

*Canada-U.S. Automotive Agreement*

Some of the policies of the minister and the former minister cannot be reconciled, judging from this morning's paper.

The one urges expansion and the other advocates the deferment of expansion.

I hope if the minister replies tonight that he will have something to say in this regard and will indicate which minister has made the better judgment in this case.

The parts manufacturing industry is in a unique position due to the Canada-United States automotive agreement and it would be disastrous to defer expansion at this time.

• (9:30 p.m.)

He points out that planning in private industry is very important, and that perhaps our government might learn something from private industry in this regard, and not bring in budgets on an almost year-to-year basis without an indication as to what the future holds. He points out that jobs for the 1968 automotive model year will be placed in 1966, and that he cannot wait for the minister to make a decision next year because he as a manufacturer has to make his decision this year. Production will commence in the summer of 1967 and facilities for this production must be available by that date. Should we not obtain jobs for the 1968 model, it is probable that no jobs would be available until 1970 or 1971.

These are very real dangers and concerns of the people who are being asked to compete in Canada, and I think it is incumbent upon the minister to provide them with answers if he wants them to be in a position to compete, as he says he does.

The writer goes on to state:

If we are to successfully compete with automotive parts manufacturers in the United States, we must be competitive price-wise, and must have the necessary equipment available to do the job.

The word "price-wise" lends authenticity to this document. I do not think anyone in this party would use that word. He then states:

This equipment must be ordered immediately for delivery in 1966 and 1967 and the retention of the sales tax is a most inequitable burden in our fight to compete successfully with the United States.

The minister has indicated that the sales tax may be removed next year, and that he has adopted the present policy because he wants to take a little heat off the economy. He is not only going to take heat off the economy if he continues to apply this policy to the automotive industry, he is going to make it stone cold.

I have often wondered whether we in Canada sometimes do not bargain hard enough. It is my impression that we act like lambs bargaining with lions, and I think we all know what happens to lambs that lie down with lions. They do not come out of such an association very well. To use a mixed metaphor, they usually get sheared. I do not think the government really realizes its power and authority. I am sometimes concerned because the minister does not assert his authority sufficiently.

I was impressed by the minister's statement at the time he tabled the correspondence between him and the automotive industry. I am not aware of what he said to the companies, but apparently the companies replied in the negative to his requests. The minister should be congratulated for at least making an attempt to persuade the companies to this way of thinking, but perhaps he should not have accepted their answers quite so readily.

I should like to quote from a letter addressed to the Minister of Industry dated January 13 on the letterhead of General Motors of Canada, Limited, which states in part:

It is our opinion that the elimination of the profit on sales of vehicles and parts produced in Canada by General Motors of Canada and affiliated Canadian companies to affiliated General Motors companies in the United States and other countries is also discriminatory and should be given added consideration.

I presume that means no.

Will the minister indicate why he made these requests of these companies and whether they were only part of the requests he intended to make?

It is my impression that these companies also replied in the negative in respect of the exclusion of depreciation on non-Canadian machinery and equipment, but I do not understand what that means. I hope the minister will have something to say in this regard, and will explain why his requests to the companies were turned down.

It seems to be a common impression in Canada that we are absolutely dependent on the United States, and in a terrible bargaining position for that reason. Apparently we dare not do anything that might offend United States companies, which can turn to their government for assistance. It was very enlightening to me to read an article which appeared under a Canadian Press heading at about the time the United States House of Representatives was holding hearings in respect of this Canada-U.S. agreement. The