

Canadian Arsenals Limited

Mr. Guilbault (Saint-Jacques): No, I am quite serious. I see the Hon. Member over there who is doing that. I find this to be amateurish, but let me explain. In the first place, this is not the first privatization. There was de Havilland before, and it is not the last one indeed, because that is the Government's vowed intention. That is policy.

Let us therefore beware. Will that be a precedent? Are we going to find that every time there is a Crown corporation to be privatized, employees will be just about sold, I mean dropped just like that, without any union protection, without any assurance as to their pension plan. Those are the questions we are raising. We had no clarification on that. This is a serious matter. I think we are getting to understand each other.

[English]

The Acting Speaker (Mr. Paproski): I regret to interrupt but the Hon. Member's time has expired. The Hon. Member for Kamloops-Shuswap (Mr. Riis).

Mr. Nelson A. Riis (Kamloops—Shuswap): Once again it is a pleasure to be recognized by you, Mr. Speaker, and to have the opportunity to participate in today's debate. This motion moved by my colleague, the Hon. Member for Burnaby (Mr. Robinson) is in recognition of the fact that there will be an election probably in 1988 and that the Government will be replaced by the New Democratic Party as the governing Party of Canada. It is an appropriate motion. It provides us an opportunity ask some fundamental questions regarding the motivation behind the selling of a Crown Corporation.

Unlike my friend who has just spoken who is not against the principle involved in this Bill, the question is whether private enterprise is inherently more efficient than public enterprise. It is a fair question to ask, particularly with this Crown Corporation. I say that while recalling the collapse of two banks in Canada and the fact that business bankruptcies are up over last year in the 13 per cent to 14 per cent range and recognizing that thousands and thousands of businesses collapse each year for a variety of reasons.

In my estimation, in the Canadian context, the main reason for business collapses is inefficient or inappropriate management. The same can be said of many Government Departments. There are Departments inefficiently run because of an inefficient poorly trained management staff and peculiar practices in some cases. But in this instance we are talking about a Crown Corporation, Canadian Arsenals, that does very well for itself.

The company had profits in its last fiscal year of \$11.3 million. It is not the largest company in Canada. As a matter of fact, it hardly ranks among the top 500 in Canada. It is actually in the 470 range, yet the company was ranked third in Canada for its five-year profit growth by *The Financial Post*. This is an incredible statement. It is an extremely profitable company which has shown considerable growth over the last five years. By all projections, the next five years would look to be equally lucrative. Projections are that profits will increase

significantly in the next horizon as presented by firms that have evaluated the company's performance.

• (1620)

One must ask why we are selling one of the most profitable Crown corporations in Canada when the Government could certainly use the revenue. These days, \$11.3 million in cold hard cash would go a long way toward assisting young people through job creation, assisting small businesses to expand, assisting hard-pressed farmers, providing day care facilities or social housing, or reducing the debt of the country. The Government could put this \$11.3 million to whatever positive use it determines, but is, instead, throwing it away. The sales of Canadian Arsenals are expected to double in the next five years. I am not certain that that would translate into doubled profits in the next five years, but there would obviously be significant increases in the profit margin.

The Government has decided to sell Canadian Arsenals, which is a 100 per cent Crown-owned corporation, to the SNC group of Montreal. The SNC group of Montreal happens to own another munitions company called IVI. There are only two major munition companies in Canada, those being Canadian Arsenals Limited and IVI. The Government is creating a monopoly. The Canadian Armed Forces will now be required to purchase its munitions from a monopoly. The requirement for munitions will obviously increase in the future, and we will have to pay the price set by SNC and it will reap the profits. The present shareholders of Canadian Arsenals are the people of Canada and they have been doing very well by the profits of Canadian Arsenals Limited.

We must recognize that we are creating a virtual monopoly in the munitions business. We are selling a source of revenue for the federal Government and are adding to the creeping cancer in our society called corporate concentration. More and more power is being put into fewer and fewer hands. I am willing to bet that there is not another western industrialized nation which would stand idly by, as we are today, while more and more of its economy is controlled by fewer and fewer people. The other day I noticed a headline in the *New York Times* warning of the takeover wave in Canada. The Americans are observing what is happening north of the border in Canada and seeing a business trend, the usefulness of which they question with regard to Canada's future. As we discuss this Bill, the Government is contributing to further corporate concentration.

It is interesting to note the return on equity of Canadian Arsenals. That is the best way to evaluate a company. In 1984-85, Canadian Arsenals had a return on equity of 21.4 per cent. There are not many companies in the country today which had a 21.4 per cent return on equity in the past fiscal year. This is one of the highest returns on equity to be found in the Canadian economy. Let us recognize that the champions of business are wilfully selling off a very lucrative business, the development and manufacturing of munitions for our Armed Forces.