highly capital intensive, and typically it is manufacturing which adds value to our resources before they are exported, as in the pulp and paper and petrochemical industries. The danger is that we will be a much poorer, less productive and less diversified country in the medium-term if we allow a short-term resource boom to permanently hollow-out our manufacturing industries.

Faced with this crisis, our governments must develop and implement effective industrial strategies, trade policies and labour adjustment policies. The purpose of this short paper is to launch a discussion of what action should be taken.

Long-Term Problems of Canadian Manufacturing

Canada has long been a mainly resource-based economy, and many of our strongest manufacturing industries have been based on adding value to those resources. In addition, mainly because of past industrial policies, we have developed some major strengths in sectors such as auto, aerospace and telecom equipment. Unlike many other advanced industrial countries, we lack a strong machinery and

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

equipment sector, and import a very high proportion of our consumer goods.

Since at least the late 1980s, Canada's industrial policy has been to leave industrial development mainly to the market. Free trade with the US was supposed to close the long-standing productivity gap in manufacturing with the US, and corporate tax cuts were supposed to lead to more investment and better jobs. However, our manufacturing sector through the 1990s was highly reliant on a relatively low Canadian dollar compared to the US dollar.

While many of the major employers in our major manufacturing industries are just as productive as their competitors in the US and around the world, the low dollar sustained many jobs in relatively small and relatively unproductive plants. These kinds of jobs are now at great risk.

At the same time, the "leave it to the market" approach did not lead to a major increase in Canadian industrial capabilities. Our machinery and equipment sector remains very weak and under-developed outside a few islands of strength. This is a serious weakness at a time when production of consumer goods is shifting massively to Asia, which imports sophisticated machinery and equipment mainly from Europe and Japan and, to a lesser extent, the US.

Leaving it all to the market means that the decisions on whether or not to invest, produce and create jobs in Canada are made by corporations. The transnational corporations which dominate most industrial sectors have the ability to transfer production and jobs between countries, and will produce where it is most profitable to do so. The danger today is that they will permanently shrink rather than further build our capacities as a country to produce the high value-added and innovative products and services which sustain high productivity and good jobs.

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

It is up to governments to shape these corporate decisions in the interests of working people and communities. When necessary, governments must step in to challenge corporate decisions and to directly shape our economy in the interests of workers.

Recent Job Losses in Manufacturing

Table 1 provides some detail on recent job losses in manufacturing. Since the recent peak in August 2002, 258,000 or more than one in ten (10.8%) of jobs in the sector have been lost to layoffs, plant closures, and non-replacement of retiring workers.

**Table 1: Lost Jobs in Manufacturing
August 2002 — May 2006**

	Total	% Job Loss
Total Job Loss	258,000	-10.7%
Men	173,000	-10.1%
Women	85,500	-12.3%
Ontario	125,000	-10.9%
Quebec	103,000	-14.9%
Unionized Employees	121,000	-16.4%
Non-Union Employees	137,000	-8.7%

*Source: Statistics Canada. Labour Force Survey Data from CANSIM AND Cat. 71F0004XCB
(Not Seasonally Adjusted).*

As shown, job loss has been somewhat greater among women workers as a share of all workers in the sector (12.3% compared to 10.1% for men), and about one in three of the lost jobs were held by women.

The lion's share of the lost jobs (228,000 of 258,000) have been in Ontario and Quebec, with a disproportionate share of the total being in Quebec where manufacturing employment has shrunk by 14.9%. This reflects the sectoral composition of job losses, detailed below.

**The Manufacturing Crisis:
Impacts on Workers and an Agenda for Government Action**

Finally worth noting is the fact that recent job losses have been experienced disproportionately in unionized workplaces, with the number of unionized manufacturing workers falling by 16.4%, compared to 8.7% for non-union workers. This likely reflects the sectoral composition of job losses (e.g., heavy job losses in the highly unionized pulp and paper sector), and the fact that unionization is well above average in Quebec where job losses have been greatest.

A detailed picture of job losses by sector is presented in Table 2. (Note that the data source is different than for Table 1, and the total number of job losses is somewhat lower, partly due to the fact that self-employed workers are not included.) Major sectors are listed in order of the percentage of jobs lost.

**Table 2: Job Losses in Manufacturing by Sector
August 2002 (Peak) to March 2006**

<u>Sector</u>	<u>Job Loss</u>	<u>% Job Loss</u>
Total	190,801	-9.1%
Textiles, Clothing & Leather Products	60,896	-36.5%
Food, Beverage, Tobacco	47,993	-15.5%
Primary Metals	13,358	-14.2%
Electrical Equipment, Appliances & Components	4,401	-8.6%
Non-Metallic Minerals	5,043	-8.0%
Furniture	7,144	-6.8%
Paper	6,081	-6.4%
Wood Products	7,202	-5.4%
Transportation Equipment	12,813	-5.2%
Printing	4,122	-5.2%
Chemicals	4,772	-5.0%
Plastics and Rubber	5,773	-4.4%
Computer & Electronic Equipment	2,563	-3.3%
Petroleum & Coal Products	738	-3.3%
Fabricated Metal Products	6,179	-3.0%
Machinery	(PLUS 1,866)	NA

Source: Statistics Canada. Survey of Employment (SEPH) CANSIM Table 281-0023

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

Almost one in three of all of the lost jobs have been in manufacturing, textiles, clothing and leather products, and one third of the jobs in these relatively labour-intensive industries have been lost. This almost certainly reflects a major surge in Canadian consumer good imports from Asia, as noted below. This factor also shows up in significant job losses in electrical equipment, appliances and components.

Food and beverage industries have also been notably hard hit. Well over half of the job losses have been in the textiles/clothing/footwear, and in food/beverages combined. This concentration suggests that some targeted sectoral measures may be an appropriate policy response.

Primary metals have also been notably hard hit. Otherwise, job losses have been generally in the range of 3% to 8% of peak employment. While some of the percentage numbers look modest, we have already lost thousands of jobs in major sectors. For example, more than 10,000 auto-parts jobs have already been lost.

It should be noted that many layoffs and plant closures have been announced, but not yet fully implemented. The data understate the scale of job losses in sectors like pulp and paper, auto assembly and auto-parts where major layoffs and plant closures have already been slated for later in 2006 and in 2007.

What Lies Behind the Manufacturing Jobs Crisis?

As is widely known and appreciated, the key factor behind manufacturing job losses has been the sharp and continuing increase in the exchange rate of the Canadian dollar against the US dollar since 2002. Over this period, our dollar has appreciated from a low of 62 cents US in 2002, to close to 90 cents US today. This unprecedented exchange rate appreciation has been mainly driven by the global energy and resources boom, itself fueled in significant part by strong demand for

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

resources and commodities on the part of fast-growing Asian exporters of manufactured goods. The appreciation of the Canadian dollar has very sharply eroded the cost competitiveness of Canadian manufacturing exporters in the US market, and in countries (notably China and much of developing Asia) with currencies closely tied to the US dollar. While the mix of Canadian exports to the US is different than that of the Asian exports to the US, Asian exports are displacing Canadian exports in a number of sectors, including furniture, telecom equipment and auto-parts.

At the same time, the relative cost competitiveness of US and Asian exporters to Canada has increased dramatically compared to Canadian manufacturers selling into the Canadian domestic market. While estimates vary, most economists believe that an exchange rate in the low 80 cents US range is required to offset the average productivity gap between Canadian and US manufacturers, though the level at which the change in the exchange rate really begins to bite will vary a lot by sector and by firm within a sector. Even a low Canadian dollar often cannot offset the huge wage advantage of China.

That said, there have been some important offsetting factors. The energy and resources boom which has fueled the rise in the Canadian dollar has also created growing markets in the US and around the world for some resource-based manufacturing industries and commodity producers. As well, the needs of the growing resource sector have fueled some domestic market-based expansion in the small Canadian machinery sector (the only major manufacturing sector which has not lost jobs.) Some manufacturers have also benefitted from selling building materials to feed the recent residential construction boom. Some fraction of the negative impact of exchange rate appreciation is offset by the falling price of inputs for manufacturers who import inputs from the US. This is particularly the case in the auto and telecom sectors. Finally, a higher exchange rate also reduces the cost of imported machinery and equipment.

**The Manufacturing Crisis:
Impacts on Workers and an Agenda for Government Action**

Table 3 presents a summary of statistics on changes in major components of international trade from 2002 to 2005. (Total Canadian exports in fact began to fall in 2001-2003, and then increased modestly in 2004 and 2005 driven by energy and some other resource exports.)

**Table 3: Selected Trade Statistics
\$Billions**

Canadian Exports to US	2002	2005
Total (includes energy + raw materials)	345.4	365.7
Auto (Vehicles)	60.7	53.2
Pulp and Paper	14.4	12.8
Sawmills	9.6	9.3
Aerospace	9.5	8.1
Computers, Peripherals, Telecom	5.9	5.8
Canadian Imports from US	218.5	215.1
Canadian Imports from China	16.0	29.5
Canadian Exports to China	4.1	7.1

Source: Industry Canada Strategis. Database.

Since 2002, there has been some shrinkage in Canadian manufacturing exports to the US, including in the important auto, forestry, aerospace and high tech (computer and telecom) sectors. The level of the Canadian against the US dollar has undoubtedly been a major factor at play, though specifically sectoral issues have also existed (e.g., the product mix of the Canadian auto industry; the US tariff on softwood lumber; increased paper exports to the US from non-traditional suppliers.) Canadian exports to the US have been displaced to some degree by growing Asian exports to the US, a key factor in the furniture industry and in electronic equipment.

Interestingly, there has been no major increase in US exports to Canada as a result of the relative decline in the US dollar, and this is true of most major manufacturing sectors.

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

It is Canadian imports from Asia, especially China, which have surged since 2002, almost doubling over this period. A detailed look at the trade data would show that Chinese exports to Canada have grown strongly in clothing and footwear and computers and other electronic consumer goods, where many jobs have been lost. Meanwhile, it is resource-based commodities which dominate the much smaller and slower-growing flow of Canadian exports to China. The mushrooming of the deficit in Canada-China trade from \$12 billion in 2002 to \$22 billion in 2005 is undoubtedly a significant factor behind recent job losses in manufacturing. Similar broad patterns of trade exist with other Asian countries, which mainly import commodities from Canada and export consumer goods. For example, Canada runs a \$2 billion trade deficit with South Korea, almost entirely accounted for by a huge imbalance in automotive trade.

In short, to the extent that trade flows underpin recent job losses, the key factor has not been Canada-US trade so much as unbalanced Canada-Asian trade, and the surging Asian and particularly Chinese share of the US market.

Changes in global trade patterns and greatly intensified international competition with low wage producers have sparked a major drive on the part of Canadian manufacturers for increased cost competitiveness. Their goal has been to cut jobs and to intensify work to lower unit labour costs. It is striking that while manufacturing *employment* has shrunk by about 10% since the peak in 2002, manufacturing *production* (value-added) has increased by about 7% over the same period. Actual production declines have been confined to textiles, clothing and leather products (down by about 25%); and to beverage and tobacco industries; pulp and paper; electrical and electronic equipment; and furniture (where production declines have been much more modest.) Production in other major sectors has been relatively stable (though it may have begun to turn down in recent months, with production falling as well in chemicals and the auto sector.)

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

We are at grave risk of re-living the major industrial crisis of the late 1980s and early 1990s when literally hundreds of plants closed their doors and manufacturing production as well as employment fell sharply.

The fact that this is a crisis for manufacturing workers more than for manufacturers as such is suggested by the fact that the manufacturing sector has remained, on average, profitable despite the sharp appreciation in the exchange rate and increased competitive pressures. As of the first quarter of 2006, the average profit margin in the manufacturing sector was 5.8%, somewhat below the 6.6% average for non-financial industries, but still fairly healthy. Return on equity was 7.8%, compared to a 10.6% average for all non-financial industries. (Data from Statistics Canada Cat. 61-008XIE, Quarterly Financial Statistics for Enterprises.) Of course, specific companies and specific sectors have been harder hit, and high profits in some sectors offset losses in other sectors.

It is deeply disappointing that the dominant response of capital to increased competitive pressures by the manufacturing sector has been major layoffs and plant closures rather than modernizing new investment in capital and skills to raise productivity in a more positive way. Despite corporate tax cuts, total investment in industrial machinery and equipment has been essentially flat in 2003 through 2005, and much of this investment is taking place in the booming energy sector. (For data see CANSIM Table 380-0011.)

The fact that average labour productivity in the manufacturing sector has been rising is sometimes cited as evidence that the sector is adjusting to the change in the exchange rate. Yet there is no real gain from a productivity increase which comes from shedding workers and closing down less productive plants and product lines, as opposed to the positive gain which comes from new investment which secures jobs and makes them more productive. We need the kind of productivity increase

which comes from new investment, rather than the ruthless cost-cutting which can offer only a temporary respite.

Impacts on Workers

To this point, no detailed studies have been undertaken of the impacts of recent manufacturing layoffs on workers and communities. Studies of displacement of manufacturing workers in the early 1990s generally found that a significant proportion of older workers were forced into early retirement, often with little or no income protection, and that many other workers experienced long periods of unemployment before finding other jobs at lower wages. Unions and adjustment officers report similar developments today.

In Ontario, the average duration of an unemployment spell in the first half of 2006 was 17 weeks, and it was 20 weeks in Quebec. Unemployment spells are much longer for older workers, especially those aged 55 and over. In the coming months, many displaced older manufacturing workers will begin to exhaust unemployment benefits.

It is true that, due to a much lower overall unemployment rate, alternative jobs are relatively more plentiful today than was the case in the last industrial crisis of the early 1990s. But the growth of well-paid new jobs in the resource sector requiring industrial skills is highly concentrated in Western Canada, and limited in scale. In the year May 2005 to May 2006, 70,000 manufacturing jobs were lost across Canada, but the booming primary and construction sectors combined in Alberta added just half that number of new jobs. Many laid-off industrial workers are too old to move, or do not have the skills in most demand. Of workers aged over 55, almost half (44%) have very low literacy levels.

The residential construction sector has likely absorbed some laid-off manufacturing workers in Ontario and Quebec, but the recent housing boom appears to be slowing.

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

The average quality of available jobs in the private service sector is low, and, despite low overall unemployment, many jobs are temporary and low paid. Strikingly, the proportion of low-wage jobs has been increasing in 2006 despite the apparent strength of the job market. One in eight (11.7%) adult workers (age 25 and over) have jobs which pay less than needed to keep a single adult above the poverty line, up from 10.2% in 2005. The proportion of adult workers in non-standard jobs (part-time, temporary or self-employed) is 27%, unchanged from 2005. (Labour Force Survey data from the forthcoming CLC 2006 Report Card, "*Is Your Work Working for You?*") In 2006 to date, the proportion of all employees in temporary jobs has been increasing slightly from the current level of 15%. Women laid-off from manufacturing are most likely to end up in these kinds of low-quality jobs.

In the early 1990s, the impact of layoffs and plant closures on older workers was cushioned to some degree by use of pension fund surpluses. Today, with many plans in poor shape, generous early retirement provisions are much harder to negotiate.

Some Implications for Public Policy: What Can be Done? Interest Rates and the Dollar

The strong appreciation of the Canadian against the US dollar mainly reflects factors outside the control of the Bank of Canada, such as high energy and commodity prices, and the huge US current account deficit. However, Canadian interest rates and the interest rate gap with the US do make a difference at the margin. The Bank of Canada should make it clear to financial markets that the dollar is currently over-valued. Until the dollar falls back to a more realistic low to mid 80 cents US level, there should, at a minimum, be no further interest rate hikes and, if needed, interest rates should be cut.

Canada must join with the US and other countries in pressing China to raise its exchange rate. The Chinese government has good

reason not to deregulate capital markets, but it can maintain a fixed exchange rate at a higher level.

International Trade

The manufacturing crisis is deeply rooted in new patterns in the ongoing process of neo liberal globalization. The massive growth of low wage exports from China and other Asian producers, compounded by unbalanced world trade in manufactured goods as a consequence of export-led Asian growth, would create severe problems for manufacturing in the advanced industrial countries even if exchange rates were to be realigned.

With the recent collapse of the WTO negotiations and the rejection of the NAFTA model by millions of Mexican voters, it is time for Canadians to think about new trade models. Trade can lead to shared development and higher living standards for workers in all countries. But this will not be the case if there is no floor of democratic and labour rights in the global economy, if there are no limits on the power of capital to pit workers in different countries against each other, and if countries like Canada mouth the rhetoric of “free trade” while other countries like China actively manage trade flows in the interests of national industrial development.

The Chinese government must be pressed to import more manufactured goods from Canada and North America to balance its fast-growing manufactured exports. Currently, Chinese demand for sophisticated capital goods and services is being met disproportionately by imports from Japan and, to a lesser extent, the European Union, contributing in a major way to the huge US trade deficit and serious global economic imbalances. Canada has a major interest in international initiatives to prevent a further major devaluation of the US dollar and a possible turn to more protectionist US trade policies.

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

In a wider sense, attempts must be made to achieve more balanced Canadian trade outcomes with Asian countries, which will not arise from agreements like the Canada-Korea deal currently under discussion. Canada should withdraw from these talks now.

Proposals for a further deepening of NAFTA through a resources pact must be rejected, and the energy, foreign investment, procurement and other provisions of NAFTA must not stand in the way of needed Canadian industrial policies. In the softwood lumber case, the US has already demonstrated that it will put its own interests above its trade obligations.

Support for Positive Restructuring and Job Creation

With the very high dollar and squeezed profit margins, many manufacturers are choosing between plant closures and layoffs on the one hand, and, on the other, new investment to raise productivity and to produce more innovative and higher value-added products. It is vitally important to workers that our manufacturing capacity be upgraded and kept in place for the long-term rather than downsized and closed.

To assist new investment, the federal government should cancel proposed further across the board cuts to the corporate tax rate, which mainly benefit the booming and already highly profitable financial and resource sectors, and re-direct the savings to a temporary investment tax credit for investment in new manufacturing machinery and equipment. A higher tax credit should apply on purchases of Canadian-made machinery.

Unlike a cut in the corporate tax rate, a tax credit helps companies with low or no profits. A temporary tax credit would be a real incentive to make a decision to re-invest in operations despite the high exchange rate. Indeed, a combination of a relatively high exchange rate (even with

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

the dollar at a more realistic low 80-cent level) and investment tax credit would effectively make mainly imported machinery and equipment available at a major discount compared to the situation through the 1990s.

Targeted support for major new corporate investments in research and development by Industry Canada's Technology Partnerships Canada program - which have recently helped lever major new auto and aerospace investments and also supported new environmental investments - should be preserved and expanded.

National Research Council programs to upgrade the innovative capacity of smaller manufacturing companies should also be expanded, along with funding to foster stronger research links between manufacturing companies and universities and colleges.

The federal government should establish special funds and a Sector Development Bank to assist in the restructuring of firms through injections of long-term equity, with a view to securing at least a modest rate of return on such investments. Such funds should be targeted to particularly hard-hit sectors, such as textiles and clothing, and pulp and paper.

Foreign takeovers must be comprehensively reviewed to ensure jobs are safeguarded, and performance requirements should be imposed to ensure promised net benefits to Canadians are realized.

Firms which invest in new plant and equipment and in the development of new products will also have to upgrade the skills of workers. Income support for training leaves for currently employed workers should be supported through EI training benefits, on the model of EI benefits for the classroom portion of apprenticeship training. Provincial governments should consider a 1% training levy on the Quebec model which has been implemented to ensure a minimum level

of employer investment in worker training, and joint labour-management training committees should be mandated.

A serious Canadian commitment to dealing with global warming would have major positive impacts on manufacturers of energy efficient machinery and equipment, public transit vehicles and infrastructure, and alternative energy technologies such as wind, solar and geothermal power, and many others. Canadian industry already has an important capacity and potential in many of these areas, and an expanded domestic market led by public investment and subsidies can create the basis for exports to North America and beyond.

An explicit green industrial strategy for Canada should be developed as part of a plan for reaching the greenhouse gas reductions called for in the Kyoto protocol.

Serious efforts must be made to add value to Canadian resources before they are exported, and to ensure that resource development is environmentally sustainable and contributes to long-term economic development. Energy exports should be regulated by the National Energy Board to ensure a stable long-term supply, and resource processing in Canada should be secured through regulation and export measures.

The federal and provincial government should coordinate procurement in areas such as health care to develop Canadian industrial capacity.

Effective Labour Adjustment

Even with support for positive re-structuring, jobs will continue to be lost as manufacturers adjust to a higher exchange rate and increased manufacturing export capacity in Asia. Even those who believe that the Canadian economy benefits from deeper integration in the global

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

economy must recognize that many workers are the losers in this process, and should be assisted.

Pension benefits must be guaranteed by governments and wage protection for workers impacted by bankruptcy (as legislated by the last Parliament) must be implemented without delay.

Companies laying off workers have a responsibility to assist in adjustment, and this should be mandated under employment standards legislation. Workers affected by major layoffs and plant closures must be given reasonable advance notice; adjustment committees should be required; and minimum severance pay entitlement must be increased.

Effective labour adjustment programs on the ground have all but disappeared after years of cuts to federal employment programs. Trained staff must be placed in community Human Resources and Social Development Canada (HRSDC) offices.

EI funds should be used to support retraining on the job prior to lay-off, as well as serious retraining programs for displaced workers.

EI regular benefits must be significantly improved. While most full-time manufacturing workers who are laid off do qualify for benefits, assistance for a period of job search is inadequate in terms of the level of replacement income (55% of a maximum insurable earnings threshold of \$39,000 produces a maximum weekly benefit of just \$413) and duration (which varies with the local unemployment rate but may be just a few months in regions with a low overall unemployment rate.) The 5-week extension of maximum benefits now available in regions of very high unemployment should, at a minimum, be extended to all regions, and the maximum benefit period should be increased to 50 weeks.

To add insult to injury, EI benefits are delayed if severance pay is provided by an employer. This rule should be eliminated to facilitate the

The Manufacturing Crisis: Impacts on Workers and an Agenda for Government Action

negotiation of good adjustment packages, and to encourage the provinces to increase severance pay requirements.

Realistically, many manufacturing workers, particularly older workers who have been employed in a particular plant for many years, need time and assistance to find a new job. Often, this will require new skills. Often, a worker will have to move, especially given the marked difference in unemployment rates and new hiring between central and Eastern Canada, and Western Canada. Mobility assistance should be provided under EI to facilitate job search and to help cover moving costs.

An older worker adjustment program should be re-introduced to extend EI benefits for older workers who are close to public pension eligibility and have little realistic chance of finding a new job. Such a program was promised in the last federal Budget.

Conclusion

The scale and severity of the current manufacturing jobs crisis merit a serious public policy response. Comments on the proposals made above are welcome.

NOTE:

For further detail on CLC policy, see the Policy Statements adopted at the 2005 CLC Convention especially "Good Jobs and Wealth Creation" (available from www.canadianlabour.ca/index.php/convention_2005).

AJ:CH:smCOPE*225 • Aug. 2, 2006 (10:35 am)
G:\AJ\Papers\2006\The Manufacturing Crisis redraft.wpd