

# **The Fight For Good Jobs**

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# The Fight For Good Jobs

## EXECUTIVE SUMMARY

Today, just as fifty years ago when the Ontario Federation of Labour was founded, most of us spend much of our lives in the workplace. It is here that our labour – whether in manufacturing, public sector or private service sector – is central to the creation of products, their distribution, administration and thereby the creation of wealth. What happens in the workplace is not only important to the economy, it is also where our knowledge and activity result in an income – making working conditions, benefits and compensation levels crucial. It is here, as well, where we feel the direct impact of employer restructuring, downsizing, closures, layoffs, cutbacks and demands for a “flexible” work force.

The purpose of this policy paper is to examine and analyze developments in our globalized and highly competitive world of work with a particular emphasis on the crisis of employment in the manufacturing sector.

**Section 1** of this paper is on global restructuring. Today we see continued economic growth, especially in countries such as China, India, Mexico, Brazil and others; economic restructuring involving out-sourcing and off-shoring to the global south; increasing inequality between the richest and the poorest; the rise of neo-liberal policies with their emphasis on the private market; and the consequent cutbacks in public services, the demise of economic planning, public ownership and full employment policies.

At the same time, profound change is occurring in the global labour market that is more economically integrated than ever before. This global labour force has doubled in the past 20 years. The struggle for jobs and decent work remains elusive for nearly a billion people around the world. There are also 1.4 billion people living on less than two dollars (US) per day.

Given the amount of outsourcing to countries in the world where production and labour costs are less, given the mobility of investment capital and the phenomenal growth of the global workforce, there are serious challenges confronting collective bargaining and in gaining improvements in people’s standard of living.

**Section 2** discusses in some detail how employers have responded to competitive pressures and tried to reduce production costs, circumvent unions, increase productivity, cut corporate taxes and erode public services for which workers have fought so hard.

Currently, there is a further way in which employers are cutting costs, that is by moving from full-time permanent work to various forms of non-standard or precarious employment such as contract work, part-time work, casual work and self-employment. All of these forms of work enable employers to shift the financial costs of paying benefits and pensions to the individual rather than themselves. These jobs also generally pay less.

Statistics Canada's 2006 survey of new jobs shows that almost two-thirds of them fit this category. This development has also led to an explosion of temp agencies across the province. Thousands of women, immigrant and young people flood into temp agencies hoping to find full-time work only to find that contractual arrangements between the agency and the client company prevent them from being hired full-time.

**Section 3** documents a core problem in our society today, namely the crisis of employment in manufacturing.

At first glance, Ontario's and Canada's economy appears to be healthy; economic growth continues and unemployment is down. Yet, in the manufacturing core of the economy, tens of thousands of jobs have been lost and more layoffs and plant closures are expected as company after company announce that they are "restructuring," "downsizing" or "outsourcing".

Since the peak of manufacturing employment, November 2002 until February 2007, Ontario has lost 141,600 manufacturing jobs, approximately one in eight jobs. Nearly all of these job losses are permanent. This crisis in the manufacturing sector has major implications, not only for the workers losing their jobs but also for the economic base of social services and hence, communities across the province will suffer.

Rather than coming to grips with this crisis with direct assistance governments at both the provincial and federal levels are promoting policies which exacerbate the difficulties. Two ominous examples are analyzed in this paper: first, the federal/provincial governments Temporary Foreign Workers Program (TFWP).

This program is designed to alleviate the alleged shortage of labour in Ontario and Canada by bypassing immigration and tying new entrants to a particular employer upon which they will be dependent to maintain their legal status. Employers will, as they have with agricultural workers for decades, have the power to deport such workers should they find them "unsuitable".

The second example involves the governments of British Columbia and Alberta who have signed an inter-provincial free trade agreement known as the Trade, Investment and Labour Mobility Agreement (TILMA).

These governments have invited Ontario and other provinces to join them in this agreement. The provisions of TILMA place serious constraints on government policy, law, regulation and action. In short, TILMA, like the TFWP, is designed to be another mechanism for deregulation and the weakening of public policies, the authority of government and the strength of the labour movement.

**Section 4** concerns what is termed the myth of the "skills shortage" and the de-skilling of the skilled trades. As a strategy to reduce wages, employers – and too often government – are weakening standards on two key fronts: apprenticeship training and the fragmentation of whole trades.

Authentic apprenticeship training models must be understood as an employment-based relationship where 80 - 90% of learning is completed through hands-on, adequately paid employment under the supervision of a regulated minimum number of qualified journeypersons; the remaining 10-20% of class training is undertaken at either public community colleges or non-profit Building Trades Training Centres. Yet for the past three years, the Ontario government has been

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using money earmarked for apprenticeship training to fund a variety of programs that are not bona fide apprenticeship training models.

McGuinty bills these new college programs as “new ways” to “get into the trade”. The OFL will continue to fight the re-direction of money that should be going toward authentic apprenticeship training.

The establishment of the *Apprenticeship Certification Act (ACA)* by the previous Conservative government set in motion a dangerous and accelerating trend toward fragmentation of what should be understood as “whole trades”. While the construction trades have been left intact, all other sectors fall under the *Apprenticeship Certification Act*. This *Act* does not contain critical regulations such as minimum ratios of journeypersons to apprenticeships, minimum rates of pay for apprenticeships; cohesive standards that ensure apprentices receive proper training and supervision.

Further, the *ACA* is designating as “new trades” what, in fact, are aspects of a broader trade. Part of the fight to protect and increase the number of good jobs will be fighting to protect the integrity of whole trades and to preserve authentic apprenticeship training.

**Section 5** concerns labour adjustment and training. A critical aspect of the mass job losses outlined earlier is the devastating impact it has on those affected. Lives are disrupted and financial losses put enormous strain on individual workers and their families. Statistics show that those who do find new employment often earn significantly less than they earned previously. This paper documents a number of issues, including the erosion of Employment Insurance to the point where a majority of unemployed workers no longer qualify,

the wide array of bureaucratic hurdles workers face in attempting to gain access to training benefits, computer skills, literacy upgrading and high school equivalency. In addition to these concerns, this paper outlines the case for more protection for workers facing adjustment.

The **final section** calls on the government to implement a job strategy that promotes economic development, particularly in the manufacturing sector, and creates jobs. This part of the paper also outlines a range of ideas for a job strategy that needs further discussion, debate and development by all of us. They include, but are not limited to:

- Developing strategies for offsetting the impacts of currency fluctuations on the ability of manufacturers to operate in a global environment.
  - Levering more value-added and manufacturing jobs from resource industries.
  - Introducing procurement strategies in areas such as health care in order to further industrial capacity and expand employment.
  - Implementing effective energy policies that provide a stable and low-cost supply of energy to manufacturers and working families.
  - Linking climate change policies to job creation in “green industries” and help existing industry transition to “greener production”.
  - Expanding worker-oriented education and training provisions for authentic apprenticeships, skills upgrading, literacy and ESL training.
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- Expanding research and innovation so as to raise productivity and further develop the capacities of the work force.
  - Introducing new legislation as part of a jobs strategy, requiring corporations to justify shutdowns and major layoffs.
  - Creating a provincial training levy requiring every employer not already investing in authentic apprentices, to contribute one percent of payroll into the fund. Employers who hire apprentices or pay into a union or union-employer administered training fund would be exempted.
  - Establishing the position of a Jobs Protection Commissioner to advocate for jobs.
  - Amending Employment Insurance so that more workers qualify and that severance pay is not deducted for benefits.
  - Increasing union representation, including part-time college instructors and agricultural workers, to assist in a jobs strategy to both create jobs and to ensure that such jobs are good and secure.
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# The Fight For Good Jobs

## Introduction

Today, just as fifty years ago when the Ontario Federation of Labour was founded, most of us spend much of our lives in the workplace. It is here that our labour – whether in manufacturing, public sector or private service sector – is central to the creation of products, their distribution, administration and thereby the creation of wealth.

What happens in the workplace is not only important to the economy, it is also where our knowledge and activity result in an income, making working conditions, benefits and compensation levels crucial. It is here, as well, where we feel the direct impact of employer restructuring, downsizing, closures, layoffs, cutbacks and demands for a “flexible” work force.

The purpose of this policy paper is to examine and analyze developments in our globalized and highly competitive world of work:

- global restructuring and pro-market policies;
- the changing nature of work in the public and private service sector;

- the decline of full-time permanent employment and the rise of precarious employment;
- the devastating employment crisis in the manufacturing and resource sector;
- new developments to be aware of: the Temporary Foreign Workers Program (TFWP) and the Trade, Investment and Labour Mobility Agreement (TILMA);
- the myth of the “skills shortage” and the de-skilling of skilled trades;
- labour adjustment and training; and
- ideas for an alternative agenda.

We begin with a look at the global picture and end with concrete proposals for a progressive jobs strategy.

### 1. Global Restructuring

The world has evolved dramatically from when the Ontario Federation of Labour was first founded, with economic growth, new information technologies and economic restructuring to name but three of many changes. One need only recall the economic development of countries such as China, India and Mexico, due in part to the outsourcing of substantial manufacturing from developed countries.

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Today there is also increased inequality linked to the rise of neo-liberal policies with their emphasis on the private market and the consequent demise of economic planning, public ownership and full employment policies which characterized the post World War II period.

At the same time, profound change is occurring in the global labour market that is more economically integrated than ever before. With the entry of countries such as China, India and the former Soviet Union into the global economy, the world's integrated labour force has doubled in the past 20 years. The struggle for jobs and decent work remains elusive for nearly a billion people around the world who are unemployed or underemployed.

There are also ***1.4 billion people living on less than 2 dollars (US) per day in the global labour force.*** Given the amount of outsourcing to countries around the world where production and labour costs are less, given the mobility of investment capital and the phenomenal growth of the global workforce, there are serious challenges confronting collective bargaining and in gaining improvements in people's standard of living.

Unless governments around the globe pull back from their current policies of leaving economic activity solely up to the private market and start planning, actively intervening and managing economic development and employment, this enormous expansion of the global labour force threatens to undermine the wages and working conditions of developed countries and exacerbate poverty, unemployment and inequality in underdeveloped economies.

The failure of governments thus far to effectively manage globalization and ensure that workers can participate equitably in the benefits of economic growth can be seen in the falling share of wages in national income throughout the Organization of Economic Cooperation and Development (OECD) countries.

In Canada, the United States and Europe, the benefits of globalization have largely accrued to the wealthiest families, while the majority of working people have been unable to share in the benefits of increased productivity and economic growth.

As a result, the OECD notes that in 17 out of 20 countries they surveyed, income inequality has risen substantially, undermining social cohesion in the societies concerned and fuelling political alienation. As the Director of the International Labour Organization (ILO) stated recently: "Today, we are facing a global jobs crisis that calls for a global response."

Several decades of mass privatization and cuts to the public sector have already weakened social safety nets in Ontario and Canada, not only through the perspectives and activities of pro-market elites and governments, but also by global institutions such as the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO), as well as by the restrictions of free trade agreements such as the North American Free Trade Agreement (NAFTA).

The loss of well-paying manufacturing and resource jobs and the growth of low-wage, part-time and precarious work, conspire to further lower standards of living and erode the tax base of local, provincial and national governments, creating further downward pressure on public services and, consequently, public

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sector jobs. Such developments will have unequal impacts in terms of geographical regions, different sectors of the economy and on people where current trends suggest that women, youth and immigrants will be the most negatively affected.

Despite the unevenness of economic development around the globe, those countries with not only strong economic growth, but also strong labour movements and viable economic and employment plans will tend to have less negative impacts from market driven or neo-liberal globalization.

### 2. Changing Nature of Work, Restructuring of the Global Labour Market

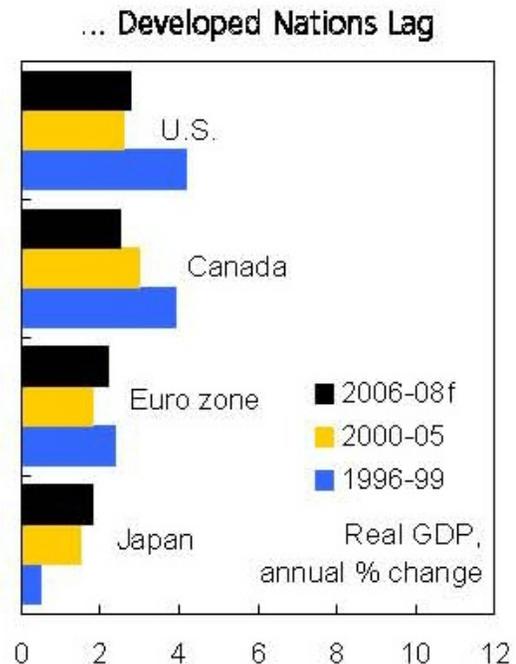
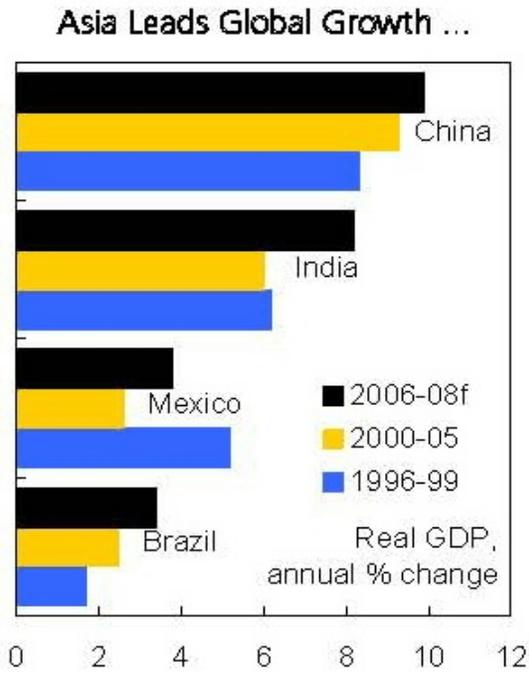
The new era of globalization, of trade liberalization agreements, and the emergence of developing economies have

significantly transformed the global labour market.

Countries like China, India, Mexico and Brazil are combining new technology with large, low-paid workforces to produce manufactured goods and services for a global market.

As these economies expand, they both drive the demand for raw resources and increase the total amount of lower-cost goods and services for the global economy. This globalized world is fundamentally shifting the nature of the workforce in western countries, and Canada is no exception.

The graphs below from the Scotia Bank's January 2007 issue of *Global Outlook* illustrates the gap in the marginal growth rates between "emerging" and "developed" economies.



In the past, western economies have been able to combine technological advances with (more or less) healthy, well-educated workers, to produce a growing number of goods for market. As long as the markets can absorb these products and demand remains stable or growing, such a recipe can bring improvements in both the number of jobs and in wages.

However, as new, lower-cost products enter the market there is necessarily a squeezing out, either of the new products – or the old. To compete with these emerging economies, employers in the west must find new ways to “improve labour productivity” or reduce production costs. As outlined earlier, this competition is reshaping the global labour force.

### **Reducing Production and Labour Costs in the Private Sector**

A 2002 Statistics Canada Report on production costs in Canada’s manufacturing sector made the following observation:

Production costs accounted for 80.1% of gross output in 1985, 78.3% in 1989 and only 75.7% in 1995 for the manufacturing sector as a whole, representing a decrease of more than 5% between 1985 and 1995. ... In general, Canadian manufacturing establishments permanently cut their costs as a proportion of gross output between 1985 and 1995, and this process should continue if industries are to remain competitive.

Production costs generally include the cost of wages, along with fuel, electricity and raw materials. As highlighted by Statistics Canada, reducing production costs or increasing productivity has been a feature of Canada’s manufacturing sector for nearly 30 years.

However, recent changes in domestic conditions have negatively affected productivity costs. The accelerated development of Canada’s oil sands have led to a significantly higher Canadian dollar (which means that for international markets, it costs more to “buy Canadian” than previously). The May 1, 2002 decision to de-regulate Ontario Hydro has meant huge increases in electricity prices.

In the face of seemingly immovable production cost increases in the areas of fuel and electricity, the pressure to reduce wage expenditures has grown even more immense.

Virtually all sectors of Canada’s economy have experienced a reduction in labour costs (our standard of living), this can take a variety of forms: downsizing, plant and factory closures, greater reliance on part-time and temporary workers, cuts or concessions in wages and benefits, work intensification, contracting-out and outsourcing work to other countries.

### **Cutting Tax Revenue and Reducing Costs in the Public Sector**

For the past 30 years, there has been a more or less steady erosion of the social services and social safety nets fought for and won in the post-World War II period. As employers respond to economic pressure, they also placed pressure on federal, provincial and local governments to help maintain their rate of return by reducing the rate of corporate taxation. Most governments began restructuring public sector services in the late 1970s, and gained momentum during the 1980s, whether this new turn was known as “Reagonomics”; “Thatcherism”; “The New Reality”; or “Restraint”.

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Further pressure unleashed by new global competition in the post-cold war period of the early 1990s saw continued pressure on government to reduce taxation, especially in the corporate sector, reaching its zenith in Ontario under Conservative Premier Mike Harris.

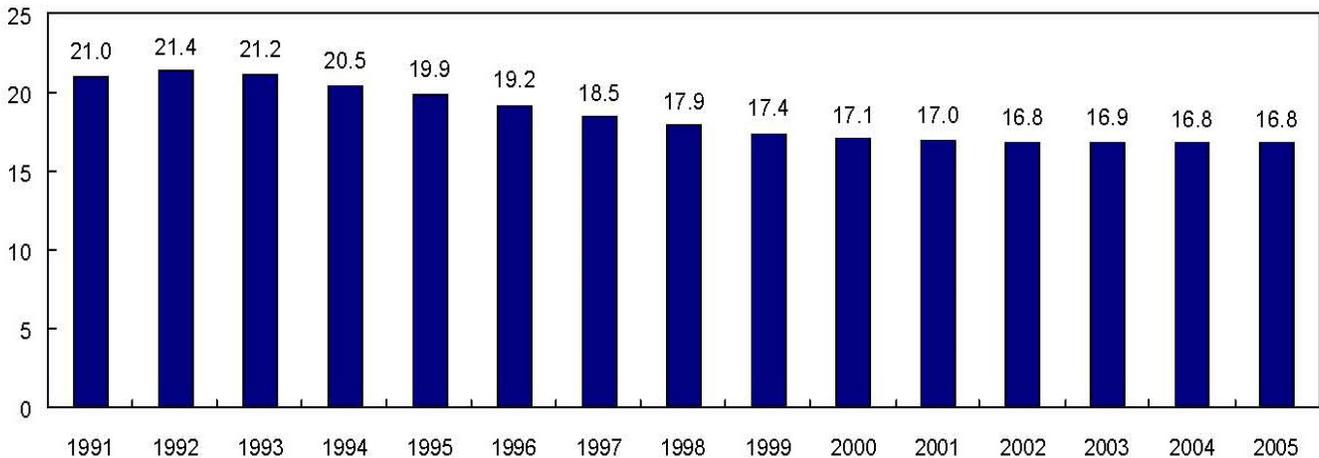
However it was the federal Liberal government of Jean Chrétien and Paul Martin (succeeding the Progressive Conservative government of Brian Mulroney in 1994) which unleashed the most significant round of public service cutbacks and social program spending since World War II.

In Canada, social spending cutbacks resulted in a decline of public sector employees. In fact, between 1992 and 1996, the absolute number of public sector workers decreased from a numeric high point 2,724,781 to 2,509,106 – a reduction in approximately 200,000 jobs in only four years. And although the public sector is growing again numerically, as a percentage of the overall workforce, the public sector has remained stagnant for nearly a decade.

Chart 1.2

Government sector employees as a percentage of total employment, Canada, 1991 to 2005

Percent



The average number of government employees per 1000 inhabitants has fallen from a peak of 96.5 in 1991 to 84.2 in 2005. This is attributable to a proportionate reduction in all sectors of government employment, but most significantly among federal employees. (See Table 1.1).

Source: Statistics Canada: *Public Sector Statistics: Supplement* (2006)

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Federal cuts were passed on to provincial governments that in turn, passed cuts to local government. In fact, as a percentage of federal government expenditures, provincial transfers fell from 18.3% in 1989 to 16% in 1999, hitting a low of 15% in 1998. Correspondingly, provincial government expenditures on local government fell from 31.1% in 1989 to 25.9% in 1999. 2006 data demonstrates that only 24.1% of provincial expenditures were allocated toward local government. In other words, local government funding, as a percent of provincial expenditures, has still not recovered from the budget cuts of the 1990s.

Instead, local, provincial and national governments have adopted strategies to “do more with less” or in other words, cut services, cut wages, salaries and personnel, implement lay-offs through attrition or outright layoffs, out-source, privatize and accelerate public-private partner-ships.

*Business Transformation Outsourcing: Canadian Perceptions* was the title of a November 2001 report published by Accenture, a “global management consulting, technology services and outsourcing company”. This report stated that 88% of “public sector leaders” had a positive view of outsourcing as a management strategy and the most cited priority for 2002 and 2003 fiscal years was “reducing costs”.

### **Decline of Full-Time Work and the Rise of Part-Time and Precarious Work**

According to Statistics Canada’s December 2006 Labour Force Survey, 113,000 new jobs were created in 2006. However, almost two-thirds of these new jobs (about 75,000) were part-time, and the majority were service-sector jobs. By contrast, this report noted an average of 32,000 full-time manufacturing jobs have

been lost each year since 2002. Clearly, while a superficial reading of the statistics might suggest that job loss is mitigated by job creation, a closer examination of the facts is in order.

Released in January 2005, the Statistics Canada study *Are Good Jobs Disappearing in Canada?* looked at the nature of employment between 1981 and 2004. It revealed that:

...newly hired employees have been increasingly employed in temporary jobs since the late 1980s. Of all private sector employees recently hired in 1989, 11% had a temporary job. In 2004, the corresponding proportion was almost twice as high at 21%...

According to the study, of all women newly hired in 2004, 23% held temporary jobs – a figure that is more than double the 1989 rate of 12%. At the same time, new employees were also experiencing a deterioration in wages.

Newly hired men working in the manufacturing sector experienced a median wage decrease of nearly 20% between 1981 and 2004. Those outside the manufacturing sector experienced an 11% drop in median wages.

This period has also seen nearly a 20% drop in the unionization rate of newly hired men, from 38% in 1981 to 19% in 2004. It should be noted that this drop took place in a generalized context of decreased union density. The drop in unionization rate for new hires has implications for young workers with respect to the labour movement in general. As the relative number of unionized jobs decline, the fewer young workers have access to them; consequently young workers are often under-represented in the labour movement in general. The same is true

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for newcomers to Canada. This phenomenon underscores the importance of developing strategies to increase union density.

Precarious employment includes: part-time work, contract work, various forms of temporary work, self-employment, seasonal employment and casual labour. Full-time permanent employment across Canada, which up until this point has been known as standard employment, has now dropped from 67% in 1989 to 64% in 1994 and 63% in 2003.

Viewed another way, along side of what is termed “just in time” or JIT production, we see the rise of a “just in time” workforce largely engaged in various types of precarious work such as contract work or what Statistics Canada terms self-employment “own account” (meaning self-employed with no employees). Closely associated with the latter is the rise of temp agencies.

The number of temp agencies has exploded across Canada today to 3,299 temp agencies, according to the Directory of Recruiters. In cities such as Kitchener, the number of temp agencies is listed at 79. Other cities and towns across the province are experiencing similar growth in the number of temp agencies. Thousands of young people are going to temp agencies hoping to find full-time employment, yet this prospect is most often thwarted as contracts between employees, client companies and the temp agencies contain language preventing a temp agency employee working full-time for client companies and/or imposing financial penalties.

Statistics Canada found that in 2003, temporary workers earned an average of 16% less per hour than permanent workers, and between 1997 and 2003 this gap fluctuated between 16% and 19%. Of the four categories of non-

permanent employees (contract, seasonal, casual and temp agency employees) the largest gap in earnings occurred between temp agency workers where the temporary workers earned as much as 40% less than their permanent employee counterparts.

Hiring part-time employees or using the services of an employment agency are mechanisms employers use to cut wages and associated expenditures. Benefits like health and dental coverage, workers compensation, and pensions are rarely offered to part-time employees and provide employers substantial cost-savings.

Statistics Canada notes that between 1983 and 2000 there has been a marked decline in the percentage of men covered by a registered pension plan – a drop of nearly 15%. While the percentage of women covered by a pension plan increased slightly, it must be noted that in 1983 approximately 55% of men, but only 38% of women were covered by a registered pension plan. According to the study, released in January 2005, by the year 2000 men’s pension coverage was about 42% while women’s coverage was about 39%. While the gap between men and women has closed significantly, this is largely a result of the decline in male worker registered pension plan coverage. As noted in the study:

Even if increases in group Registered Retired Savings Plans (RRSP) coverage have fully offset the decline in Registered Pension Plan (RPP) coverage observed among men, one consequence is that the investment risk associated with employer-sponsored pension plans has been shifted, in many cases, onto male workers, rather than being borne by their employer.

A good example of the trend to “do more with less” is offered by Ontario’s community college system. Chronic government under-funding has led college administrators to rely on part-time, instead of full-time staff. Over the past 15 years, the number of full-time college students has increased by 53% while the number of full-time faculty decreased by 21%. At the time of writing the McGuinty Liberal government has promised, but has yet to deliver, legislative change to enable part-time instructors to unionize.

This section has been concerned with the decline of full-time permanent work and the dramatic rise of insecure non-standard or precarious work and the practices of temp agencies. These developments demand new legislative controls to ensure fairness of treatment and substantially improved compensation levels.

### **3. Manufacturing and Resource Sector Restructuring and Job Loss**

At first glance, Ontario’s and Canada’s economy appears to be healthy, economic growth continues and unemployment is down. Yet in the manufacturing core of the economy tens of thousands of jobs have been lost and more layoffs and plant closures are expected as company after company announces that they are “restructuring”, “downsizing” or “outsourcing”. This crisis in the manufacturing sector has major implications for not only the workers losing their jobs and their families, but also for the economic base of social services and therefore public service and private service sector workers and hence whole communities across the province.

With more and more employment in the public and private service sectors, particularly in the major urban centers of Ontario, it is useful to remember just how crucial the manufacturing is to the

overall well-being of Ontario and Canada as a whole. As of 2006 this sector, despite all the job losses, accounted for 2.1 million jobs or 12.9% of all jobs across the country. Ontario employs 1.06 million manufacturing workers and they account for 48.2% of national manufacturing employment and about 17% of Ontario’s total employment. In other words, nearly half of Canada’s manufacturing employment is in Ontario. These job numbers are even more significant when we realize that they pay a higher average wage of \$20.68 per hour in 2006, wherein the overall average hourly wage was \$18.42 per hour. In short, unionized manufacturing jobs – about one in three manufacturing jobs – pay well above the average and also typically come with decent benefit packages and pension plans.

Manufacturing also accounts for a very significant share of exports and supports many jobs in other sectors of the economy such as business services. Ontario has the second highest number of manufacturing employees in any jurisdiction in North America (only California, with a much higher total population, has a higher number of manufacturing employees). The taxes on well paying manufacturing jobs help support health care, education and other important public services. Even though the unemployment rate is relatively low in Ontario, between 6-7%, the low-paid largely precarious (non-standard) jobs being created are not equitable to the largely full-time, higher paid manufacturing jobs being lost. In addition, Statistics Canada reports that Canadian workers who have been displaced by closures and mass layoffs and who find other jobs suffer an average decline of 25% in annual earnings. This works out to about \$10,000 per manufacturing worker.

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Nor are the jobs being made up for by the boom in energy and resource extraction. The influx of workers to the Alberta job market, for example, while substantive, is not making up for the job losses in manufacturing. Resource sectors such as mining and energy are highly capital intensive, it is typically in manufacturing processes which adds value to such resources that one finds more job creation. The energy boom has certainly facilitated a rise in the value of the dollar, indeed some refer to the Canadian dollar as a “petro dollar,” but this dollar appreciation has functioned to the disadvantage of many manufacturing industries and thereby only exacerbated the current crisis in employment.

Government policy of letting the private market decide hasn’t helped. The “leave it to the market” approach means that the key decisions on whether or not to invest, where to locate and what job creation will occur are virtually all made in the corporate board rooms. Today, it is mainly large trans-national corporations that dominate most sectors of industry and in so doing have the ability to downsize, outsource or transfer production and jobs to whatever part of the globe they find most profitable. That thousands of working people are out of work is of decidedly secondary importance to them. The challenge we face today, particularly in Ontario and Quebec, is that the manufacturing sector is in danger of permanent shrinkage and with it will go both value-added products and services which sustain our economy and thousands more jobs that pay above average compensation.

Table 1 shows job losses in manufacturing in the industrial provinces of Ontario and Quebec since it peaked in November 2002 through to February 2007. Between these two peaks, more than half the job losses in Ontario and Quebec were offset by job growth in other

parts of the country. The losses are due to plant closures, layoffs and the non-replacement of retiring workers.

**Table 1:  
Lost Jobs and (Gains) in  
Manufacturing  
November, 2002 - February, 2007**

	<b>Total Job Loss</b>
Ontario	141,600
Quebec	124,100
Rest of Canada (Gains)	(18,400)
All of Canada	247,300

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Source: Seasonally-adjusted  
Statistics Canada figures

As can be seen in the figures above, by far the majority of job losses have occurred in Ontario and Quebec. Since the peak of 2002 Ontario has lost 141,600 manufacturing jobs, approximately one in eight – Quebec has lost 124,100, approximately one in five – Canada as a whole has lost 247,300, nearly one in ten positions. A more detailed breakdown of these figures would show the many varied sectors in manufacturing and how each of these has been impacted and regional variations. It would also show that slightly more women than men have lost jobs and substantially more unionized workers than non-union workers are out of work. This latter is caused by the job losses in the more unionized province of Quebec and the dramatic losses in the highly unionized pulp and paper industry in such locations as northern Ontario.

Finally, some decline in manufacturing jobs is not unique to Ontario and Quebec or indeed, the rest of Canada. Most developed countries have seen employment declines in manufacturing, particularly where policy is left to private

markets with little progressive government policies or intervention. What is unique to Ontario and Canada as a whole, is that substantive job losses are linked to Canada's soaring deficit in the trade of manufacturing goods and the penetration of the Canadian domestic market by substantial and growing imports from low-wage Asian countries. As the number of Canadians employed in manufacturing has fallen in the face of profit-driven production and government inaction, the economy has been increasingly oriented to the extraction of raw, non-renewable resources, leaving more and more working people forced to make do with largely unstable, low-wage jobs in the private service sector.

#### **4. New Developments to Be Aware Of: The Temporary Foreign Workers Program (TFWP) and the Trade, Investment and Labour Mobility Agreement (TILMA)**

##### **Temporary Foreign Workers Program (TFWP)**

The Government of Canada has recently established a Temporary Foreign Workers Program in line with proposals from the International Organization for Migration (IOM) – an inter-governmental organization – the private sector, some governments and the World Bank. The IOM's proposals call for more integration of the world's labour markets and more "flexibility." Not flexibility for employees in terms of having some say over their work shifts or child care or family emergencies, but rather more flexibility for employers to hire who they want, when they want them and to let them go the moment the work load is a little less. The Federal Government's program, which Ontario is now a participant in after signing what is called The Canada-Ontario Temporary Foreign Workers Annex (TFWA), is also directed at issues concerning the supply and demand for

labour given what are considered to be labour shortages.

To match the demand for labour with the supply, the federal government and Ontario have shifted from immigration – which at least formally assured full legal protections and eventually citizenship rights – to the temporary migration of workers. Such migrants tend to be tied to particular employers and dependent upon them to maintain their legal status. Employers will, as they have with agricultural workers for decades, have the power to deport them should they find such migrants unsuitable.

The Conservative government's policy is to make "improvements to the Temporary Foreign Worker Program to respond to employer needs." The TFWP website states that the new changes are aimed at assisting employers "who are experiencing difficulty filling job vacancies." But rather than having to advertise job openings where allegedly there are shortages – what the government terms "occupations under pressure" – within Canada for six weeks, most employers have only to advertise for seven days before getting permission to hire workers from abroad.

Under the redesigned TFWP, employers can be granted permission to employ a temporary migrant for up to three years. Yet to date, the redesign of the TFWP has not included any government monitoring, compliance or enforcement mechanisms to ensure basic human and worker rights. This is not due to a lack of complaints; on the contrary, numerous abuses have been documented by such organizations as the United Food and Commercial Workers (UFCW), concerning seasonal agricultural workers, and by INTERCEDE, the major domestic worker organization for live-in caregiver programs.

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Another controversial feature of the redesigned TFWP is the identification of “occupations under pressure.” In Ontario and other provinces and territories across the country, working groups have been established consisting of federal and local officials. Their task is to compile lists of occupations for which there are alleged shortages. To carry out this task they have been consulting with employers. Consultations with labour have been inconsistent if not a mere formality.

There is much more to the Temporary Foreign Workers Program than can be outlined here. A more thorough understanding can be found in the Canadian Labour Congress’ research paper entitled “*Analysis, Solidarity, Action – a Workers’ Perspective on the Increasing Use of Migrant Labour in Canada.*” Yet even in this short overview it is apparent that there are several issues to be highly concerned about:

First, the foreign temporary workers are not coming to Ontario and Canada as immigrants with full, formal, legal protections and citizenship rights, but rather are dependent upon and beholden to the employer they are brought in to work for;

Second, the federal and provincial governments are largely listening to and serving the interests of employers only, this includes believing employers when it comes to labour shortages – there may well be a shortage of a particular occupation or skill, but in a whole range of cases the shortage is because an employer wants high qualifications at low cost and is therefore refusing to pay union wages;

Third, there is little to no monitoring or enforcement of what protective employment laws and regulations that do exist; and

Fourth, the importing of temporary workers in relatively large numbers and under such circumstances can only serve to undermine everyone’s work standards and this is particularly the case where temporary workers are from low-wage countries and working for lower than average wages here.

Trade unionists need to be aware that this TFWP could end up importing massive numbers of “guest workers” with few rights and that it could function to drag down the living standards and take the jobs of working people in Ontario and the rest of Canada.

### **Trade, Investment and Labour Mobility Agreement (TILMA)**

A second development looming on the horizon concerns another free trade agreement. This one is called the Trade, Investment and Labour Mobility Agreement (TILMA). It isn’t between countries, such as the North American Free Trade Agreement (NAFTA) (signed by Mexico, the United States and Canada) but rather an internal free trade agreement already signed by British Columbia and Alberta on April 28, 2007.

Other provinces are being encouraged to sign this agreement and Ontario Premier McGuinty has already indicated his support for TILMA. Given our concern about the nature of the Agreement the OFL commissioned a full GUIDE and analysis of it that has already been circulated in the trade union movement and to all Members of Provincial Parliament (MPPs), (see OFL web site: [www.ofl.ca](http://www.ofl.ca)). Its key findings are:

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- Provisions that place serious constraints on government policy, law and actions unless they are explicitly exempted. These are policies, regulations and actions that allegedly impair or restrict trade. Thus, if Ontario signed such an agreement, a large amount of government actions and programs would be exposed to private complaints and claims for damages.
- Surprisingly most government measures that are subject to TILMA have little if anything to do with inter-provincial trade, investment or labour mobility per se. Rather, these measures which include provisions from environmental controls to health care insurance plans, were created to serve broad public or social goals. Nonetheless, such programs could be challenged for allegedly violating TILMA prohibitions.
- Key to TILMA are those provisions which establish an enforcement regime to be used by the private sector. Claims may be made where it is alleged that a government or public body has failed to comply with the provisions of TILMA. As claims can be unilaterally asserted by countless individuals and companies they are likely to be widespread and thereby exert pressure on governments to weaken or water down a host of needed public policies, laws and programs.
- TILMA expands the scope of foreign investor rights beyond those that can be asserted under NAFTA. Indeed, these rights are bestowed on American and Mexican investors absent of any reciprocal gains for British Columbia and Alberta investors.
- TILMA does exclude labour standards from its purview, but such standards are defined narrowly and the exceptions are likely to be limited to its labour mobility provisions. This would allow companies to challenge other labour standards and labour law provisions.
- There is some expansion of labour mobility between provinces in the agreement, but this is likely to come at the expense of weakening training, certification and apprenticeship programs due to the overall pressure that TILMA will exert to reduce standards to their lowest common denominator.

On the issue of labour mobility, TILMA needs to be situated in the context of current federal and provincial initiatives including the Temporary Foreign Workers Program highlighted above wherein workers are imported to fill alleged “occupations under pressure” from low-wage countries as well as developed countries. TILMA, like the TFWP, is designed to be another mechanism for deregulation, and the weakening of public policies, laws and provisions inclusive of training, licensing and certification standards.

Taken together, these two programs represent a fundamental assault on the scope and authority of government and have the potential to lower the quality of life of the average worker in Ontario. The CLC position calling for a moratorium on the “occupations under pressure” provisions of the TFWP should be supported. The invitation of British Columbia and Alberta for Ontario to join TILMA should be rejected.

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Like the North American Free Trade Agreement (NAFTA) and the proposed Free Trade Agreement with South Korea, such agreements provide advantages to large transnational corporations to export into the Canadian market, enable capital mobility and private investment, but expose workers to more corporate downsizing, outsourcing, layoffs and terminations due to production being moved to jurisdictions wherein employers expect to make a higher rate of profit.

### **5. The Myth of the “Skills Shortage”: De-Skilling the Skilled Trades**

At the same time as there is an ongoing crisis of employment in manufacturing and a dramatic growth in low-paid precarious employment, there has also been considerable press on what is termed a “Skills Shortage.” More often than not, however, when employers speak of “skills shortages” they mean a shortage of people who are deemed “qualified,” but are willing to work for substandard wages.

As a strategy to reduce wages (increase productivity), employers – and too often government – are weakening standards on two key fronts: apprenticeship training and the fragmentation of whole trades.

This section will look at each phenomenon in turn.

#### **Apprenticeship Training**

Authentic apprenticeship training models must be understood as an employment-based relationship where 80-90% of learning is completed through hands-on, adequately paid employment under the supervision of a regulated minimum number of qualified journeypersons; the remaining 10-20% of class training is undertaken at either public community colleges or non-profit Building Trades Training Centres.

Most apprenticeships take about four years to complete and provide the apprentices with adequate on-the-job experience (working with and under the supervision of a variety of skilled journeypersons) to translate knowledge into real skill and experience.

When they finish their apprenticeship, they are certified and licensed in their whole trade. If they take the Red Seal exam, their qualification will allow them to work anywhere in Canada in any aspect of their trade.

These high standards ensure that tradespeople in the field deliver safe, high quality, professional work.

Once qualified and certified, there is a relatively good rate of pay that is expected for this high level of skill. As such, there is high demand for existing apprenticeship positions.

However, employers have been increasingly reluctant to invest in training or increase the number of apprenticeships. This is especially so if “qualified” workers can be imported temporarily from other countries or if other workers can get “qualified” workers from other provinces where the certification standards are less stringent.

The Liberal government of Dalton McGuinty promised to create 26,000 new “apprenticeships” by the current year. It made this promise without a meaningful job strategy that would ensure enough employers are creating authentic apprenticeship opportunities.

For the past three years, the Ontario government has been using money earmarked for apprenticeship training to fund a variety of programs that are not bona fide or authentic apprenticeship training models, even if the word “apprenticeship” appears in the name of

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the course or program. McGuinty bills these new programs – often offered through the public (and in some cases private) college system – as “new ways” to “get into the trade”.

So while apprenticeship completion rates for existing positions continues to stagnate (the Apprenticeship Tax Credit is given to employers in the first years of the apprenticeship, not the latter years), and while the rate of apprenticeship employment also stagnates, McGuinty can report that he is on target to create 26,000 new apprenticeships in Ontario.

By redefining apprenticeship as some sort of college or high school program, and by re-directing apprenticeship training funds into the college system, McGuinty pretends to improve access to the skilled trades and artificially mitigates the funding crisis in Ontario’s Colleges through the re-direction of apprenticeship funding.

The OFL calls for adequate public funding earmarked for all public colleges to ensure that the most up-to-date materials and equipment are available for all programs. The OFL opposes the re-direction of money that should be going toward authentic apprenticeship training into colleges in a manner that undermines the authentic model of apprenticeship. Sadly, the chronic underfunding of Ontario’s colleges means that college administrators are under pressure to access apprenticeship funds by developing curricula bearing the name “apprenticeship” but that in fact erodes the authentic apprenticeship model.

Furthermore, the trend directing potential apprentices first into the college system (as opposed to the earn-while-you-learn apprenticeship model) creates additional incentives for college administrators to envision a system where they can pocket the revenue from hundreds of tuition fee-

paying students who enrol in so-called “apprenticeship courses,” only to find there are no employers willing to take them as apprentices.

The OFL has consistently opposed apprenticeship training models that would concentrate the entire in-class portion of apprenticeship training in the college system before the student even secured employment as an apprentice. There is a real danger that so-called apprenticeship training will become an academic adventure, further downloading the cost of the first two years of apprenticeship training away from the employer and onto the individual, without even a commitment by employers at the end of the college program. Such a scenario would allow employers to pick-and-choose among these graduates, let employers off the hook for training, and could even promote unnecessary credentialism for a career in the trades.

Of course, there is also another danger that puts the general public at risk. With the clamour for a “speed-up” in the process by which workers are certified, there is also a danger that workers will be certified with only a two-year college program. This is like solving the medical doctor shortage by doing away with the residency and internship requirements for practicing medicine!

### **Fragmenting the Trades**

The establishment of the *Apprenticeship Certification Act (ACA)* by the previous Conservative government set in motion a dangerous and accelerating trend toward fragmentation of what should be understood as “whole trades”.

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While the construction trades have been left intact under the long-standing *Trades Qualification and Apprenticeship Act (TQAA)*, all other sectors of the economy were marshalled under the *Apprenticeship Certification Act*.

Because the *ACA* does not contain critical regulations such as minimum ratios of journeypersons to apprenticeships, nor minimum rates of pay for apprenticeships, there are no cohesive standards that ensure apprentices receive proper training, supervision and mentorship from a variety of qualified journeypersons.

Moreover, the *ACA* is designating as “new trades” what, in fact, are aspects of a broader trade. This reduces the training time required to become certified, and it decreases the value (and expected rate of pay) of the certification. The certificate system ushered in by the *ACA* fragments, de-skills and de-values the trades.

The training concerns outlined above are a product of the implementation of the *ACA* because under the *TQAA* legislation apprenticeship is legally defined as an employment-based relationship (wage earning) with only a fraction of time spent in a classroom setting.

### **Stopping the assault on skilled workers**

Part of the fight to protect and increase the number of good jobs will be fighting to protect the integrity of whole trades and to preserve authentic apprenticeship training. This means fighting for a job strategy that ensures all employers pay their fair share of training costs.

### **6. Labour Adjustment/Training**

A critical aspect of the mass job losses outlined earlier in this paper is the devastating impact it has on those affected. Lives are disrupted and

financial losses put enormous strain on individual workers and their families. Statistics show that those who do find new employment often earn significantly less than they earned previously.

### **Erosion of Employment Insurance**

All workers contribute to Employment Insurance (EI) premiums, yet over the past 15 years cuts to Employment Insurance has meant that a majority of workers no longer qualify; when they do, the duration of the coverage is entirely inadequate.

Changes to program rules have made it much harder for workers to qualify. Workers now must have between 420 and 700 hours of employment before they can draw EI. For new entrants and re-entrants to the workforce, such as young people, recent immigrants and women, the requirement is between 267% and 129% *higher* (910 hours).

Part of a comprehensive job strategy must include legislative changes to the *Employment Insurance Act* so that more workers qualify, coverage is extended, and the payouts are more generous.

### **Adjustment Action Centres – Building Capacity**

Part II of the *Employment Insurance Act* outlines benefits and measures that EI eligible workers have access to during their coverage period. However, currently, workers attempting to access these training benefits face a wide array of bureaucratic hurdles.

For example, the required “Return to Work Action Plan” is a bureaucratic research exercise in which the laid-off worker is expected to undertake market research, summarize their findings, identify their training needs, and find

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training opportunities that fit into the time constraints set out by government regulation. For any worker, this requirement is a significant challenge and barrier to accessing the funds – the more so for workers whose first language is not English or for workers with literacy challenges.

There is an urgent need to streamline the process for applying and qualifying for EI training funds.

The labour movement has developed significant experience in helping workers affected by adjustment. Worker-based peer models that organize assistance through adjustment committees or action centres are a proven asset for workers facing layoff. Labour's capacity to meet this demand, however, is often a function of the size of the bargaining unit affected, and the resources of any one union. It is critical that government funding be increased that will assist the labour movement in building its capacity to develop local and regional worker-based peer models that can assist all workers both before, during and after a layoff.

### **Worker-Based Education and Upgrading**

Layoffs in the manufacturing sector have underscored the urgency for an expansion of workplace education and upgrading programs. Many workers currently affected by adjustment are re-entering a labour market vastly different from the one they entered 20 and 30 years ago when well-paying jobs could be secured without a high school diploma. In today's labour market, technological changes have made computer literacy or other skills a prerequisite – yet newly unemployed workers may have literacy challenges or lack high school equivalency.

In other cases, employers admit that applications from those without high school equivalency are often discarded, even though high school equivalency may not be necessary for the position(s) available.

The gap between the educational attainment of older workers and the reality of today's labour market makes the need for worker/worksite-based education programs that encompass literacy, English as a Second Language (ESL) and skills upgrading an urgent requirement. To be successful, workplace education initiatives must be developed in partnership with labour and other community partners.

### **More Protection for Workers Facing Adjustment**

If a corporation is failing, it can apply for protection under the *Companies' Creditors Arrangement Act (CCAA)*. This *Act* allows a company to keep functioning while at the same time making arrangements to ease its financial obligation.

Too often, companies use the threat of closure to extract concessions from its workers. With growing frequency, companies are using *CCAA* as a means of ignoring or by-passing collective agreements, and are even circumventing human rights, environmental, health and safety and employment standards regulations.

If bankruptcy is declared under the *Bankruptcy and Insolvency Act (BIA)*, workers often lose wages, pensions and severance pay. Legislative change is required to ensure that workers are given priority in the event of bankruptcy.

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Crucially, significantly more notice must be given to workers at risk of layoff. At present, employers are only required to give workers between one and eight weeks notice of termination for layoffs of less than 50. For larger layoffs, notice can range from 8 - 16 weeks.

By contrast, some Scandinavian countries provide workers with as much as two years notice before layoffs. This allows workers to begin education and upgrading programs to equip them with the qualifications they may need to re-enter the workforce. It allows workers time to make financial arrangements and to seek alternative employment at a more self-defined pace.

Worse still, some employers have avoided even the minimal notice requirements established in Ontario by the *Employment Standards Act* by staggering layoffs in swaths of less than 50.

While it is important that the labour movement has been pushing for legislative changes, some unions have successfully bargained contract language that improves the minimum layoff notice, and other aspects of layoff provisions, including jointly-funded union-management committees to assist workers in making the transition from their jobs.

### **7. The Future of Work and the Need for a Jobs Strategy**

The future of manufacturing employment, and indeed manufacturing itself, faces divided paths: continued degradation of work and lost employment or a better work world with a viable manufacturing sector? This is the stark choice confronting us all. In large part, the direction to be taken is left to those of us in the labour movement.

The loss of full-time, well paying, permanent jobs and growth of low paying, non-union jobs and precarious (non-standard) jobs, poses a serious challenge for those of us in the work world, particularly to young people entering the labour force, for the trade union movement and for the future of our society.

It also means we need to examine new ways in which to improve employment: just leaving jobs and the quality of work up to "the market" isn't working.

The OFL is calling on the provincial government to implement a meaningful Ontario and Canada-wide jobs strategy that promotes economic development – particularly in the economy's manufacturing core – with substantive job creation. Such a Jobs Strategy should include the convening of sectoral task forces by the Government to bring together key stakeholders in order to develop strategies for each manufacturing sector (forestry, steel, automotive, etc.). Both the OFL and the CLC have called for a Labour Market Partners Forum to assist in developing a particular economic sector, in reversing the growing manufacturing trade deficit (mainly with Asian countries) and in maintaining and creating jobs.

Such a job strategy needs to include:

- Developing strategies for offsetting the impacts of currency fluctuations on the ability of manufacturers to operate in a global environment.
  - Levering more value-added and manufacturing jobs from resource industries.
  - Introducing procurement strategies in areas such as health care in order to further industrial capacity and expand employment.
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- Implementing effective energy policies that provide a stable and low-cost supply of energy to manufacturers and working families.
  - Linking climate change policies to job creation in “green industries” and help existing industry transition to “greener production”.
  - Expanding worker-oriented education and training provisions for authentic apprenticeships, skills upgrading, literacy and ESL training.
  - Expanding research and innovation so as to raise productivity and further develop the capacities of the work force.
  - Introducing new legislation as part of a jobs strategy, requiring corporations to justify shutdowns and major layoffs.
  - Creating a provincial training levy requiring every employer not already investing in authentic apprentices, to contribute one percent of payroll into the fund. Employers who hire apprentices or pay into a union or union-employer administered training fund would be exempted.
  - Establishing the position of a Jobs Protection Commissioner to advocate for jobs.
  - Amending Employment Insurance so that more workers qualify and that severance pay is not deducted for benefits.
  - Increasing union representation, including part-time college instructors and agricultural workers, to assist in a jobs strategy to both create jobs and to ensure that such jobs are good and secure.
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