

Employment and Immigration

1973, the last year for which we have figures, it was 110 per cent. The picture is clear: Canadian workers are producing more than the Americans in terms of unit hours worked.

Despite this, the automobile industry, as I have pointed out, is making almost double the rate of profit in Canada as it is making in the United States. Does the improved productivity north of the border find a reflection in cheaper cars for Canadians? If we accept the conventional argument which the Minister of Finance used to make, the conclusion ought to be that Canadians should be paying perhaps \$200 less per car than our American neighbours. What is the reality? The reality is, as every Canadian knows, that we are paying anywhere from \$300 to \$2,000 more for a car made in Canada and sold, say, in Toronto, than is paid for the same car sold in Buffalo, New York.

This is another scandal in terms of the economic consequences of the auto pact. People who work in automobile communities know very well what the situation is. As cars come down the assembly line, you see two red Chevy Impalas coming down the line. One has a sticker on it saying it is being sent to Saskatoon. The other, an identical car, is being sent to Buffalo, New York. For some reason, the price tag on the car going to Saskatoon is several hundred dollars higher than that attached to the car which is being sent to the United States—and I am allowing for the difference in tax. There is no justification for this situation. If any sort of logical economic reasoning were applied, Canadians would be getting their cars cheaper than their American friends. Instead, they are paying hundreds of dollars more. This has got to change.

The other point I want to make relates directly to jobs in research and development. Right now, not only in North America but around the world, billions of dollars are being spent on research and development, particularly in order to develop more efficient engines which consume less fuel. This is a long overdue development. As I say, billions of dollars are going into research and development, directly affecting job creation. Some \$2 billion is being spent currently by the Big Four in the United States. How much is being spent in Canada? Virtually nothing. The report which was sent out by the minister's own department tells us—these are not the precise words—that virtually nothing is being spent on research in Canada. The fact of the matter is that Canada has become almost entirely a nation of automotive assemblers as far as this industry is concerned. We carry out practically no research. I wish to quote from the minister's own report:

An important consequence of this concentration of development effort is that the U.S. has experienced most of the direct benefits which flow from this form of activity.

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Not only do Americans gain the primary jobs when companies are hiring men and women scientists for research and development work in the industry, but the spin-off benefits of the work done, which have an impact on many sectors of the economy, accrue to the United States, not to Canada. So again this means a significant loss of potential jobs.

[Mr. Broadbent.]

I come immediately to make some recommendations regarding what can be done to improve the situation and ensure that Canadians, particularly in the context of employment, get some benefit from the auto pact. First of all, in order to protect the parts industry, which has been losing billions of dollars annually in terms of trade deficit, major modification of the pact is required. We have to change one of the safeguards in the pact, which is probably the best approach, to ensure that a certain percentage of cars produced on the Canadian side of the border are constructed of Canadian parts. Or if the parts industry in Canada is to grow at the rate it ought, we should ensure that a certain percentage of the parts used in cars made on either side of the border comes specifically from Canada. What we need is some protective mechanism to ensure that the parts industry remains viable.

This is important in regard to jobs to be provided in the early future as well as for the future of the industry itself. If we do not protect the parts industry and it continues to dwindle in size, then ten years down the road the United States will have us over an economic barrel. If all that we have are assembly plant operations, the Americans will say it is too bad, we should scrap the pact. They will say "All that you Canadians have are assembly plant operations; the essence of the industry is located in the United States, which is where the parts are, so we have you just where we want you". I do not have what I regard as an empty-headed, anti-American bias, and I am not saying that the Americans will inevitably say that. But I am saying that in terms of Canadian interests we must not create a situation in Canada where, if we do become involved in hard-headed bargaining in the years ahead regarding the future of the industry, we could find ourselves without any parts sector.

We must also make it a provision of the pact that a certain percentage of the annual investment in research and development on the part of the big four is spent on the Canadian side of the border. So far as consumers are concerned—I see the Minister of Finance is in the Chamber—the Government of Canada should be saying to the big four, either next week or at the end of the month, that, with the 1978 model year, prices to Canadian consumers of Canadian produced cars must not be one cent higher than the price charged for the same cars in the United States. It is time that the Canadian government had enough gumption to call in the directors of the big four in Canada and to tell them it is time to put up or shut up. For ten years they have been promising a reduction in price. It is time that we got it, and it should begin with the 1978 model year.

In view of the cumulative deficits which are being experienced in automotive trade between Canada and the United States, we are now almost back to the situation we were in prior to the pact coming into force in 1965. Last year we had a net deficit of over \$1 billion. In terms of our balance of trade figures, impact on the Canadian dollar, and loss of jobs, we need a more comprehensive and systematic review of the pact as a whole. There have been some positive benefits from the pact, and anyone who denies it would be crazy; but there are also a number of severe liabilities in it for Canada,