

selling on the Toronto Stock Exchange today for \$50 million. In short, it would be possible for the government of Canada, if it is serious about buying into the aerospace field, to purchase virtually all the stock of a profitable, ongoing company six times the size of de Havilland of Canada for very little more money than it is proposing to put into de Havilland of Canada.

Mr. Benjamin: They should buy it.

Mr. Stevens: My hon. friend to my left says we should buy it. I am sure the NDP would buy anything if it meant state ownership in this country. They lust for power. I think the Minister of Finance (Mr. Turner) in particular should note that these members will buy anything sight unseen. When we attempted to have the estimate with respect to de Havilland reduced in committee, government members, joined by their allies in the NDP, said, "We don't care what the statement of de Havilland looks like. We don't care whether or not it is earning money. We want that estimate to go through".

That is a broad outline of what I should like to deal with tonight when considering the motion before the House. However, the story is bigger than I have indicated, because de Havilland is only one company which the government is proposing to purchase. There is a second company, Canadair, owned by General Dynamics, which happens to have its main plant in Canada in the riding of Dollard. Whether that has any connection with the fact that the riding of the Minister of Supply and Services (Mr. Goyer) is Dollard is not for me to say. However, the minister indicated today that he was willing to pay a dollar for a gallon of oil that one can buy for 25 or 30 cents, so if he has had any input into the purchase of Canadair we as members of this House should be highly suspect of any such purchase.

Let me deal with a few specifics, Mr. Speaker. In the transport committee in December we attempted to explore a deal which was prepared by Air Canada and Comstock International entitled "Proposal for rationalization of the Canadian aerospace industry". This proposal dealt with the possible merger of de Havilland with Canadair to which I have referred. The proposal is nicely bound within glossy covers, sets out pro forma balance-sheets and indicates that generally speaking the government is expected to pay for practically everything yet will not necessarily end up with even 50 per cent of the equity ownership.

This came to us, as Mr. Pratte, the president of Air Canada, pointed out, through a leak. He was highly disturbed that this proposal had been, as he said, leaked to the opposition benches. While during the committee hearings Mr. Pratte and the newly elected president at that time, Mr. Vaughn, were quick to point out that we should not take this document too seriously, that it was only a working paper which they would not necessarily follow, they forgot that they had already written a letter dated October 29, 1973, addressed to Mr. C. D. Arthur of the Department of Industry, Trade and Commerce in which they had this to say:

We... look forward to the opportunity of working closely with your department to bring (our proposal) to fruition.

I am referring to this merger of de Havilland and Canadair. I note that when discussing the anticipated results of

Canadian National Railways and Air Canada

the proposal—and undoubtedly NDP members will rejoice on hearing this—it was stated that one of the advantages would be to bring about a closer liaison with government officials, with the head office being located in Ottawa. I make reference to this, Mr. Speaker, because in our questioning we tried to get from Mr. Pratte an understanding of why the government would seriously consider paying \$22 million for Canadair and \$25 million for de Havilland. Any time we referred to a total purchase of \$47 million we were told by Mr. Pratte and Mr. Vaughn that the document was nothing more than a preliminary proposal.

I point out that in their financial statements it was indicated that if these two companies were joined together, it was thought that by 1980 they would have a combined sales volume of \$120 million to \$150 million, and that Canadair would make 2.7 per cent to 3.7 per cent profit during the next ten-year period of investment. With inflation at the present time running, thanks to our Minister of Finance, at 9 per cent to 10 per cent, the government is seriously considering an investment that it thinks will yield 2.7 per cent to 3.7 per cent in a ten-year period.

I am not going to take up hon. members' time to read all the conditions attaching to the proposal, but if all conditions are met it is stated that it is felt the company would be viable and profitable. I suggest, Mr. Speaker, that it is natural that they would take that attitude, because they know that the two companies they are attempting to merge will find it extremely difficult to make money in the highly competitive, energy short era in which we now live so far as the manufacture of aircraft is concerned.

They project that this \$47 million investment will yield a sales potential in the year 1980 of \$150 million, presumably totally ignoring the fact that they can buy Hawker Siddeley Canada Limited for \$50 million, a company already having sales of \$200 million and yielding a \$3 million profit. I suggest that this is the irrational type of behaviour with which we are having to live so far as certain Crown corporations and the government of this country are concerned.

I now come to the main reason for feeling I had a duty tonight to put before this House and the public of Canada some hard facts. I see no reason why taxpayers' dollars should be channelled into an investment unless those who wish to do the channelling accept the responsibility of putting statements on their proposed investment before the House so that members can review them and make up their own minds whether the investment that is proposed is worth while. Again, I am pleased to see the Minister of Finance here tonight, since it may well be that he does not know what kind of deals are being made under his skirts as far as certain departments of this government are concerned.

● (2040)

Let us come to some of the specifics. When he appeared on December 17 before the transport committee, I asked Mr. Pratte whether he could furnish the committee with the statements of Canadair and de Havilland. At that time Mr. Pratte said—I emphasize this—that he would supply these to us through the chairman as soon as he got back to Montreal. That was the commitment by Mr. Pratte of Air Canada. He promised us statements for de Havilland and