

maintaining one worker for one year in the two plants has been estimated at \$200,000 per year, which is a very significant amount of money taking into account the inventory store, which you have mentioned, but that includes the cost of storage as well.

Hon. John M. Godfrey: May I ask the Leader of the Opposition in the Senate if he has made any comparisons between the economic costs of keeping each de Havilland worker occupied compared to the economic costs on the same basis in Cape Breton.

● (1640)

Hon. C. William Doody (Deputy Leader of the Government): Honourable senators, if I may take a few minutes of your time to comment on the issue in question. I can certainly sympathize with Senator MacEachen's passion, frustration, anxiety and, indeed, anger. This is a situation with which I am not completely unfamiliar. I have seen plants close down in Newfoundland. In fact, I have had the rather unpleasant duty of going to a small steel mill in my old provincial riding to tell 180 people that the \$10 million they were getting was the last of the taxpayers' money they would receive. Several hundred million dollars had gone into that steel mill. It was conceived with great ambition, but its operation was incapable of producing a profit. The mill was built with no raw material to supply it, away from tide water and it was incapable of ever being successful. It was not a pleasant situation.

The social reasons for keeping it open were every bit as valid and as accurate as the reasons the Honourable Senator MacEachen has stated so eloquently apply to the towns of Cape Breton.

We did manage, over time, to place most of the 180 people who worked in that plant. I think that they thought of themselves as being somewhat more productive in their new employment than they had been in their previous employment.

Subsequently, as Minister of Finance in Newfoundland, I inherited the responsibility for Labrador Linerboard Limited, with which some honourable senators might have more than a passing acquaintance. Literally hundreds of millions of dollars of taxpayers' money was sunk into that enterprise. That, once again, was built to fill a need. There was a great wood supply available in Labrador, high-density black spruce, which was far more economical to use in the plant than the lower grade of spruce found on the island, but the decision was made to put the plant on the island and to use the wood from Labrador. The port of Goose Bay is closed for at least six months of the year, and probably eight months of the year, so the lumber was cut in Labrador in the winter, floated—which did not work—and eventually barged down to Stephenville for processing in the mill. So, the inventory situation was one which was very expensive and very impractical.

To compound the problem, the product the mill was designed to produce was linerboard, which is the cheapest paper commodity on the market as well as being the least refined. That product was competing with products from mills located in the southern United States, where they grow pine

[Senator Barrotes.]

trees in a matter of weeks. It is an entirely different situation down there.

In any event, once again it was my somewhat less than pleasant duty to go to the 800-odd people involved in that particular operation to tell them that there was no possibility of the people of Newfoundland continuing to shoulder that burden. That was probably one of the most unpleasant episodes of my life, but it had to be done.

Subsequently, with the help of the Government of Canada, through the intercession of the then minister from Newfoundland, a person I am proud to call a friend, Don Jamieson, we did manage to work out a deal with Revenue Canada whereby some of the losses of the provincial crown corporation were carried forward to the profits of the new owner. Abitibi-Price subsequently bought the mill and converted it to a pulp and paper mill. It is now operating profitably. The people in Stephenville now have one of the few viable industries in Newfoundland. That is a rather pleasant ending to a rather sad story, unlike the closing of the heavy water plants in Canso and Port Hawkesbury.

I can see the similarities in pouring more and more money into a situation like that. The alternatives in Cape Breton or Newfoundland are not great; the social responsibilities of government are, but there has to come a time somewhere along the line when one has to draw a distinction between what is socially necessary for government and what government can afford to do.

That, in no way, justifies governments'—and I use the plural—continued support of de Havilland. That has been a frustration for me from the time I first came here. I have watched the injections of cash into de Havilland. There have been some exceptions, but most of the supplementary estimates I have seen have had huge infusions of cash earmarked in them for de Havilland and Canadair, but de Havilland is the company at issue now.

We have seen changes in management, changes in game plans, changes in corporate plans, projections, and so forth, all of which end up with the same claim of another \$110, \$150 or \$200 million of infusion to carry them over to the next sale of Dash 7s or Dash 8s. In my opinion, that has to come to an end. I think that that has gone on far too long for what good it has done or what good it will ever do for this country.

Arguments have been made about saving technology; arguments have been made about keeping the asset in place to entice a customer down the road. Those arguments are probably valid, but I do not think they justify the amount of money that Canadian taxpayers have been forced to put into that company.

The thought of closing the heavy water plants in Nova Scotia and moving them to Ontario is one that I find repugnant and abhorrent. I do not know where that idea came from. I think it would be a national disgrace if that were to happen. I sincerely hope that there is no justification for that.

The corporate plan of Atomic Energy of Canada Limited, which has been quoted, is short on specifics. I listened careful-