

Canadian Arsenals Limited

Mr. Speaker, the first draft introduced by the Government was more or less a package deal to sell the captive employees along with the corporation — 450 or close to 450 employees at the Le Gardeur plant and about 50 more at Saint-Augustin in the riding of Portneuf. However, some amendments were made and we are now prepared to support the Bill. We would have been quite concerned had the sale been concluded without guaranteeing more employee protection, for it might have created a dangerous precedent now that the Government is intent on selling other Crown corporations to private interests. We wanted to avoid such a precedent. As a matter of fact we are somewhat surprised that the Government's first version of this Bill should have been an attempt to take CAL employees for a ride.

Be that as it may, I want to say that our victory does not leave a bitter taste. As Liberals we feel that we have played a leading role in changing this Bill. As I mentioned earlier, we took this initiative under the guidance of my colleague from Glengarry—Prescott—Russell and we are pleased with the outcome of this matter.

I want to commend the Public Service Alliance for leading the fight on behalf of its membership, particularly Mr. Jean Bergeron. I also extend congratulations to the buyer, the SNC firm, for being so patient during the many weeks it took to get the Bill through the Commons. In all honesty, the Government deserves praise for finally seeing the light and introducing amendments which CAL employees and Opposition Parties can live with. The ultimate result is that all Members of the House are now prepared to pass this measure. It goes to prove that constructive debate can indeed make Members of different political persuasions see eye to eye. Again I applaud Government Members for showing flexibility in this instance. Hopefully this will be a precedent, in the sense that if ever the Government wants to sell other Crown corporations to the private sector the sale terms will provide adequate protection for the transferred employees.

That is all I wanted to say, Mr. Speaker, and I hope the Bill will get swift third reading passage today.

● (1210)

[English]

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, this debate is on third reading of Bill C-87 which deals with the privatization of Canadian Arsenals Limited and its sale to SNC Group of Quebec. A number of points have been raised during the course of the debate with respect to the general questions of privatization.

In opening my remarks I would like to say that it has taken a long time to carry out this sale. One of the major reasons being that the Government did not think through exactly what it intended to do. Because of the program of privatization it is a sale which has been driven by ideology as opposed to common sense. I say this because the figures we have indicate that Canadian Arsenals is an extremely profitable company and its profitability was rapidly rising. Of course, it is in a

managed market, in the sense that most of its sales have to be to the Government of Canada for defence purposes. Therefore, its profitability has to do with the prices paid by the Department of National Defence for munitions and other goods it buys from this firm. Nonetheless, it had to have a substantial amount of efficiency. It was being run effectively since it achieved such a profit turn-around and has shown dramatic improvements in profits over the last few years. If it was so good, and if it was making a contribution to the people of Canada in terms of money coming back, then why sell it? Why not look at other alternatives?

Canadian Arsenals has indicated that it has a fairly major re-equipment and investment program to carry out. Under those circumstances the rigidity of the Government has been in not understanding that Crown corporations should have commercial freedom to do such things as raising money privately, if it is not available through the Treasury. That is stupid. It seems to me that it is an ideological decision. The Government, in being conservative, wants to prove that public enterprise does not work. Therefore, it hamstring public enterprises in various ways. It makes it difficult for public enterprises to work effectively by such measures as denying them access to capital in the market if they cannot obtain it through the Department of Finance or through the Treasury.

I am suggesting that what the SNC Group intends to do in terms of future development of Canadian Arsenals could just as easily have been done in public hands. I know that SNC is looking at the possibility of exploring export markets for Canadian Arsenals. It has said that CAL was not very vigorous in this area.

I believe there is a moral question here in terms of what export markets we will see. I for one do not want to see Canadian Arsenals in private hands selling to racist regimes such as South Africa, or selling into the hot spots around the world where there are shooting wars going on, or selling to dictators such as General Pinochet of Chile. I do not care whether the company is in public or private hands. As Canadians we share the view that there ought to be some fairly substantial regulation of where munitions being produced in Canada are sold. What is the restraint on Canadian Arsenals from selling to the Americans or to our NATO allies? I think the restraint, if it existed, has been largely a self-imposed restraint. After all, the Royal Canadian Mint sells its services in terms of coinage to many countries in and outside the Commonwealth. I believe it sells to some 20 or 30 countries. It has developed a thriving export market. Therefore, there is no reason, in principle, why CAL could not have done the same thing while it was under public ownership.

We will not resolve all the questions concerning privatization now. However, the Government seems to have the view of "heads you lose and tails we win". If a Crown corporation is having difficulties, or losing money, the Government says: "Look, it's a loser. Let's get rid of it". If a Crown corporation, such as this one, is making money, it says: "Look, it's making money. Let's get rid of it". There do not seem to be any