

*Canadian Arsenals Limited*

a fair one. Obviously, if it is a profit-making corporation, we should charge more for it.

However, we still have the whole question of whether it is wise to be selling a Crown corporation which sells practically all of its production to the Government of Canada. The same situation applies to provincial Crown corporations such as Ontario Hydro. Its services, or the services of its subsidiaries are mainly sold to the people of Ontario. We must ask ourselves whether it is wise to privatize Canadian Arsenals Limited whose main customer is the Department of National Defence.

**Mr. Hovdebo:** Mr. Speaker, I would like the Hon. Member to comment on the dilemma in which the Government finds itself in this particular Bill, the dilemma of encouraging and increasing the profits on armament sales. This has been traditionally against the policy of the Government of Canada which has assiduously stayed away from the selling of Canadian arms for profit; it has managed to stay away from the designation of merchants of death. Now the Government is encouraging this by selling to the private sector the industry for the manufacture of arms. The Government has not convinced me that it has changed its policy. It is just proceeding on the ideology of privatization without considering the reasons it should not do so.

• (1510)

**Mr. Foster:** Mr. Speaker, that is one of the problems with the privatizing of corporations such as Canadian Arsenals Limited. At this time the Government has the authority to direct the policy of the corporation. Obviously, when it becomes a private corporation it can sell to the Middle East and other countries throughout the world which are political hot spots, and the Government will have to work through a mechanism other than the direct mechanism it had when the company was a Crown corporation.

We have seen in recent press reports that the Cabinet is bitterly split on this issue. We understand that the Minister of Regional Industrial Expansion (Mr. Stevens) is determined to have a German company set up an armaments manufacturing plant in Nova Scotia, whereas the Secretary of State for External Affairs (Mr. Clark) is violently opposed to that. That kind of battle is going on within the Cabinet all the time, so we never know until the Prime Minister (Mr. Mulroney) makes his final decision exactly what the Government policy will be.

I agree with the Member for Prince Albert (Mr. Hovdebo) that this will indeed be a problem in a private sector company. It will be able to wheel and deal and sell munitions and armaments throughout the world. A great deal of its business will always be done with the Government of Canada, as it is now. Rather than those profits accruing to the Government of Canada, they will accrue to this company, which is probably being sold at a bargain basement price. We do not know that, although we suspect it. We suspect that this is why the Minister of Supply and Services (Mr. McInnes) is not making that information available to Members. It would be very

embarrassing to him, and he does not want to make it public at this time.

**Mr. Cyril Keeper (Winnipeg North Centre):** Mr. Speaker, this is an important Bill because it raises very fundamental questions about the policy of the Government. We must begin by asking why the Government chooses to privatize this particular Crown corporation. Why does the Government choose to sell this corporation? The Government may have reason for selling corporations which are not making a profit. From the Government's perspective it can be indicated that those corporations are costing taxpayers money, and there is good reason for turning those corporations over to the private sector. However, those arguments do not hold in the case of Canadian Arsenals Limited which last year made a profit of \$11.3 million. Why sell a profitable corporation to the private sector?

I must conclude that the Government is doing this because of an ideological commitment to the notion of privatization. The Conservatives must believe that there is no legitimate purpose for having a profitable corporation in the public sector, that if a Crown corporation is making a profit, the logical thing to do is to sell it. They can see no justification for having a Crown corporation making a profit and remaining in the public sector.

**Mr. Turner (Ottawa-Carleton):** That's not true.

**Mr. Keeper:** My colleague on the far right indicates that that is not true. I ask him to join in this debate and—

**Mr. Turner (Ottawa-Carleton):** I am on your left.

**Mr. Keeper:** You may be sitting on my left, but you are on the far right. If the Hon. Member feels that what I am saying is not true, let him join this debate and explain why the Government is selling a profitable corporation to the private sector and depriving the Canadian Treasury of \$11.3 million. Why deprive the hard-pressed Canadian taxpayer of \$11.3 million? I would like to have the Conservatives explain that to ordinary Canadians.

I can only guess the Government is doing this because it is committed to the notion of privatization. It is committed to the notion that a Crown corporation, which is making a profit, cannot exist in the public sector. This indicates to me that the Conservatives are totally committed to their ideology that the economy should be nothing more than a series of private sector corporations. They are totally committed to a notion of a free enterprise economy with no role for Government or the public sector. Through this move the Conservatives are abandoning the notion of a mixed economy in the country. They choose, instead, to leave all the economic activity to the private sector and to private profit-making corporations.

The problem with that is that it reduces our capacity for an industrial strategy in the country. It reduces our capacity to give the economy some direction. Therefore, in the final analysis, it reduces the capacity of the Canadian Government