



# NEWS

PUBLIC RELATIONS DEPARTMENT, GENERAL MOTORS OF CANADA LIMITED, OSHAWA, ONTARIO.

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Text of an Address by

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Chairman of the Board  
GENERAL MOTORS CORPORATION

To the Canadian Club of Toronto at the Royal York Hotel

September 25, 1973

I count it as a great honor to speak for General Motors before your Club. The Canadian Club has a deserved reputation that extends far beyond Toronto. All who know your Club know it as a forum for the thoughtful discussion of subjects of consequence to all of Canada and to all its people. So I would like to take this opportunity to tell you something about how we in General Motors look upon the present state and the future prospects of our industry -- not only in Canada but all around the world.

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The business of GM of Canada, like General Motors itself, is more than automobiles. We are in the transportation business -- the work of making and selling and servicing things that will move the people and goods of a nation. Here in Canada, in six plants, we build not only cars and trucks, but coaches and locomotives, and earthmoving equipment and auto parts. It is a big business by every measure. Last year, GM of Canada paid a record payroll of \$322 million to some 30,000 men and women, paid \$105 million in taxes, and earned \$94 million in after-tax profit. GM of Canada has the whole world for its marketplace. Last year, it sold nearly \$2.5 billion worth of goods throughout North America and in 32 countries overseas.

So far this year, sales of the products GM of Canada builds are even better. Car sales are up 34%, trucks are up 30%, coaches 87%, and locomotives 34%.

But I came to Toronto to tell you more than that GM of Canada is a big business, and that its business is good. I came to also tell you of our conviction that in the future it will be even bigger and even better. And that even more than today our business will contribute to your economy, and thereby serve all the people of Canada. For we in General Motors see a future here that is bright with opportunity, and we are planning, and investing, and working, to take advantage of those opportunities.

We have learned to think big about Canada.

Some of you may remember, back in 1962, GM of Canada celebrated the 85th anniversary of its predecessor company in Oshawa. I recall that on that occasion our own Ted Walker, then the President of GM of Canada, and who is today a director, made a little talk. I want to quote a few sentences. He said: "We are all aware of the recent stream of speculation about Canada's future. I happen to have unlimited faith in the economy of Canada. I am prepared to stand up and be counted. I am bullish on the outlook for Canada's economy in this present decade and beyond. I am bullish on the outlook for Oshawa, and I am bullish on the outlook for General Motors."

Then, to demonstrate his optimism, Mr. Walker estimated that in the next ten years; that is, by 1972, the Canadian market for new cars would increase from 450,000 units in 1962 to nearly 670,000 units. Imagine, 670,000 cars by 1972 -- 50% increase. It seemed like quite a hope. What actually happened was that, by 1972, 859,000 cars were sold -- an increase of nearly 100%. Mr. Walker, for all his optimism, fell far short. He predicted a growth of 220,000 and Canada achieved over 400,000.

Today we in GM of Canada bear this in mind when we plan ahead. We try to think big about Canada, for Canada is big, and its future is probably even bigger than we can imagine. General Motors wants to be a part of this bright Canadian future.

GM of Canada has built up an impressive momentum of growth. Last year, the 8 millionth vehicle built by GM of Canada rolled off the line in Oshawa -- 64 years after the first GM car was built in Canada, a 1908 McLaughlin Buick. It took 29 years to build the first million, 13 years to build the next, but it will take just over two years to build the latest million.

GM of Canada, the company whose most important initial asset was the genius of Sam McLaughlin, had a gross plant worth only about \$1.2 million when Mr. Sam joined GM in 1918. Today, the plants and facilities of GM of Canada have a gross worth of \$616 million. In the current five-year period, 1970 through 1974, we expect to spend \$245 million to expand and modernize these facilities.

So here is a company, growing, progressing by the year -- enriching the economy with its products, its taxes, its wages, its investments. Such healthy growth in a free economy needs no further explanation than the magnetic presence of opportunity. If you would put a measure to a company's ability to grow, you need gauge only the size of the opportunity and the company's readiness to realize the opportunity.

Take the case of trucks. Last model year, the booming demand for trucks in Canada outstripped our capacity to build them. We expect the truck business in Canada to continue at an extremely high level. We are moving to meet this opportunity. We have already increased truck production in Oshawa. On top of this, we are converting our Scarborough plant to produce Chevrolet and GMC Vans beginning in the spring. This is a large undertaking, but we believe it will pay off. This is our response. This is our affirmative answer to opportunity. This is growth. This is the GM way.

On a larger scale, we appreciate that, in Canada, the need for transportation is greater than in most countries. The vast distances of your nation and its relatively widely scattered population mean that the miles of road per person and the miles of railroad track per person are very high. The expenditures for transportation, for roads and rail-building, are a larger proportion of the gross national product in Canada than they are in most countries.

We are less than half way through the surging Seventies -- a decade of extraordinary growth in car and truck sales. By 1980, we expect car and truck sales will have grown by almost a third in the United States and by more than half in Canada over the then-record level of 1971, the beginning of this decade. Some of this growth is already behind us -- but we still see more to come. By 1980, we see a solid increase of almost 20% in car and truck sales in the United States over last year's record -- and in Canada an even greater growth rate of 32% over last year.

The historic Trade Agreement which ties together the automotive industries in Canada and the United States has resulted in many benefits to both the Canadian and United States economies. There are problem areas to be sure, but the advantages should not be overlooked.

The Agreement represents a positive and novel movement toward free trade, and a demonstration of our belief that the principles of free competition and private enterprise are as valid in the world market as they are in a domestic market.

Since its inception, total automotive trade between the two nations, excluding snowmobiles, has increased better than twelve-fold -- from about \$700 million in 1964 to about \$9 billion last year, even while the Canadian deficit in the balance of automotive trade with the United States has been substantially reduced.

Employment in the Canadian industry has increased by 35 percent since the inception of the Agreement -- better than double the rate of employment increase in the United States. During these years, wage parity has been achieved between autoworkers in the United States and Canada.

Added capital investment has been another benefit. Considerable expenditures for facilities were necessary on both sides of the border to take advantage of the integration and production rationalization offered by the Agreement. No figure can be put on this, but there can be no question that expenditures have been greater than they would have been without the Agreement.

Canadian business has benefited from the Agreement in many ways. One illustration. In 1965, the Canadian suppliers to GM of Canada were selling only about \$1 million a year to GM across the border. Today, their sales to the United States are about \$200 million. GM of Canada itself last year sold \$1 billion worth of vehicles and components to her sister GM divisions around the world. Our countries do indeed have hands across the border, and these hands are passing goods -- to the benefit of both nations.

The ultimate beneficiary is the consumer. The costs of doing business in Canada have been reduced -- although they are still higher than in the United States. The Agreement has resulted in a significant narrowing of the price differential between the two countries for comparable cars. We have agreed in principle with the desirability of narrowing the differential between prices -- and are working to achieve this objective. This price narrowing has taken place mostly at the factory level. Unfortunately, the Canadian consumer has only had a partial benefit, because during these years the Canadian sales tax has increased from 11 percent to 12 percent, while in the United States the federal excise tax, which was 10 percent, has been eliminated.

One significant benefit to the consumer cannot be measured in price. This is the greatly expanded range of choice now available in the Canadian marketplace. He can choose from all the models made in the United States, and in addition the Canadian-produced Astre and Pontiac models not available to U.S. customers. His choice of trucks range from a small Vega Van or a half-ton pickup to an Astro 95 tractor that can haul up to 40 tons.

The objectives of the Trade Agreement, as I said, can and should be improved by the reduction or elimination of sales taxes and certain duties; for example, service parts. But it stands as a basic framework within which the Canadian industry can continue to prosper.

The problems of our industry -- in the United States as well as in Canada -- are not to be overlooked. Much is still to be done in emission control, highway safety, and the more prudent use of available energy. But every day, the men and women of this industry -- in GM and in other companies, in Canada and in other countries -- are dealing with these problems. Our ability to meet the great tasks of today and tomorrow should not be doubted. Those of us who have seen this industry prosper and grow against competition, and despite depression and war can hardly doubt its future, or even draw a boundary to its possibilities.

The confidence I feel, the surging confidence of success, is born in knowledge of what General Motors and General Motors of Canada has done in the past, and this confidence is confirmed in the fact of what is being done today -- right now.

And here I would mention the achievements of John Baker and his associates at GM of Canada -- and the splendid work in producing products of consistent high quality by all the thousands of employees of this organization. The success of GM of Canada sustains the memory of the legendary Sam McLaughlin, that great man of Canada and General Motors, who was so largely responsible for the establishment and growth of this industry in Canada.

Mr. Sam was always an optimist -- because no man who knows this industry can help but be. This business is growing -- despite the temporary problems of today -- upon the unshaken foundations of an individual's desire to own a car, and the needs of commerce for the quick, flexible, and economical transportation that trucks so well provide.

Earlier this year I spoke to our stockholders in Detroit. I told them that we regarded the trend of sales growth as a compelling answer to those who are so quick to write the epitaph of this industry, and to say that in industrial countries like ours, the people's love affair with the automobile is over. As I read those words in my talk, I inserted this ad lib, "Well, I think they're all nuts." And I do think they're nuts. Because never in the entire history of this industry have so many people evidenced so strong a desire to buy cars and trucks, and never have they had so great an ability to afford them.

It is a fact, then, that Canadians, like the people of the United States, are buying more cars of a wider variety and are driving them more than ever before. The automobile, which has played so great a role in the development of our two nations, has today broadened rather than narrowed its usefulness, and today is more than ever an integral part of our national lives.

The bright appeal of the automobile, however, does not stop at our oceans. Instead, it is matched by the opportunities all over the world. I spoke earlier of our outlook for sales growth in the industry between last year and 1980 of 32 percent in Canada and nearly 20 percent in the United States. This is significant to be sure, but for the world as a whole, we expect sales to grow by a whopping 36 percent. And we want to be -- and we will be -- a part of it. General Motors of Canada is part of a worldwide organization competing strongly in all the significant markets of the world. In Germany, for example, GM Opels are outselling Volkswagens. In Latin America, Africa and Asia, GM is introducing new cars and new types of vehicles to meet the varying demands in those parts of the world.

General Motors is deeply committed to serve the growing world market. We have always been eager to compete, in the United States, Canada, and everywhere we operate. Against stiff competition we have earned the position we now hold. We think our place is solid because, as I say, General Motors is more than an automobile company, more than a truck company. We are in the transportation business and dedicated to help meet the need for transportation systems that will meet the requirements of everyone, whether they live in the city, country, or suburb -- in whatever part of the world.

This, then, is something of the philosophy that governs the men who run GM of Canada and the other parts of General Motors all around the world. We find ourselves ready for opportunity; we see it everywhere before us, and we are eager to take advantage of it. We are anxious to contribute to the well-being of every country in every community where we operate. And nowhere is this more true than here in Canada.

Canada, with all its marvelous resources in agriculture, mining, and energy, with the "can do" character of its people, and with its expanding technology cannot help to be one of the faster growing countries of the world.

General Motors wants to be a part of the Canadian future. General Motors wants to be part of making that bright future happen even sooner.

Thank you.

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