

Canadair Limited Divestiture Act

May 21 that some 250 new jobs were being created in the Hon. Member's City of Winnipeg? Why did de Havilland have record sales in June? That was due to the world-wide marketing program of Boeing which I think the Hon. Member will agree is one of the best in the world.

● (1250)

Finally, the Member suggests that there is linkage between the CF-18 contract and the sale of Canadair. Innuendo is very difficult to defend against. The Hon. Member has absolutely no proof that there was any linkage. The fact is that there was no linkage. As a matter of fact, I understand that Canadair had been involved for some time in the CF-18 proposals. I was somewhat involved in the CF-18 deal at its inception many years ago. We were talking about the servicing contract at that time. I think the Hon. Member will agree that there is no proof whatsoever of linkage in this particular sale.

Mr. Axworthy: Madam Speaker, I would be pleased to respond to the three points raised by my distinguished and hon. colleague opposite. He raised the question of whether it is better to have private control or public control with regard to the retention of jobs, research and development. I will remind him that it was only the purchase of de Havilland and Canadair by the Government of Canada that saved those companies. Had that not happened there would be absolutely no jobs in those industries. The foreign companies which owned de Havilland and Canadair were going to close them down. The Government faced a tough decision in the mid-1970s. We realized that the only way to preserve a major component of the aerospace industry was to put these companies under public ownership.

During that period of time both those companies were engaged in the development of new airplanes. They realized they had to keep up with the newly competitive market and had to invest large sums of money in the development of the Dash-8 and the Challenger. Development is not nearly as employment-productive as mass assembly. The private owners of de Havilland and Canadair will now reap the benefit of that major public investment which they acquired at fire sale prices.

The taxpayers of Canada put a lot of money into those companies to keep them contemporary in the very tough and competitive aerospace market. I believe that since the private owners can now utilize the technology which was developed they are obliged to give some guarantees. No one can say that we received proper and acceptable guarantees in the sale of de Havilland. In fact, it was reported recently that fixed-wing technology may be transferred from north to south rather than the other way around because the previous Minister did an abominable job in negotiating.

I am prepared to say that there was an improvement in this case. However, it cannot be argued that the way in which the ownership was directed indicates the superiority of the private side. It only shows that in this case the public sector lived up to its responsibility.

I was very interested in the comments about all the wonderful new jobs that are being created. My hon. friend ought to tell the workers at Bristol about that. The management of Bristol is contemplating closing down its air maintenance division unless it receives some work very soon. The way in which the contracting procedure was ruptured in the CF-18 decision was a clear transgression of these rules and has caused uncertainty. It will be very difficult to get boards of directors to authorize bids on contracts in the aerospace industry when they do not know whether the decision will be based on political muscle or proper criteria. That is the cause of the uncertainty at this time.

I do not know whether the Hon. Member was in the House when I referred to the correspondence which I sent to the Minister of State for Privatization on August 20. Bombardier's offer of 1 per cent royalties was included as part of the letter of intent. Based on that clear evidence, it is difficult not to see that there must be some connection.

I cannot prove what went on inside the Cabinet room. I was not there and I was not a direct party to the negotiations. However, when the letter of intent arrived on my desk on August 20 and I read the condition, the bells began to ring and alarms went off. I immediately phoned the people at Bristol Aerospace and told them they had a problem. That was a very clear indication that something was going awry. While I do not have the definitive proof which I wish I had, a good detective could see from the circumstantial evidence contained in that letter of intent signed by the Minister of State for Privatization that there was something more than smelly taking place in this deal.

Mr. Redway: Madam Speaker, during debate the Hon. Member spoke at length about and was highly critical of the awarding of the CF-18 contract to Canadair of Quebec as opposed to Bristol Aerospace of Manitoba. If the Liberal Party formed the national Government at this time, would it have awarded that contract to Bristol Aerospace of Manitoba rather than to Canadair of Quebec?

Mr. Axworthy: Madam Speaker, I am more than pleased to answer that question. First, a Liberal Government would honour a fair and proper tendering process. It would not screw around with it as the Government did. The clearly recognizable distortion which was engaged in would not be acceptable. As I said in my remarks, it is equally important that the Government of Canada establish a clear aerospace policy which would outline the proper development and maintenance of the aerospace industry for the country.

Members of the Government have not said how they will provide support and sustenance and ensure a fair distribution of aerospace work. That also would not be tolerated by a Liberal Government. We believe that the entire country deserves care and concern with regard to regional development. That would be the policy of a Liberal Government. We believe that regional development must be the preoccupation of the entire country. Coming from the city from which he