

Oral Questions

● (1415)

ORAL QUESTION PERIOD

[English]

AUTOMOTIVE INDUSTRY**LAY-OFFS IN PARTS MANUFACTURING—GOVERNMENT ACTION**

Hon. Bill Jarvis (Perth): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce who will be aware that, according to figures published today, 38 per cent of employees in the Canadian auto parts industry are unemployed. This industry is not experiencing a recession for its workers; it is a new depression. What exactly does the minister propose to do about this economic and social disgrace?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we have already taken a number of substantial steps to help deal with the situation even though the problem is linked with the fact that some 80 per cent of our production is exported to the United States, and they are in a major recession.

However, just a few weeks ago we instituted a new program to provide \$25 million over the next two years to the auto parts industry to help firms take advantage of new productive opportunities. We have also taken steps to restructure and help continue in operation companies like Chrysler, and Ford in Oakville, which provide important outlets for the production of independent Canadian auto parts manufacturers. So we have taken important steps, and we are going to be taking other steps in the future.

CANADIAN SHARE OF UNITED STATES MARKET

Hon. Bill Jarvis (Perth): Madam Speaker, I draw to the minister's attention that the result of these steps so far has been that 38 out of every 100 auto parts workers are out of a job. Fifteen years ago Canada accounted for 75 per cent of American imports of auto parts; today that figure is 38 per cent. Under the auto pact our share of the U.S. market has been cut in half and the result, of course, is the human and economic misery which is the by-product of thousands of lost jobs. Is the Minister of Industry, Trade and Commerce content that these jobs be lost permanently and, if not, precisely what does he propose to do to recapture a reasonable share of that market?

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): I am glad my hon. friend has confirmed the importance of the United States market to Canadian auto parts and vehicles, and I want to repeat that there is no question that the severe recession in the United States and the resulting downturn in the market for automobiles has hurt the opportunities for employment of Canadian auto parts workers. We certainly want to see their economy recover, but certainly their economic policy is not something under our control.

An hon. Member: Thank God.

Mr. Broadbent: That is why they are doing well.

Mr. Gray: But we are continuing to work to make sure that, through the auto pact, we continue to have fair access to that market. We are going to continue our consultations with the United States authorities to deal with problem areas we have seen emerge under that pact, so that we continue to have our present and hopefully increasing access to that key market for Canadian auto parts companies and workers.

EFFECT OF CHANGE IN CAPITAL COST ALLOWANCE

Hon. Bill Jarvis (Perth): Madam Speaker, conditions in the United States have absolutely nothing whatsoever to do with the percentage of that market that Canadians get. That the pie is reduced has nothing to do with the share of the pie that Canadians get.

Let me go to the new automobile manufacturing industry where thousands of jobs have also been lost in places like Windsor, Stratford, and dozens of other communities across Canada, as a direct result of the change in the capital cost allowance provisions in last November's budget. Can the minister explain, if he knew beforehand, why he would permit this provision to be included, knowing full well that it will dramatically reduce the number of new car sales in an industry which is more depressed now than it ever has been since World War II, and if he did not know beforehand, does he now support that provision which is costing thousands of Canadians their jobs in order to provide this government with additional tax revenues? In other words, Madam speaker, is he content to justify this federal tax grab on the backs of thousands of unemployed Canadian auto workers?

● (1420)

Hon. Herb Gray (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I do not accept the premise of my hon. friend's question. We on this side have voted—and the majority of the House has voted—to support the budgetary proposals of the Minister of Finance.

I know something more important when it comes to the reality of new investment in the industry, and that is that last week the president of Chrysler Corporation announced that Chrysler was beginning an expansion program for its plants in Windsor, leading to an investment of about half a billion dollars. This is as a result of the action taken by this government in its restructuring agreement with Chrysler.

Just a few weeks earlier, through an initiative by this government, Volkswagen announced it was opening a plant at Barrie and, in addition, sourcing \$150 million of parts from independent Canadian parts producers, aimed at bringing some 1,500 new jobs to that important sector. My hon. friend is spinning around. We are taking concrete action in support of maintaining and creating jobs for Canadian auto workers.

Mr. Jarvis: Tell that to the unemployed, Herb.