



It Seems That Canada No Longer Likes Bombardier, Inc.

Description

One of Justin Trudeau's first difficult decisions will be what to do about **Bombardier, Inc.** ([TSX:BBD.B](#)).

Quebec economy minister Jacques Daoust will be pressuring the Trudeau cabinet to provide aid for Bombardier, and there's reason to believe Mr. Daoust will get what he wants. Bombardier employs nearly 20,000 people in Quebec alone, and the province is very important to Mr. Trudeau. After all, his own riding is in Montreal, and he has just appointed six cabinet ministers from Quebec.

Even Stephen Harper's Conservatives could not ignore the political reality, providing aid—whether direct or indirect—to Bombardier multiple times. But this time the landscape is looking very different.

Growing frustration with Bombardier

As one would expect, the right-leaning *National Post* has come out firmly opposed to any Bombardier aid, with columnist Terence Corcoran saying the company “is a symbol Canada can't keep bailing out.” Importantly though, the *Post* is not alone in its criticism.

Jason Kirby of *Macleans*, whose articles generally are nonpartisan, recently argued that we should let Bombardier fail. He even claimed it would be a positive for the economy of Quebec.

Even more telling, the left-leaning CBC is piling on the criticism. In a November 3rd article, Neil McDonald claimed that Bombardier has a “strange chokehold on the public purse.” Mr. McDonald is hardly right-leaning either, having been one of Stephen Harper's many critics during the election campaign.

If that wasn't enough, the *Toronto Star* recently argued that Bombardier “exemplifies the pitfalls of corporate welfare.” The *Star* is one of Canada's most left-leaning publications, and the paper rarely agrees with the *Post* on any controversial issue. This seems to be a rare exception.

A new political reality

Mr. Trudeau may have won by a landslide, but his victory was mainly driven by the anti-Harper vote.

Now that Mr. Harper has stepped down, the Conservatives are certainly Mr. Trudeau's biggest threat in upcoming elections, holding more than twice as many seats as the NDP.

And if Mr. Trudeau provides aid to Bombardier, it will provide the Conservatives with a fresh line of attack right out of the gate. To put it bluntly, they would paint him as inexperienced, naive, and weak.

On the other hand, if Mr. Trudeau refuses to hand over money to Bombardier, the Conservatives will be in an awkward position. Either they will have to stand by Mr. Trudeau, or abandon their conservative principles on a very visible issue.

What does this mean for the company?

If Mr. Trudeau refuses to give Bombardier aid, it might have to seek help from other sources. And that could force the company to abandon its dual-class share structure, something that regular shareholders have wanted for many years.

So, oddly enough, a rejection by Mr. Trudeau may even be beneficial to Bombardier shareholders. This could still go any number of ways though; we'll just have to wait and see.

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1. Investing

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