

or in the west. What has happened in this industry which now employs in excess of 100,000 Canadians and could be employing 20,000 to 25,000 more if we were getting what we should be getting out of the agreement? Between 1964 and 1973, according to the government's own figures, production in Canada in this industry increased by 77 per cent. During the same period, jobs increased by only 30 per cent. Production went up considerably. Employment did not go up nearly as rapidly.

There is one obvious explanation for a good part of this gap. There was a rationalization of the production lines on the Canadian side of the industry. For example, instead of producing 13 or 14 models on the assembly line in my home town of Oshawa, this was reduced to two, three or four lines. That increased efficiency considerably. It meant we could produce more, not only in Oshawa, Oakville, Windsor and other automotive assembly plant locations in southern Ontario, but also in Ste. Therese, Quebec. We could produce more cars, in a more simplified fashion, at lower cost.

**Mr. Baker (Grenville-Carleton):** Where was your Monza made?

**Mr. Broadbent:** My Monza is a good Canadian-made car, made in that fine province of Quebec. Although improved efficiency of the Canadian operation accounts for part of the gap which exists between a 77 per cent increase in production and only a 30 per cent in employment, it cannot account for all of it. There have to be other reasons. I note, in passing, that during the same period, U.S. production increased by only 10 per cent while employment went up by 13 per cent. Whereas in Canada production increased at a much higher rate than the level of job creation, in the United States it was the opposite: the U.S. had a lower increase in production but a higher increase in jobs. It is jobs that ought to concern us. The minister responsible must find out why, on a comparative basis, more new jobs exist in relation to increases in production in the United States than in Canada.

I want to turn to the parts sector, which in one sense is the essence of this industry. Since 1964 we have experienced a net deficit in trade with the United States of \$16 billion—not thousands, or millions, but billions of dollars in trade and automotive parts.

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In 1975, Canadian consumers used some 12 per cent of all the north American automobile parts manufactured on this continent, but we produced only some 7 per cent of them. So we are producing about 5 per cent less than we are consuming. The reason is that since 1965, 80 per cent of the investment in the parts industry in North America has occurred on the American side. The point is, investment is what creates jobs, and as long as they are getting 80 per cent and we are getting only 14 per cent, the Americans are getting the jobs, not us.

The idea behind the pact was that both countries were to share, on an equitable basis, in future growth in the industry. I emphasize that this has not taken place in the parts sector. The

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American plants have the growth; the Canadians have not. If we had been getting our share of investment, it would have meant thousands of additional jobs for Canadians in Windsor, in St. Thomas, in London, in Oakville, in Kitchener, in Ste. Thérèse, Québec, in St. Catharines, in Oshawa, and elsewhere. Thousands of additional jobs would exist if the government had been doing what it ought to have been doing in the past ten years, that is, monitoring the effects of this pact in a serious way. But it has neglected to do this.

**Some hon. Members:** Hear, hear!

**Mr. Broadbent:** The other aspect of the agreement which concerns us all comes under the label of "three p's"—prices, products and productivity. I am glad the Minister of Finance is here. One of the arguments he trots out time and time again to justify the controls program he brought in is that Canadian productivity has never been as high as that of our American friends. It is interesting that we have never brought down a sector by sector breakdown of this suggestion. I suspect I know why. It is because if he did, the figures would not support his case.

We have them now for the automobile sector, however. Look at the products structure of the industry. I think this is scandalous in terms of what the pact was supposed to do for the Canadian consumer. Ninety per cent of Canadian families own automobiles, and 100 per cent of those families are being gypped under this pact because they are paying too much for their cars. What are the figures? This is the first time they have been available to us. I intend to compare the profits of the Big Four auto makers in Canada with the profits they make in the United States. The period is from 1971 to 1975. Let us start with a small company, General Motors, that pygmy among corporations. Their return on capital investment in the United States in this period was 8.9 per cent. In Canada, it was 11.1 per cent. Ford made 5.1 per cent in the United States, but in Canada it was making 12.7 per cent. Chrysler was making 1 per cent in the United States, but 6.2 per cent in Canada. American Motors made 4 per cent in the U.S., but 8.2 per cent in Canada. In every case, the Big Four in the auto business were almost doubling their profit margins on operations in Canada compared with what they were making in the United States. That situation is, surely, scandalous.

Related to this is the issue of productivity which I have just mentioned. The minister and his colleagues frequently sound gleeful as they point out that Canadian workers are less productive than are our American friends. The reality is just the opposite. They are more productive. Let me put on record, for the benefit of the Minister of Finance, comparative productivity figures as between Canadian and United States workers in the automotive industry. In 1967, two years after the pact came into being, Canadian workers were only 95 per cent as productive as Americans. But from 1965 on the picture changed completely. In 1968 the Canadian figure was 117 per cent. In 1969 it was 129 per cent. In 1970 it was 131 per cent. In 1971 it was 128 per cent. In 1972 it was 115 per cent. In