

declining. This was due in large part to the situation created by demand for a proliferation of models, the resultant short runs and higher unit production costs, a rising tide of imports, reduced economic growth, all in a period of rising unemployment. Faced with this proliferation of problems, the Federal Government, in August 1960, appointed Dean Bladen as a one-man Royal Commission to undertake an intensive study of Canada's troubled automotive industry.

In his report¹ Dean Bladen found that the Canadian industry's basic problems resulted from low volume production of a substantial number of different models at a time when the economies of scale were steadily increasing for most major automotive components. The technology of the industry at that time called for a greater degree of specialization which required expensive, dedicated equipment. Dean Bladen concluded that if the Canadian automotive industry was to become more competitive it had to have access to larger markets to take advantage of optimum scales of production. This could only be achieved if there was some form of integration between the Canadian and the United States automotive industries which could lead to a rationalization of the industry with considerable benefit to Canadian production and employment as well as to consumers. His report proposed a plan to enable automobile manufacturers to import any vehicle

1 Report of the Royal Commission on the Automotive Industry, April 1961.