

*Canada-U.S. Automobile Agreement*

of assistance required to parts manufacturers and others to get over the transitional period. We in this country can contemplate going through a transition based upon a very rapidly expanding market, whereas if one takes the trouble to examine the United States legislation he will see that it contemplates assistance being provided where the market for a particular item or component has shrunk. We do not contemplate that the market for Canadian produced components will shrink. We expect the market to expand and as a consequence the kind of general legislation provided for in the United States is not, I suggest, needed here.

Because the agreement and the ancillary documents do make it clear that there will be a substantial expansion of production in Canada, we would expect that the problems of transition would be exceptional rather than general, and I think all Members of the House will agree that the solution to exceptional problems as distinct from general problems is better found in precise, detailed solutions than in general solutions or general provisions such as are laid down in the United States Trade Assistance Act. While I think that perhaps in a situation of generalized difficulty the kind of legislation provided for in the United States is helpful, we do not contemplate this kind of situation and in order to provide specific, useful and appropriate solutions to problems we must wait until those problems arise.

A case in point perhaps has been the recent flurry that occurred over the anticipated lay-off of some 1,500 workers at the Ford Motor Company of Canada. This was part of a plan for increasing substantially the production of the Ford Motor Company and called for a temporary lay-off. As the plan advanced, however, it became apparent to the Ford Motor Company that the lay-offs which had been originally contemplated in the early stages of the plan probably would not in fact be necessary, at least in the numbers originally contemplated. All Members will recall that of the some 250 contemplated to be laid off in May it now looks as if there will be only 49 or less laid off in that month. For this reason it is difficult to enact appropriate, specific legislation until the dimension and nature of the problems become a little more clearly defined.

If indeed up to the present we have been facing problems in the department, these have been based on apprehensions expressed by a number of people such as Canadian parts manufacturers and labour leaders.

These, however, have been forebodings or apprehensions as to things that might possibly happen in the future. I am glad to say that to date we do not know of any specific instance in which real difficulties have occurred.

Ever since the genesis of this plan we have been in communication continuously with the Parts Manufacturers Association and with a great many individual parts manufacturers. Right from the outset they have expressed worry as to what might happen, and what some of them have said probably would happen. But to date none of these forebodings, none of these apprehensions, have come true, and until such time as we do discover concrete instances of real hardship it is difficult to generalize on solutions which may be helpful.

Mention was made of the fact that labour was going to be seriously affected and, indeed, by way of expression of a generalized apprehension the theory was advanced that because of the 11 per cent sales tax imposed by a much earlier budget the auto parts industry and the motor car manufacturing industry in Canada find themselves in a position where it is impossible for them to compete. I would draw the attention of the hon. Member to some figures I have been given which are perhaps revealing of the state of the motor car manufacturing industry in recent days. As of January 1, 1964, there were some 40,000 people employed by the motor car manufacturers. As of January 31, 1965, that number had risen to 44,900, an increase of some 4,900 over the year. In the case of the auto parts manufacturers, those firms which have been badly hurt both by the agreement and by the 11 per cent sales tax, I am told that at January 31, 1964 employment stood at 26,900 and by January 31, 1965, one year later, this figure had risen to some 30,100, an increase in employment of something in excess of 12 per cent during a period of severe damage.

I might also point out that taking the weeks covered by the period January 1 to April 17 and comparing 1964 with 1965, production of motor cars rose from 212,000 to 222,000 and the output of trucks rose from 37,000 to 42,000.

**Mr. Hales:** I do not wish to interrupt the Minister, but would he not agree that the increase would have been the same regardless of the United States-Canada auto agreement, because of the natural increase in sales in Canada?