

*Canada-U.S. Automobile Agreement*

a policy which is for the good of all Canadians is not paid for out of the suffering and the misfortune of the auto workers or the small parts manufacturers,

Therefore, Mr. Speaker, I trust that we shall have some statement from the Minister of Industry and from the Minister of Labour, and others, as to what they are going to do to protect the Canadian consumer, the Canadian worker and the small parts manufacturer who may be affected by the agreement which the Government entered into without the consent of the Canadian Parliament.

**Mr. H. A. Olson (Medicine Hat):** Mr. Speaker, it seems to me that it would be relatively simple for the Minister of Industry (Mr. Drury) to get up in this Chamber and give the kind of explanation the hon. Member for Burnaby-Coquitlam (Mr. Douglas) has just requested. Because, Mr. Speaker, over the past few months, whenever the Minister has been questioned about the purpose of the automotive agreement with the United States, and so on, I think he has attempted to make it abundantly clear that there were four main purposes. Number one was to increase the automotive manufacturing establishment within Canada. The second purpose was to increase the jobs and job opportunities for Canadians generally, but particularly in the automotive field. The third was to try to do away partly with our chronic balance of payments position in general, and specifically in the area of purchasing automobile parts, which by the way, Mr. Speaker, is one of the largest items in the trading picture which causes our chronic imbalance. And the fourth purpose was ultimately to lower the price of automobiles to Canadian consumers.

It was indeed a shock, Mr. Speaker, to many Members of this House and I think to Canadians generally when we learned from the evidence given to a Congressional Committee of the United States that, according to the calculations of some of their experts, even after this agreement is fully in effect it is not going to change appreciably this imbalance of payments or trade between Canada and the United States as far as automotive and component parts are concerned. As the Minister has told us a number of times, we purchase several hundred million dollars worth of automotive and other component parts more than the United States purchases from us. The Minister has continually said both in the House and outside that he hopes this agreement would have the effect of bringing our

payments position eventually into balance. We cannot disagree with that objective, but if it is not achieved, and if we do not in fact have an agreement with the United States which will have the effect of making a portion of the United States market available to Canadian manufacturers to the point where we do equalize this automotive parts trade between the two countries, then I suggest that none of the other three objectives can be reached.

● (5:30 p.m.)

If we do not have a relatively larger increase in the Canadian export of automotive parts to the United States, than in imports, we are not really going to do anything significant about increasing the automotive establishment in Canada. Nor are we going to provide an increase in opportunities for jobs in the automotive industry, and certainly we are not going to do anything about correcting this balance of payments which exists at this time.

On several occasions the Minister of Industry (Mr. Drury) has said that he hoped by 1968, when this agreement comes fully into effect, these objectives will be reached. He has also said on a number of occasions, although I do not have the quotations before me, that he hoped by 1968 the price of automobiles to the Canadian consumer would begin to decline. There cannot be any useful purpose in granting the Big Three a \$50 million per year excuse from taxes, unless it is intended that the Big Three will use that \$50 million to increase the automotive manufacturing establishment in Canada.

I believe it is fair to suggest that the Minister has tried to tell this House on several occasions that the \$50 million per year will be used for that purpose. However, during the next two or three years, at least until 1968, it will be used to increase their automobile manufacturing establishment in Canada. So, while we have known for some time that it is not specifically spelled out in the agreement with the United States, nor is there evidence of any other formal written agreement with the automobile manufacturers that they are going to use at least that amount of money to expand automotive manufacturing in Canada, we certainly did take for granted that that was the case.

It seems to me there is some paradox here in that the Minister continues to tell the House and the Canadian people that all of these things are going to take place, while at the same time there is evidence before a Congressional Committee in the United States that