

decision which would have created an entirely independent national Canadian automobile industry. It is interesting to note, Mr. Speaker, that in this suggestion he seemed to be in conflict with the argument put forth very clearly by the hon. member for Danforth (Mr. Scott), his party colleague, who pointed out in effect that the decision by the Canadian people not to take a step of this nature had been made many, many years ago.

The hon. member for Waterloo South made references to the situation in Sweden, Britain and Germany. However, it seems to me, Mr. Speaker, that the automobile industries in those countries reached their present status and acquired their present nature not basically as a result of government action, but as a result of the initiative of management and businessmen initially, and because of decisions by consumers to accept the models produced by firms in those countries even though there was competition from other makes of cars from outside those countries.

Mr. Douglas: Is the hon. member aware that the Volkswagen company was a wholly owned government company?

Mr. Gray: The Volkswagen company started out being owned wholly by the government in order to provide employment for people who had been working in those factories by producing these cars, where previously there had been produced only various types of war materials. The German government, as I understand, at the present time has begun divesting itself of the ownership of that concern.

Mr. Douglas: The government started it.

Mr. Gray: Yes, but the continued prosperity of the company was due to the design of the product, the initiative of management and the acceptance of consumers. I think the free enterprising Chancellor of Germany, Dr. Erhard, would be surprised at the suggestion that he would have kept the Volkswagen in production if there had not been market acceptance for it.

Sweden has no limitations of any kind on imports of parts and cars. Swedish industry must meet competition from all types of automotive products.

The point I am trying to make, Mr. Speaker, is that rather than lessening the benefits to Canada, the aim of this treaty is to increase benefits through increasing production and employment for Canada. I suggest,

Canada—U.S. Automotive Agreement

Mr. Speaker, that the evidence to date indicates that we have made very substantial progress in meeting this aim of the treaty. Reference has already been made to the fact that the production of cars and trucks has increased by over 350,000 units in the past three years; that production of automotive parts, comparing only 11 months of 1963 with 11 months in 1965, has increased by some \$230 million.

These figures help to destroy the argument of the hon. member for Oxford (Mr. Nesbitt), who suggested that two of the major automobile firms in Canada, Chrysler and Ford, were importing all their parts from the United States as a result of this treaty.

Mr. Nesbitt: I did not say all. I said most.

Mr. Gray: I thought you said all.

Mr. Nesbitt: You should read *Hansard*.

● (12:00 noon)

Mr. Gray: Even if I would accept the hon. member's interjection that what he had intended to say was that they were importing most of their parts, I suggest this would not be possible because of the content requirements included in the automotive agreement. The very fact that the production of parts has increased so substantially in Canada demonstrates the weakness of suggestions that the increased production in the vast Chrysler and Ford plants in Canada arises merely from assembly operations.

We also note the substantial increase in employment in both the automobile manufacturing industry and in the automotive parts manufacturing industry. If we compare the increase which took place between 1963 and 1965—I am speaking of average monthly employment in the manufacturing field—from 57,000 to over 76,000, it seems to me that even taking into account the suggestion by the hon. member for Wellington South, the spokesman for the official opposition, based on one or two isolated instances of lay-offs, we must all reach the conclusion that this vastly increased range of employment could not have taken place if those assertions had been correct.

I invite hon. members to look at the situation in the city of Windsor. In 1962 the employment index was 72.1 upon a base of 100 in 1949, meaning that 32,128 people were employed in industry. I am not referring to the automotive industry alone but to employment in industry generally in the area though it is, of course, well known to all members of