

security? To my mind, the best source of job security is through private ownership and initiative.

The combination of management expertise and private sector initiative worked for de Havilland, and it will work for Canadair. Under continued Government ownership Canadair will become a very competitive enterprise. Given our serious attempts to reduce the federal deficit, Government can no longer justify or rationalize investing huge amounts of money into enterprises which can be better protected and developed through the private sector. Government cannot provide Canadair with sufficient funds for initiatives in research and development that are needed.

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With the injection of private sector management and funds into Canadair, the company will enlarge and expand just as the de Havilland example has proven. The Government must be satisfied, though, in all respects that the purchaser is bringing to the transfer of ownership more than just money. The Government must be convinced that there is a workable combination which joins together Government priorities and private sector initiative. There are three main aspects of any potential purchaser which must be satisfied, or there will be no sale.

First, the purchasing company must exhibit a sound management capability. It must indicate an ability to help protect the company and to improve growth and performance with a sound business strategy, efficient operations, and solid marketing skills. Through the track record exhibited by Bombardier, it clearly has the ability and experience in management and marketing to fulfil this important role. Undoubtedly Bombardier can bring the drive and direction necessary to make Canadair a winner in this highly competitive industry.

Second, the purchaser must prove a strong enough financial base to handle not only the initial acquisition but also to finance the extensive capital requirements needed for product development. Once again Bombardier came out on top. According to the team of financial analysts—Burns Fry Limited, Merrill Lynch, Capital Markets and S. G. Warburgs and Company—which assessed the submissions for the purchase of Canadair, Bombardier exhibited the strongest attributes financially. Their report to CDIC indicated that Bombardier was in a superior financial position.

The third and final aspect which must be proven is the potential of the purchaser to make a major contribution to the maintenance and development of a viable and dynamic aerospace manufacturing sector. The purchase of Canadair by Bombardier creates an alliance of Canadair's technology and skilled workforce with Bombardier's management expertise and international marketing experience.

It is only logical and sound public policy for Crown corporations to be well managed. However, in cases such as de Havilland and Canadair, Government does not have the

resources to make the firms as competitive as they should be. In many respects our continued ownership handicapped these companies for a number of years. We were unable to assist them in keeping up with the fast moving and highly competitive aerospace industry. It is imperative that Canadair make some important strategic decisions on programs like the Challenger and the water bomber. Selling to Bombardier at this time will nearly ensure their successes. At the very least the sale will ensure that the decisions will be commercially based and responsive to the demands of the market-place.

We are not looking just to increase our Government coffers with the sale. We are also looking for a method by which we can provide the most social and economic benefits for the country as a whole. This is not an abrupt or rash decision. The process involved is not only time lengthy but also intensive and very extensive. The terms of the sale are complex and not easily understood, I am sure. The terms of sale were arrived at only after months of negotiations by a large number of expert financial advisers to the Government. Obviously their suggestions, recommendations, and advice were carefully considered by Ministers in the decision-making process. As I have already stated, the CDIC employed the services of three independent investment firms to act as the main financial advisers in the sale.

The process of negotiation was conducted in an equitable and business-like fashion. However, clearly this business-like conduct must ensure that the Government of Canada pay heed to the shareholders—the Canadian people. CDIC and its financial advisers put the word out in 1985 that Canadair was being considered for sale. Some 150 potential purchasers were contacted, and interest was generated in the company by many of them.

The list of prospective interested and suitable purchasers was narrowed down to the six who submitted proposals for the purchase of Canadair. Based upon an extensive study to which I referred earlier, CDIC recommended to the Government the submission of Bombardier.

The six bidders submitted proposals, at which time prospective buyers were narrowed to two, one being Bombardier. Finally the proposals and the CDIC recommendation came before Government. After conducting its own review of the proposal and conducting its own financial assessment, the ministerial task force on privatization determined that its best option would be to support the Bombardier proposal.

Given the expert advice it received and the consideration put into the proposal, the Government whole-heartedly selected Bombardier. There is no mystery or closed doors surrounding the selection of Bombardier. When the sale was announced last August, the Government released an extensively detailed set of documents which described the entire transaction. Similarly, when Bill C-25 was given first reading, the Minister of State for Privatization (Mrs. McDougall) released details of all competing bids for Canadair. We as a Government are not seeking privatization to recoup our financial losses. There is no possible sale which could replace the moneys invested in