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their highly skilled and highly trained staff. I think that he hit on something that is very important for all of us to dwell on.

I go back to an experience I had when I was in the private sector for a while after I left here in 1984. I worked for a multinational organization called Magna International. There are many unique qualities of the Magna Corporation. One of the unique qualities of the management team that I noticed at that time was it began a conversion from defence production in 1982. In 1980 it was an organization with about \$400 million to \$500 million in sales. About one-third of its sales were in defence related products, radar systems and machine guns.

I think most people would recognize that in terms of the quality of its products it is probably ranked with anyone in the world. In 1982 the directors of Magna said: "We are going to do a full conversion into the automotive parts manufacturing sector". It was a very tough transition period. It was tough for management, tough for the toolmakers and tough for everyone on the shop floor. They were entering, even though there was some foundation experience because the company had been in the automotive parts business for about 25 years at that time, into a whole new field because the technology in the automotive parts business was becoming very sophisticated with computer aided design and computer aided manufacturing. The management team at Magna decided that it would move into the new economy, become highly specialized, get the latest equipment, develop systems and components, and be the most competitive in the world.

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This story is not based on theory. Over the next 10 or 12 years we saw a company grow from about 3,000 employees doing about \$600 million in sales to today where it is employing approximately 20,000 people and doing over \$4 billion in sales. The relevance of this example is that the leadership of the corporation took the leap into the new economy, searched for new markets and searched for new products.

I had the pleasure of working there for two years from 1984 to 1986. What impressed me aside from the conversion and the commitment to the conversion of the highly skilled staff was the management shift. Management moved out of the traditional markets of North America in terms of the auto industry because prior to the conversion from defence most of their orders were going to General Motors, Chrysler and Ford. When they decided to do the full conversion they knew they could not just rely on those three manufacturers of automobiles.

The leadership of that company went to Japan, went to Toyota, and said that it had a company that could make a quality product at a price as competitive as Toyota. It asked for an opportunity. It said that it had the highly skilled staff and the technology. Lo

and behold it was successful. It brought back orders from Japan and Germany.

That is a principle or an approach many companies in the defence industry have to look at. That was the point the minister was trying to make today in part of his speech.

It is not a question of the government saying that it would not help or that it would leave them alone. The minister said in his speech that DIPP would be redesigned and would be more on a loan basis. We are also using other instruments of government for support like the Export Development Corporation. That is the kind of message members of Parliament have to communicate to industries that are having a difficult time making the conversion.

It was interesting that as I was sitting here a couple of other examples were brought to my attention. The story of Securiplex Technologies of Montreal is about the successful conversion of a company that was well established in the defence industry. Recently it obtained a \$26 million order for a control system from Bombardier in Belgium.

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There is another example. ATS was founded on Montreal's south shore in 1979. It originated as a small company specializing in the testing of ammunition. Recognizing the fact that it had limited business opportunity, the company sought to take its considerable expertise in developing software systems to new markets.

Today the original business is history. The future of the firm is in an entirely new market that it could claim to have invented: the simulation of air traffic control towers and control rooms. There is an incredible market all over the world for this company that reinvented itself.

We inherited a very difficult fiscal framework. The minister said in his remarks that during the campaign we talked of some \$30 billion in deficit and now we are hitting over \$40 billion. This is a shock to the budgetary system of the country very few of us expected.

When I say leadership I do not just mean the chief executive officer. I mean the production manager, the lead tool maker and the people on the shop floor. Securiplex, Magna and ATS had to take on a leadership thought process. Companies going through conversion should do this, along with having a redesigned DIPP and the banks beginning to look at the new economy and knowledge based industries. We have heard time and time in the last two to three weeks in the industry committee that the banks were beginning to look at small and medium sized organizations, not at the strength of their balance sheets but at the strength of the mind and the character of the persons involved.