

*Supply—Industry*

These comments were made two and a half years ago, Mr. Chairman. What is the position today? The hon. member for Wellington who has just resumed his seat referred to the fact that even making allowance for the price differential between Canada and the United States and the different government taxes, both federal and provincial, cars produced in Oakville and sold in Buffalo are cheaper than the same models sold in Toronto. Therefore we must ask ourselves how this is possible. Either the Ford Motor Company is selling in Buffalo cars produced at Oakville at a loss—and I do not think that even the Minister of Industry, Trade and Commerce believes that—or the price the company charges in Canada for its products is exorbitant and its profits are similarly exorbitant.

The automobile companies of Canada, which are almost exclusively U.S. owned, have been very careful not to reveal the profits they make in Canada. Canadian governments have been too stupid to pass legislation that would require the automobile companies, like any other company in Canada, to issue annual statements detailing their turnover, profits, capital investments and so on. Several years ago both the Chrysler Corporation and American Motors did submit figures, not to the Canadian government but to the United States securities and exchange commission at a time when the companies were trying to float a new loan in the United States. These figures indicated that the net profit amounted to 30 per cent on invested capital per year. Although the figures applied to those particular years, that is probably their proportion of profit every year.

The *Toronto Globe and Mail*, which is not a very radical newspaper but is very widely read and respected in the business community of Canada, had this to say about the profits of automobile manufacturers in a report on January 19, 1965:

According to one estimate, the average annual profit of the auto manufacturers often has run to around 30 per cent of their net worth, that is the total amount of their invested capital, compared with a more normal 10 to 15 per cent return in other industries.

While the balance sheets of most of the major producers are closed to public scrutiny, one federal official estimated that in a good year the profit earned by one of the leading Canadian auto producers might run as high as 80 to 90 per cent of invested capital.

This calculation is made by the writer of this article in the *Toronto Globe and Mail* and I think it merits the minister's study.

Having made these comments about the prices of Canadian automobiles failing to come down and about what I consider to be the exorbitant profits made by the automobile manufacturing companies, I should like to deal for a moment with some of the good things that the minister had to say about the results of the auto pact. I agree with him that there has been a large increase in the production of automobiles in Canada, and this is good. The trade imbalance has been reduced from \$683 million in 1966 to \$350 million. Those are the figures I understood the minister to give when he spoke earlier and I jotted them down. The average level of employment has increased from about 60,000 workers in this country to 80,000. An increase of 20,000 is substantial and this too is all to the good. Productivity has already increased, as I have said. The minister estimates that the gap in productivity between the United States and Canada has been reduced to 20 per cent.

The minister went on to say that a program of loans has been worked out for automobile parts manufacturers. As I noted his statement, 68 loans to a value of \$55 million have been made to automobile parts manufacturers. That is good. We have also been told that automobile manufacturers have been permitted to benefit, to the tune of several million dollars, by tariff arrangements with respect to machinery that is not made in Canada. That also is good. Nevertheless the difficulties with regard to this plan which were discussed in 1965 are still there. Those difficulties were spoken about eloquently last week during the estimates of the Minister of Labour by the hon. members for Essex East and Essex West, who represent the automobile workers of Windsor and who know more about these problems than I do, coming from Winnipeg.

● (5:00 p.m.)

Without going over ground that has previously been gone over, may I commend to the hon. member for Essex East a reading of *Hansard* for the month of May, 1965. It will be seen by so doing that a number of hon. members, of whom I was one, predicted then to the minister responsible for industry precisely what would happen. We said that although productivity would go up this would prove of little consolation to workers who might be laid off. Right now about 1,000 Ford workers have been laid off.

**Mr. Pepin:** Temporarily.