

Canada-U.S. Automotive Agreement

employment—is not my idea of the smart way to operate a foreign subsidiary.

He went on to say:

What are Canadians crying about? If the money was available in Canada to develop resources and industry, U.S. interests would not be there in such numbers and to such a high degree of ownership.

I really fail to believe the money for a national industry was not available for Canada. What I really am inclined to believe is that the will on the part of a government to ensure that we would have a national industry was not present and not meaningful. I am not attempting to be critical of the present Minister of Industry. I think his plan, within the framework of the philosophy which exists on the government side of this house, probably was the best plan that could have been devised, within certain limitations.

I should like, however, to go back to the initial consideration that was made. I have sufficient faith in the present minister and the people who advise him that, had the directive to the minister been "let us create an indigenous industry in this country, let us rationalize within ourselves rather than internationally" he could have accomplished that particular objective.

It is a great regret to me, as it must be to many Canadians, that this was not done. However, I am reasonably certain that this resolution will carry and that we will have to live with this pact for a long time. There are some things that the minister should consider doing immediately if he is to be as logical about the attendant difficulties as he was about continentalism. I have received letters from some of the industries in my riding which have pointed out, as have other members speaking tonight, the inability of one department of the government to communicate with another department of the government in order at least to give Canadian industry the opportunity to take full advantage of this particular pact.

I think we must untie the hands of our industry. We have said to them: Compete. I do not quarrel with that. I think our industry has to compete, and perhaps more so than it has in previous times; but if we tell them they have to compete, let us untie their hands and at least give them an equal opportunity.

I have a letter from an industrialist who starts off by saying "We are determined to compete". I think Canadian manufacturers deserve a great deal of credit. Faced with this kind of a revolutionary approach, they have

[Mr. Saltsman.]

indicated they intend to do everything possible to ensure that they are competitive in this kind of market. He goes on to say:

The vinyl and vinyl coated fabric industry is presently being asked to compete on a continental basis in the area designated by the Canada-U.S. automotive agreement.

We are determined to compete on this basis and I know I do not have to outline to you the effect of the 11 per cent sales tax and a 22½ per cent duty on machinery and equipment, most of which is specialized and most of which is made either in the United States or the United Kingdom.

This whole matter has considerable immediacy as the international agreement covers dollars and cents and once the American companies have set their pattern to achieve the goals indicated, it will be very hard to change this pattern.

It is incumbent on the government regarding industry—and in this one in particular where you get into modified or relatively free trade—to see that the tariff which inhibits these industries from getting their machinery at competitive costs, and the sales tax which acts to their disadvantage in these matters, is removed. I think it is the very least the government can do. I am not calling for a blanket removal of tariffs or the sales tax; but in this kind of industry, where obviously they are going to have to fight for their lives, I think the government has an obligation to ensure they have the opportunity to do that without being at a disadvantage.

If the government requires revenue, it makes a great deal more sense to give our Canadian companies the opportunity to be competitive and to make a profit, and to take some of that profit afterwards. If we do not permit them to be competitive in the first place, there will be no profit from which we can derive taxation. So, from this point of view, it is my consideration that the government should act immediately in this area.

I should like to read into the record another letter from an industry in my riding:

The Minister of Industry has urged automotive parts plants to expand their facilities to meet the new demands to be made on Canadian industry by the Canada-United States automotive agreement. This we have done.

In 1964, we increased our manufacturing facilities by enlarging our building at a cost in excess of \$100,000.00—sales tax (of course) was paid and is included at approximately \$7,500.00.

This is a disadvantage which his United States competitor did not have. He makes these comments about the Minister of Finance, by way of justifiable criticism:

The Minister of Finance has stated that businesses should defer the acquisition of machinery and equipment. The policies of the two ministers cannot be reconciled.