Remarks by Virgil E. Boyd, President, Chrysler Corporation, at a luncheon meeting of the Canadian Club, Toronto, Ontario, January 22, 1968.

Good afternoon. It is always a pleasure for us in Detroit to visit Canada and talk with Canadian businessmen. With all the healthy differences in customs and points of view that still exist and will always exist between our countries, it is also true that our economies are being geared closer and closer together because of the natural magnetic lines of economic attraction that have been creating a continental pattern of business.

I am well aware that not everyone in either country is pleased by the growth of this north-south pattern of economic interdependence and I have read that some even view it with alarm. As a businessman and as a citizen who is proud of his own country, I can well understand such a natural concern. But I also am quite conscious of the very happy experiences that my company and my industry have had in their business relations with Canada. We have increased productivity and strengthened the position of both countries in the markets of the world.

I cannot presume to speak for all American business, or even for the automobile industry, but I am personally convinced -- and I am confident that any serious study will bear me out -- that the economic relationship between the United States and Canada is, and always has been mutually profitable. I am equally convinced that it will continue to benefit both countries.

As I read the various articles in your Financial Times arguing against further U. S. investment in Canada, I am reminded of the words of the late Australian Prime Minister, Harold Holt. Only a few weeks before his tragic death, Mr. Holt presided at the dedication of a new Chrysler engine

plant in Adelaide. He was speaking without notes, but I was so impressed as I listened that I arranged to get copies of the stories written by newspapermen covering the dedication.

This, in part is what Mr. Holt said: "Some people have always been disposed to cast a critical eye over foreign investment in Australia.

"I have never held that particular view myself," he said, "because the advantages have always seemed to me to outweigh the disadvantages. Even where these companies have been completely owned from overseas, I have recognized an Australian equity existing in them, because if they are profitable we take 42 1/2 percent of their profits by way of tax."

Mr. Holt's point was almost painfully clear, at least to the Chrysler people listening. But of all the arguments I might advance for extending and strengthening the economic relationship of our countries, to me none is more forceful than that contained in the Canadian-U. S. Automotive Trade Agreement of 1965.

Now, I am neither qualified nor inclined to offer a dissertation on the tariff agreement for automobiles. Most of you are at least as well informed in this area as I. As an American businessman I believe that liberalized trade between our countries, and the evolution of a continental economy are inevitable, and necessary if our countries are going to move out more efficiently and effectively into rapidly expanding markets of the world.

As you know, the terms of the tariff agreement are very complicated, allowing the free flow of automobiles and parts only so long as a number of conditions and requirements are met.

It is by no means a free trade agreement, but is based on the great advantages to both sides of specialization and the economies of simplified, volume production. Whether this kind of general approach can be applied to other industries is a matter for study, but it may be that, in time, the benefits of such an agreement could be extended to other types of business.

Meanwhile, the Canadian automobile buyer is getting the benefits of applying economies of scale to the Canadian automobile industry. Chrysler, for example, now builds only two car lines in Canada, and exchanges most of them across the border for a full mix of our product offerings, so that the Canadian buyer has a full latitude of choice in both product and price ranges. These production economies also have reduced to some extent the differences between car prices in the U. S. and Canada and have generated expansion of Canadian industry.

We in the automobile industry are generally pleased with progress made so far under the tariff agreement. We have been able to make strides in the rationalization of our plants -- the assignment of production on an efficient, organized basis. This, in turn, has improved productivity in our Canadian plants. Again, these factors are for the most part peculiar to the automobile industry, and are responsible for our being able to respond to pressures for wage parity in Canada. While a similar agreement may not be appropriate for other industries at this time, under the circumstances as they existed a concession on parity was in the best interest of our company, its shareholders, suppliers, and the general public.

I want to emphasize, however, that our Canadian wages will be brought up to the existing U. S. wage structure over a period of time -- at least

three years. And the agreement with our Canadian subsidiaries will be feasible only if productivity and efficiency goals are met, and if the tariff agreement is not substantially modified as a result of the current review by executive branches of both governments.

While I am not by any means minimizing the problems yet to be solved in our trade relationship, I am fully confident of the success of evolutionary development of free trade on this continent, and of long-range benefits to both our countries. I believe that all parties concerned, management, labor, and government should remember the difference between evolution and revolution, and the inherent danger in a philosophy of taking too much, and taking it too soon, with unhappy consequences.

I know that both our countries have just ended a year in which there has been much alarm over fiscal, political, and cultural crises. Now the problems are quite real, but I, for one, cannot accept the completely negative attitudes they seem to be generating in some areas. I would like to suggest that there is some promise inherent in almost all of our problems.

For example, there was some fear in Canada that the recent moves in Washington to curb the dollar outflow would have serious negative effects on the Canadian economy. And while there may well be a lessening of U. S. investment in Canada this year, economists now believe that U. S. curbs on travel overseas may very well bring an equivalent increase in tourism revenues in Canada as an exciting, foreign and acceptable tourist haven for U. S. citizens.

My own company, because it is multinational, was affected by the dollar flow restrictions. As a worldwide company, we must remain competitive

in all world markets, and that requires money. To provide funds on a basis consistent with the new restrictions against sending dollars from the U. S., Chrysler Overseas Capital Corporation is offering to investors outside the United States, $50 million in bonds, convertible into shares of Chrysler Corporation. It is reasonable for us to expect that through this issue, as people in the world markets become bondholders and prospective shareholders, they will develop a new awareness of and interest in Chrysler. And in addition to the financial rewards of an interest in a growing multinational company, they may experience a personal satisfaction that goes far beyond material gain.

The multinational companies are rapidly developing into the most effective single force for economic development in this second half of the twentieth century. And when private investors buy the stock of these companies they are also participating in a very real way in the growth of developing countries. So in effect the people all over the world who hold the stock of the multinational companies are contributing in a highly democratic and also a highly practical way to the strengthening of a major force for progress and peace.

Let me cite briefly some other reasons for suspecting that we may be entering, albeit slowly, a time of promise and of brighter outlooks in economics, in government, and in our societies.

As you know, in the past few years we have set some new lows in human relations, in both the U. S. and Canada. Nowhere was this breakdown of relationships more evident than in my own city, Detroit.

I will never forget an afternoon last July, when I stood at the window of my fifth-floor office and watched the smoke from countless fires blanket

the sky over my city. I felt the same despair experienced by other men in other cities as they felt the shock of senseless violence, whether motivated by militance or separatism. And I understand only too well the emotions of those who see only further disaster ahead.

But I am convinced that I can see something other than countinuing chaos. I believe that there is a meaningful movement toward constructive, positive solutions of the root causes of such disasters. In Detroit, a citizens committee composed of religious, civic, labor, and business leaders, and representatives of action groups covering the full spectrum from ultra-reactionary to ultra-revolutionary, is making a unique attempt to deal with the problem, to handle it rather than lament it.

And they are making progress. They have effected important changes in hiring and employment practices. They have interested private business in financing the rebuilding job, and they have involved the militants in planning the rebuilding of what was destroyed. The New Detroit Committee is not a blue ribbon panel or an academic study team. It is an action team, on which one may find people like Henry Ford, Lynn Townsend, James Roche, or Walter Reuther -- all of whom are members of the Committee -- talking on a man-to-man basis with inner-city militants.

No miracles have been worked. There are arguments and impasses. But there also is observable forward movement that at least belies the hopeless attitude of the negativists. And it is encouraging that all we needed to get some positive movement was for concerned men to sit down together, start identifying the problem, and start acting on solutions. There is a long, long way to go. But the first step has been taken.

Taking the first step is not all that unusual on this continent, although it sometimes requires some pretty forceful prompting. Throughout our comparatively brief national histories we have preserved a basic, effective tendency for meeting our problems head-on. I believe this tradition can continue to serve us well.

In the problem of altering our governmental organizations to keep pace with the rapidly changing demands of a complex society, the various state and local governments of my country are just beginning to follow the regionalization pattern conceived by the Provinces almost ten years ago. Canada has shown that it is possible and desirable to abandon the unwieldy overlap of local government autonomies in favor of regional agencies which can deal effectively with the problems of an area.

The same sort of political innovation which is resolving the governmental complications of school and police administration in Ontario may soon be applied to the almost unbelievable complexities of a metropolitan area such as New York. Greater New York spreads across three separate states, and was called in a recent issue of Harper's Magazine an "unnatural wonder of the world" because it contains something near 1,460 distinct political units -- counties, villages, sewer districts, and so on, with no central authority to keep them going in the same direction.

The U. S., like Canada, is working for a new national purpose -- to keep our cities from becoming uninhabitable and ungovernable.

The simple fact that both our countries have begun to recognize and to deal with such a complexity is in itself an encouraging sign. The majority of our people have recognized that the continuing change in the characteristics

of our national community has dictated changes in the way we serve the needs of that community.

It is unfortunate that in some cases -- notably the tri-state New York megalopolis -- the need for change far outdistanced the recognition of that need.

But here, too, can be found some reason for a hope of better things in the future. The formation of a vast new urban development, a Great Lakes megalopolis extending from Milwaukee across Michigan and along the northern shores of Lakes Erie and Ontario and the length of the St. Lawrence Seaway is now envisioned.

This projection is part of a new report by the distinguished Greek architect and city planner Constantinos Doxiadis, who was commissioned by Detroit Edison to study the probable course of development along the Great Lakes. Part of what Doxiadis and his associates see is the possibility of a huge megalopolitan area, a supercity passing through the important Toronto-Hamilton-Buffalo cluster toward Montreal and Quebec.

The 1960 population of the Great Lakes complex was 22.5 million people, compared with 37 million in the dense eastern seaboard complex. But, because of geographical restrictions, the potential for growth in the eastern area is limited, and it is predicted that within 30 years the Great Lakes urban complex will actually overtake the eastern population.

And it is interesting to note that the Doxiadis team has decided that more study will be necessary to explore this overall "problem," and find solutions.

Their concern, of course, is that the Seaway-oriented supercity will be allowed to develop by default into a reproduction of the existing eastern

seaboard complex, with the congestion, slums, inadequate transportation and highway systems, and all the other undesirable elements of high concentration of population.

This is obviously a very reasonable and real concern. But, in my view, the people in this room, more than any other single group, should be thinking of this expected expansion not as a threat but as an opportunity, not as a problem but a potential.

The vital contribution of business to the development of our societies is well understood. But it sometimes seems that the businessman himself is not fully aware of his responsibility to help sociological progress not only through expanding technology and growing economies, but also by participating in the decision-making. We have a duty to make our choices known. We must be interested and aware, and must present positive suggestions for solutions to problems.

While the nay-sayers and the negativists are seeking ways to head off progress, inspired economic statesmanship by Canadian and U. S. businessmen can provide the energy, the technology, and the systematic approaches needed to realize the tremendous potentials ahead for the Great Lakes area. It has the wealth of resources and the abundance of ability to become the single most important industrial area on earth.

I believe that it would be a tragedy if this natural economic progress were to be impeded by a short-sighted, limited-interest minority.

I don't believe that the kind of spirit, imagination, and vigor that has shaped our histories will allow this challenge to go unmet. Nor do I

believe that the North American businessman will fail, as he sometimes has, to participate and to contribute his knowledge to the building of what can only be a more prosperous, more meaningful, and more personally satisfying future for all of us.

The willingness to accept such a challenge and the ability to meet it successfully are qualities common to both our countries, and it is from this knowledge that I find reason for confidence. Tennyson might have been summing up our philosophies when he wrote:

"How dull it is to pause, to make and end,
To rust unburnished, not to shine in use!
As though to breathe were life!"

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