

Chrysler Canada

There are many other things I should like to talk about, Madam Speaker, but perhaps the minister could answer those questions. I will be happy to hear his reply.

Mr. Gray: Madam Speaker, the hon. member for Hamilton Mountain (Mr. Deans) has made some very interesting comments by way of questions on various parts of my statement. I am glad he confirmed that I made it in the House at his specific request so that it would be formally on the record of the House of Commons. I offered to do this if the House leaders agreed. I gather there was agreement just before question period, which is why the hon. member for Burlington (Mr. Kempling) did not receive the statement earlier, although, as he said, it was identical to the statement I made to a rather interested and attentive audience of journalists last Saturday afternoon here in Ottawa after the agreement with Chrysler had been confirmed that morning in Toronto.

The hon. member for Hamilton Mountain has asked in particular who will define, for example, what "where practicable" means in the clause regarding research and development, where this development will be done and the nature of it. I want to say, first of all, as the statement points out, that it will be done in Windsor in connection with the production of the new T-115 van-wagon. It will certainly include engineering support activity. The definition of what is sufficient to meet requirements, in short, who will decide whether what is being done is practicable will be up to me or the minister of the day.

With respect to this clause and the other clauses dealing with sourcing and autonomy, if what Chrysler is doing or intends to do is not to my satisfaction or the satisfaction of the minister of the day, Chrysler will not get the loan guarantees if we are talking about what is being done prior to 1982. If we are talking about the period after 1982, since the loan guarantees are to be drawn down in instalments linked with the pace of the drawing down of loans for the construction and equipping of the van-wagon plant, if what is being done with respect to any and all clauses in the agreement does not satisfy me or the minister of the day, then the instalments of the loan guarantees will not be allowed to be put in place and those portions of the loan guarantees already there can be withdrawn. I or the minister of industry, trade and commerce of the day will certainly have a very powerful weapon to ensure that those clauses have real meaning for Canadian workers and the Canadian economy.

With respect to carrying out the agreement generally, there will be a special group of officials very closely monitoring the activities of Chrysler Canada in carrying out the agreement, an additional source of access to information will be available to us. We will be appointing a member of the board of directors of Chrysler Canada and will have exactly the same reports as Chrysler Corporation has to give under American law to the U.S. federal loan guarantee board which is responsible for administering the loan guarantees to the parent corporation under that law.

The hon. member for Hamilton Mountain asked a question about the small front wheel drive car referred to in my statement. It is my understanding that it is to be built on a K

car platform. I would be happy to get further information for my hon. friend. Whatever the car ends up being called, I understand it is to be built on the K car platform.

In our negotiations I pressed Chrysler very hard about having small front wheel drive cars in production in the assembly plant in Windsor prior to the date mentioned in my statement. They replied that they had already begun retooling two plants in the United States and that the production of those plants would meet the estimated market demand, that the production of those plants was, in effect, tied to the availability of the power train components. They said to have made changes would mean, in effect, losing the investment that Chrysler had already made in beginning the retooling of those two plants in the United States. I hope that demand for these cars will grow so that we can validly raise again with Chrysler the matter of advancing the manufacture of a small front wheel drive car in the Windsor car assembly plant.

My hon. friend also asked about the matter of autonomy for the Canadian company. This will be pursuant to a restructuring plan which has to be worked out in a form regarded as suitable by me or the minister of the day. I want to repeat that this gives us a tremendous leverage to have real meaning in these clauses because, without such meaning the loan guarantees will not be available in 1982, as I have said; or if instalments have begun to be drawn down over 1982, further instalments do not have to be drawn down if the requirements of the minister are not met and existing instalments could be revoked.

The hon. member has suggested that the figures in the statement which will be in the operating plan of Chrysler for Chrysler Canada regarding employment would be lower than those they would have to meet in any event under the auto pact. I would say that the hon. member is quite wrong in this. In order to meet the requirements of the auto pact, it would be possible for Chrysler Canada to do just about what it is doing now, or less. Without the investment plan to which Chrysler is committed of \$1 billion and the product mix also outlined in the financing, facilities and operations plan, we would not have the opportunity—indeed, more than the opportunity—to have employment at Chrysler Canada at the level of close to 16,000 by 1984.

● (1650)

It is quite possible and would be very easy for Chrysler to operate indefinitely at levels where they are operating now and meet the requirements of the auto pact, which are essentially that Chrysler produce finished vehicles in Canada at the same ratio as their sales in Canada.

I would say to the hon. member that, as far as the government and I are concerned, what we have negotiated would enable the restructuring of Chrysler Canada to take place, not simply to keep them afloat, not simply to enable operations to continue at present levels, but to enable Chrysler Canada to have products on the market that will be competitive in terms of fuel efficiency and size to meet the demands of consumers in the 1980s. This would therefore enable the restoration of