

Canada-U.S. Automobile Agreement

expect to receive is worth \$50 million a year. We want to know from the Minister the basis of his estimate of 60,000 new jobs. We want to know what assurance or guarantees he has from the automobile manufacturing companies in question that there will be an expansion of the automobile industry in Canada which will justify the Canadian taxpayer giving them a handout of \$50 million a year. It is not enough for the Minister to tell us that he hopes the price to the consumer will go down to that of the United States cars, or that he hopes this arrangement will give us 60,000 more jobs, or that he hopes it will give us a greater share of the United States market as well as a share of the world market. All we know is what the agreement says, and there is nothing in the agreement which guarantees us these benefits.

I noticed in the *Vancouver Sun* on Wednesday, April 14, a particularly trenchant comment. An editorial entitled "Principles Betrayed Unless..." says:

Among other things, Mr. Walter Gordon's forthcoming budget will have to defend the Canadian-American free trade deal in automotive products.

It can be easily defended if it means that automobile prices will soon fall. If they don't, the deal is quite indefensible.

In that case it is not a free trade deal. It is merely a huge subsidy to a few Canadian automobile companies owned in the United States.

The Canadian Importers Association so construes it. Mr. Murray E. Corlett, the association's legal counsel, describes the deal as follows:

"It would appear as if the new plan more nearly represents a form of tariff protection for the benefit of a handful of Canadian auto manufacturers than a genuine free trade arrangement."

These manufacturers receive a state subsidy of \$50 million a year through the removal of customs duties on their imports. The resulting loss of Government revenue must be made up by the Canadian taxpayers.

They had been led to expect more than full compensation by a large cut in car prices. The main object of the deal, and its true justification, was to equalize prices in Canada and the United States after a short period of readjustment.

The Pearson Government, however, has been notably ambiguous about prices. It says, quite rightly, that the Federal authority does not control them directly. They are under provincial jurisdiction. But it is nonsense to pretend that the Federal Government remains powerless.

That is a very telling criticism from a prominent Liberal newspaper in the City of Vancouver. People in all political parties are concerned about this. They are not opposed to rationalization but they want to make sure that the smart Yankee traders have not pulled the wool over the eyes of the Minister of Industry and the Cabinet. While it is perfectly clear we are giving the auto industry \$50 million a year, it is hard to find out what we

[Mr. Douglas.]

are getting in return and we have a right to expect something definite from the Minister as to if and when the Canadian consumer will get a reduction in the price he has to pay for a Canadian made car.

• (5:10 p.m.)

The other criticism we have of this agreement is that it appears to make no provision at all for the employees in the automobile industry who will be displaced as a result of it. That there is bound to be dislocation, one must take for granted. The whole principle of rationalization is that instead of Canada making a large number of parts for cars sold on the Canadian market, our manufacturers will in future make a smaller number of parts for the entire North American continent and possibly for the world market. This is based on the theory that by having a longer run, by increasing the volume of production of any one part, the unit cost will be reduced, leading to great savings for the industry as a whole. We can, therefore, look forward to a good deal of dislocation, to some temporary unemployment and the retraining and replacement of men. I am told that the recent lay-offs in Windsor where it was announced that some 1,600 employees would not be needed is due to the fact that instead of making a large number of engines, the Ford Motor Company is now going to make one engine but with a much larger volume; consequently there is bound to be a period of readjustment and dislocation. But the difference between the approach of the Government in Canada and the Government in the United States, Mr. Speaker, is simply this. In the United States, when they presented their agreement to the Congress they enshrined it in an Act called the Automotive Products Trade Act, and in that Act they set out the responsibilities which the federal Government would assume for retraining workers, for maintaining them during their period of retraining, for placing workers who would have to be moved from one part of the industry to another. This in addition to the fact that there is already in the Trade Adjustment Act, which was passed under the Kennedy administration, a provision that where a rationalization of industry takes place workers will be retrained and will receive 65 per cent of their normal wages, or 65 per cent of the normal wage in the industry.

This is why the automobile workers, the U.A.W., in the United States have in their appearance before the Congressional Committee expressed their willingness to go along