

Productivity and Trade

making a few bucks in the short term. Only the national government can take a lead in providing us with an economy where we manufacture or process our raw materials. We need an economy where public ownership plays a much more meaningful and forceful role as a means of securing more independence for Canada.

I have already referred to an economy where there is more rationalization and specialization of industry. There are many areas in which this country could specialize and which are indigenous to Canada, areas into which we do not venture now because of commitments to certain multinational corporations. Let us look, for example, at the rail policy announced by the Minister of Transport (Mr. Lang). I see a strong indication that we will be phasing out our passenger trains in this country—which I know interests you, Mr. Speaker—and in their place purchasing more aircraft.

We know that the aircraft we will purchase in Canada will come from abroad and therefore provide jobs in other countries. But if we were to expand passenger service in Canada we could purchase cars in Canada, thus providing jobs for Canadians, because we have that technology here. LRC has a light, rapid and comfortable train developed in this country but it cannot sell its product to CPR or CNR. It will sell its product to Amtrack in the U.S. which has a train that travels at 140 miles an hour, a rapid and efficient service. That type of planning does not occur in Canada. We are here at the whim of multinational corporations. When they ask us to jump, we ask, "How high?" There is no planning here. We are just a reflection in the waters of the huge, multinational corporations. That will have to end if we are to develop a country that is worth living in in the years to come.

The other thing I wanted to mention in the debate today was the growing deficit in the trade pact with the U.S. under the autopact. As you know, the autopact was negotiated a number of years ago and worked to the advantage of Canadians for quite some time until recently when we started to accumulate an increasing deficit. Our trade in automobiles has gone from a surplus position in recent years to a very large deficit. While the autopact made a positive difference for a few years, that of course has taken a reversal from a deficit of over \$700 million in 1965 to a deficit that has averaged much less, \$200 million a year on average between 1965 and 1973. Our automotive jobs increased at a rate three times those in the U.S. during that period of time.

However, in recent years things have turned around from a small surplus of \$204 million in 1970 to \$230 million in 1971 and \$75 million in 1972. Our auto trade balance has come back toward a more historical and normal position. In 1973 we had a deficit of \$440 million in the auto trade; in 1974, a deficit of over \$1,300 million; and for 1975 the full year's figures indicate a deficit in the range of \$2.5 billion. So you can see in the auto trade, which is very important to a large part of this country, the trade position of Canada is changing very rapidly.

This is the big area of deficit so far as auto trade goes, although we also have a deficit on non-U.S. auto trade of some \$500 million. Why is that? There is a tendency to blame this on our deteriorating competitive position. This, in turn, is usually blamed upon the workers, which is not

the case. Let us take a closer look at the situation, for the case in the automobile industry is similar to that in a great number of industries in Canada. Let us consider vehicles and parts. I will deal with vehicles today. In vehicle assembly we have a small surplus in trade, but there is a commensurate price differential between Canada and the U.S. and this is usually blamed on our high-cost industry. If this were the case, we would expect that higher prices to make up for higher costs would still result in similar profit levels on both sides of the border. However, in fact, profits in Canada are currently about \$100 per car higher than in the United States, and in 1974 the Big Three made 22 per cent of their profits in Canada on 11 per cent of North American car sales, an amount high enough over the last decade to pay for all their new investment in Canada. This is on top of normal profits which have been high in the auto industry in the last decade.

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As I have said, profits in this country are very, very high. Wages are at parity in Canada and the United States, and the higher pension costs in Canada are made up for by lower medical costs and lower supplementary unemployment benefit costs. It is not because of greater efficiency in the United States or economies of scale, because with the auto pact all production in North America is rationalized and efficient and there are economies of scale achieved on both sides of the border. Moreover, because of the high rate of new investment in vehicle assembly in Canada after 1965, our machinery is at least as efficient as that in the United States. Transportation costs are also about the same on both sides of the border. So the only conclusion we can come to is that the decision of the big car manufacturers is to wring more profits out of Canada.

When we consider the parts side of the argument, we see the same type of thing. That does not mean lack of productivity in Canadian workers, but it is the decision of the corporations to wring more profits out of Canadian industry. These are things we will have to stop if we are to develop our economy. We as Canadians collectively will have to make the decisions in this country in terms of planning and take the decision-making power away from the corporations in this country. The time has come to do that. The time has come when we should have that type of national development plan, when we the public should decide what are the important things to develop and not leave that process to the large corporations because when we leave it to them it is the ordinary Canadian who is injured.

We have an immense future in this country. We have an educated population. We have the resources, the institutions and the training which we need. We have a transportation system and the means to provide food. All we need now is a government which will put those things together into a policy which will process those resources and create jobs for Canadians. In many cases we have a large enough domestic market to keep going adequately in the manufacturing industry. It makes no sense at all to be importing many of the goods we are importing when we could be developing, processing and manufacturing these goods right here at home and providing jobs for Canadians.

These are things we will have to do. If we do not change our trade policy, and if we do not have an industrial