

Canadair Limited Divestiture Act

● (1640)

How did we come to own Canadair? The people of Canada, through the Government of the day, bought Canadair in 1976 from General Dynamics, a multinational corporation whose centre of operations is in the U.S. We paid \$48 million. Why? Because General Dynamics was losing money and not prepared to operate the company any longer. The Government had a choice. It could let the company close down with a loss of thousands of jobs and the technology associated with the company, or it could, as it decided to do, I think quite correctly, buy the company and avoid the disappearance of such an important part of Montreal's technological base.

Government involvement in and ownership of the aerospace industry is not unique to Canada. It is a fact of life in most countries with an aerospace industry. The only country where this is not the case is the U.S. The reason is that the demands of the U.S. for production of military aircraft is so great that the privately-owned industry is profitable and able to function. That is not true in other countries. In Great Britain, France and West Germany, to mention just three, a substantial part of the aerospace industry is owned by the Government. Why? Because they know it is in the public interest.

We have to ask ourselves if we had to buy Canadair in 1976 because General Dynamics was losing money and was not prepared to continue, what happens if the aircraft industry has another slump? What happens if sales decline precipitously in the 1980s or 1990s? What happens if Bombardier decides it cannot show a profit, which its shareholders rightly require, and continue to operate Canadair? Will we have to repurchase Canadair at what will probably be an exorbitant price after having virtually given it away with this legislation?

Canadair is Canada's top aircraft manufacturer. It now has 4,500 employees. Since it was first established it has produced over 4,000 aircraft. Its latest and successful product is the Challenger executive jet. That plane was brought to its present state of excellence in large part due to substantial federal expenditures on research and development. Without that assistance Canadair would probably have been shut down in the 1970s. At that time world aircraft markets were depressed. Sales dried up and by 1984 the Government had put over two billion of taxpayers' dollars into Canadair. I do not question that assistance. Without it Canadair would no longer be operating. However, in recent years the market has improved. Sales are being made. Canadair could begin to recoup some of that \$2 billion. Yet now the Conservative Government, for purely ideological reasons, proposes to sell Canadair to the private sector at a fire sale price. Members of the NDP will never agree to that decision.

Let us look at the financial situation of the company. Experts have placed its value at between \$300 and \$400 million. Bombardier will pay only \$120 million to take over Canadair. Right there we have a tremendous loss. We have lost the \$2 billion and somewhere between \$175 or \$200 million we would get if the company was priced at its proper value.

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That is not all the Government has done to persuade Bombardier to take over Canadair. Under the proposed agreement, if Bombardier enhances its research and development efforts it will get, without further payment, special shares in the company which are being kept by the Government. The Government fattened up the offer by approving \$30 million in DIPP assistance for the production of the CL-227 system and \$20 million to assist Canadair in its participation in a joint venture with West Germany on the CL-289. In other words, Bombardier got another gift of \$50 million. Canadair also got the F-18 defence contract which will be worth \$1.5 billion over the next 20 years. I could deal with this issue for more time than I am allowed for my entire speech. Canadair was awarded that contract even though the bid of the Winnipeg consortium was lower and was evaluated by 75 senior civil servants as better technologically. I must assume that was partly in order to persuade Bombardier to buy Canadair.

In summary, this is a great deal for Bombardier. I cannot blame Bombardier for being the recipient of a great deal for itself and its shareholders. However, I believe it is a terrible deal for the people of Canada. What will happen if the market for aircraft goes soft and Bombardier decides that it does not want to continue the operation?

I have one other point to make with regard to this deal. This deal is contrary to the promises made by the present Minister of Finance (Mr. Wilson) when he was in Opposition. On August 21, 1984, in regard to such a proposal, he said:

We will set up a separate crown corporation for Canadair and de Havilland with a mandate for development of the aerospace industry and not merely financial control. This organization will be responsible for developing in conjunction with the Aerospace strategy so that Canadair and de Havilland will become commercially viable and will continue to be so into the next century.

Having made that promise, the Minister proposed that we sell de Havilland, which we did. He now proposes that we sell Canadair. As I have indicated, we opposed the sale of de Havilland as we now oppose the sale of Canadair.

Mr. Epp (Thunder Bay—Nipigon): Madam Speaker, I appreciate the opportunity to add a few words to the insightful statements of my friend from Winnipeg North. He has explored in depth the issues involved in the privatization of Canadair.

I was talking to a friend in Thunder Bay on the weekend who was active in the Conservative Party not long ago. He indicated to me his sense of alienation from his Party, his disaffection with what the Government is doing. I explored his views while appreciating that, although he may be disaffected from the Conservative Party, that hardly made him a candidate to join the New Democratic Party, given his rather harsh views on how small Government should be.

The aspect of his comments which is immediately relevant to what we are discussing today deals with the integrity which should characterize Government and the breaking of faith carried out time after time by the Conservative Government.