

Canadair Limited Divestiture Act

transaction. Of course Canadian taxpayers would like to know the potential cost of this provision.

Under the product liability provisions of the particular transaction we see that if insurance becomes impracticable to procure, Canadair and the Crown—and the Crown means taxpayers of the country—will share cost in the following proportion: years one to five, Canadair 10 per cent and the Crown 90 per cent; years six to ten, Canadair 40 per cent and the Crown 60 per cent; and years eleven to fifteen, Canadair 70 per cent and the Crown 30 per cent. Only after year fifteen will the potential liability of Canadian taxpayers be eliminated.

[Translation]

Madam Speaker, I am concerned about the fact that our Conservative friends and the Conservative Government are taking an approach dictated by ideological principles more than by trade considerations and criteria. There lies the difference I want to emphasize in our approach—when we were in Government and responsible for privatization—and that of the present administration.

Madam Speaker, we have every reason to be quite worried because there are other Crown corporations which the Government would like to put on the block. More important still, the critical question is this: Are these sales really and basically in the interest of Canadians?

[English]

That is the point to which I return. I have always believed that when a corporation has served its purpose in terms of national interest, indeed it should be a candidate for privatization. The ownership of it can then be with those Canadian shareholders who truly want to participate directly in the activities, in the future, and in the profits of the corporation. We must bear in mind that when a company is privatized, Governments remain substantial partners in any case through the operation of the income tax system. We, the taxpayers of Canada, are always there with an interest in every profitable corporation.

Let us not let ideology dictate which companies should be sold and the terms and conditions of those sales. Let it be common sense and the interests of Canadian taxpayers which guide our thinking in that regard. That is the message I should like to leave with the Government today.

Mr. Blenkarn: Madam Speaker, I have a question for the Hon. Member for St. Henri—Westmount (Mr. Johnston) dealing with product liability insurance. He will note, in going over the documentation, that Canadair is required to pay all insurance costs except if insurance becomes unobtainable. Then the risk is split on a declining basis over 15 years. He will know that the Government, as owner of the corporation, presently has to carry all insurance risk. When there is a very difficult time with product liability insurance, obviously the effect of his suggestion would be that the Government would

have to take over all companies to cover their insurance. He knows that that is not practical. The real question is, would he say that the position for his Party is that because of the possible insurance risk the deal is a bad deal and that Canadair should not be privatized?

Mr. Johnston: Madam Speaker, I usually find that my friend speaks with somewhat more clarity and more lucidity than that comment. I heard him say that I am suggesting the Crown should assume product liability for all corporations. That is what I heard the Hon. Member attribute to me. There was no such suggestion at all.

When a company is disposed of in a normal commercial transaction indeed it is rare, as the Salomon Brothers pointed out, that the vendor should continue to assume the insurance cost on product liability if it becomes impracticable for the purchaser to obtain that kind of coverage for a period of 15 years. Certainly it is understandable that the vendor should be prepared to assume responsibility in respect of certain contingent liabilities which exist by reason of events that precede the sale. Here we have a continuing obligation on the taxpayers of Canada to assume a risk for a period of up to 15 years. At least that is how I understand the comments of Salomon Brothers.

If my friend has some additional details which can satisfy us that that is not the case, then I should very much like him to bring them forward. If he can cite other precedents in the private sector where major takeovers of this kind have occurred and the vendor has continued to guarantee the availability of insurance on a profitable basis to the purchaser, I should like to have those precedents as well. If he were able to produce them, I might be more satisfied that there is some commercial precedent in the private sector for such transactions.

Mr. Thacker: Madam Speaker, the position of the Liberal Party in respect of the privatization of Canadair is not clear. We know that members of the NDP will vote against it. They would rather see taxpayers throwing in another \$1.4 billion to \$2 billion, as they already have. It will be fun campaigning; they want taxpayers to continue pumping billions of dollars into the company rather than privatizing it which would cut their losses. What is the position of the Liberal Party? Is it in favour of the privatization or not?

Mr. Johnston: Madam Speaker, I thought the Hon. Member for Lethbridge (Mr. Thacker) was in the House when I made my comments. I thought I explained that in fact when Canadair was acquired the Government or the Minister of the day said that it would hopefully be returned one day to the private sector. That policy never changed. Canadair was transferred to the investment holding company created by the Crown in order to facilitate privatization upon the right terms and conditions at the appropriate time.