

*Canada-U.S. Automotive Agreement*

Industry used his good offices to help them over the hump, shall I say, in procuring a very substantial defence contract from the government of the United States. This contract covers the making of rocket parts, I believe.

I should like to thank the Minister of Industry for using his good offices in this respect, and I am sure the people of Ingersoll would also like to express their thanks to him for his helpful intervention. I know that in other cases where there has been dislocation in the automotive parts industry the Minister of Industry has done a great deal to try to help. I give full credit to him for this. However, Mr. Speaker, having said that there are one or two other items I should like to mention.

I shall now deal with the effects of the treaty. I am quite prepared to accept the minister's statement that there has been greatly increased employment in Canada as a result of this treaty. That may well be. But, as was pointed out by the hon. member for Wellington South (Mr. Hales), the minister did not specify the variety or quality of alternative employment. It is my understanding that since this treaty was brought into effect the automotive companies, particularly the Chrysler Corporation and to a lesser degree the Ford Motor Company, have imported all their automotive parts from their wholly-owned subsidiaries in the United States. They have been bringing them into Canada and assembling them here.

This of course, conforms to the Canadian content requirements of the treaty, the Canadian content being assembly line labour and little else. It is quite true, as members on the government side have mentioned, that there has been a great, mushroom-like growth in assembly plant operations in Canada. On the other hand there has been a considerable loss in the manufacturing of automotive parts in the more sophisticated type of machine-tool industries. I think this is a very serious long-range loss to Canada.

It is quite true that the net employment situation may well have been improved in the relatively unskilled labour industries, namely the assembly line processes, and I am sure the city of Windsor—I see two hon. members from that area here this evening—have benefited in this respect. No doubt Oakville has, and one or two other places—I refer to the assembly line operation with relatively unskilled labour—but other parts of the country have not benefited in this respect. One

[Mr. Nesbitt.]

has only to read the financial pages of the newspapers to understand, without my going into extensive detail, that in other parts of the country the much more sophisticated, machine tool, highly skilled industries have been seriously damaged, or in some cases put out of business altogether.

It is too early to say that these people will have no trouble getting jobs. I know that a number of the more highly skilled workers in this industry are moving to the United States and getting jobs there in the automotive parts industry. From their point of view this is fine, but I do not think it is a good thing from the point of view of Canada. If we are to go ahead—and I am sure every member of this house and every Canadian hopes that Canada will expand, grow and develop our secondary industries—in developing industry in the future, especially our highly skilled, technical industries, the movement of labour from this country as a result of the automotive parts treaty will not help this development. If our highly skilled, machine tool industries are jeopardized by this treaty we will have a lack of skilled personnel for the auto parts industry, and also allied and related industries.

One of the very dangerous, long-range effects of this treaty is that it will stultify the growth of highly skilled labour in this industry, which not only affects auto parts but all other similar and related industries. I am sure this is not something that we in this country want. As was mentioned by other members, the Canadian machine tool industry is put at a considerable disadvantage in purchasing the new machines that are required for the efficient, automated factories of today. Factories wishing to purchase these machines are faced with a 22½ per cent tariff if they purchase them from the United States or elsewhere. Then, of course, there is the 11 per cent sales tax on production machinery.

These points have been mentioned by others, but I think they deserve emphasis. These taxes place the Canadian manufacturer at a great disadvantage. To be fair—and I think this is not a political matter, really, but is one of trying to get to the heart of this problem—the revalued Canadian dollar at 92½ cents has offset to some degree the 22½ per cent tariff and the 11 per cent sales tax on large machines coming into the country. But we are still in the red, in the ledger, as a result of these items. I think the government has been concerned about the economic effects of this treaty, and some of its political effects. I know that in my own area we have