

*Chrysler Canada*

that there will be very dramatic lay-offs in the car assembly plant until the time, 1983, for the construction of the K cars? Those are my three questions, Madam Speaker.

**Mr. Gray:** Madam Speaker, the world product mandate will extend not simply to the period of time ending when the plant is in production, but during the time of repayment of the loan, which I believe is at least five years after the plan begins operation. I think that that is quite an extensive period to market several models of a product of this type.

It would seem to me that if this product is successful, Chrysler would be most unlikely to discontinue the world production mandate for this van-wagon in the Windsor plant. As to whether anything additional could be obtained, there were very arduous negotiations and I can tell the House that if it were left up to Chrysler there would be no job guarantees whatsoever in the agreement. The words "jobs" would not have appeared anywhere in the agreement. There would have been no employment figures in it whatsoever. I refused to accept that on behalf of Canadian workers and the Canadian economy. In spite of what Mr. Iacocca was saying at that press conference in Detroit the other week that there would be no job guarantees, we have job guarantees which the Canadian director of the UAW said were the best that could be obtained under circumstances that we are all so aware of in the North American automotive market.

● (1700)

With respect to engine production in Canada, it happened that before a final decision was made by the government of the nature and extent of aid to Chrysler Canada, Chrysler Corporation decided not to make the V-6 engine, which had been contemplated for the Windsor plant, anywhere in its operation. It decided it would purchase that engine elsewhere. The reason was it felt that to stay alive it had to cut \$1 billion from its investment plans for North America, and the engine plant was included in that. I suppose that if the government had wanted to put up a couple of hundred million dollars more, it is theoretically possible that the plant might have stayed. But once—

**Madam Speaker:** Do I have the consent of the House not to see the clock for a few minutes so that we can hear the answer of the minister and entertain a question from the hon. member for Burlington (Mr. Kempling)?

**Some hon. Members:** Agreed.

**Mr. Gray:** I thank the House for its courtesy. I will conclude my answer in a couple of minutes. Once the government had decided that our assistance to Chrysler should be in the same form as, and generally proportional to, the kind of assistance provided by the U.S. federal government—that is to say, loan guarantees in the amount of \$200 million—then I had to negotiate to get the best possible deal within that mandate for Canada and Canadian workers.

Frankly, what we have here will create, if everything works out and the products are accepted in the market, more jobs for

Canadian workers in total than if the package had been built around the engine plant. On balance, I have to opt for restoration of jobs and for better, if everything works out, than simply some obviously interesting form of technology that would not have provided the jobs which, in my view, have to be our first priority and were my first priority at the outset.

To conclude, I want to answer my hon. friend's third question about the closing of plants. As I said in my statement, for the first time in any agreement that I am aware of between the government and a company, the agreement covers all the facilities of the company. It is not like the Ford agreement which applied only to the new Essex engine plant; it applies to all the facilities. I said when the content of the Ford engine plant agreement became known that there were lessons in that which I was trying to apply to the Chrysler situation, and it is obvious that I did so.

As to the definition of the word "permanent", I would again say that in my view that is up to the minister because it is the minister who decides whether the company is living up to its agreement such that it can get loan guarantees, or whether loan guarantees will remain in place.

The agreement has two very important aspects—and I am just coming to my conclusion, Madam Speaker—that will prevent that clause from, in effect, meaning a permanent closure of any plant. In fact, first of all there is the requirement to maintain employment in Canada proportionate to the employment of Chrysler in the United States. If a product, in my view, that is being manufactured in a Canadian plant is not selling and, as a result, it would mean that the employment in that Canadian plant would not be proportional to employment in the United States, the minister could require that steps be taken by Chrysler to have products in that plant to bring employment back to the proportional level, or he could refuse to authorize the loan guarantees to be put in place or remove them.

There is another very important aspect in the agreement, and that is that it is based on the total product facilities and financing plan which deals with product mix. There is no way that Chrysler could meet the obligations it has entered into by committing itself to the operating plan with respect to product mix if it did not use generally over the period of time covered by the agreement, in my view at least, all its facilities. This does not mean there could not be lay-offs or even temporary closings in response to market conditions, but in my view it would not be possible for Chrysler to meet the requirements of the plan with respect to product mix and the requirements of the agreement with respect to proportional employment if it intended to close permanently the plants that are covered by the agreement.

I repeat, in conclusion, Madam Speaker, there are many points that could be debated in this agreement. One could always argue that one clause might have been better or another clause might have been better; but looking at the balance of the agreement, after very arduous negotiations on behalf of Canadian workers and the Canadian economy, I