

Consultant driven by vision of all-Canadian car company

BY MARK SUTCLIFFE, THE OTTAWA CITIZEN JULY 4, 2009



Scott Paterson has been working on the idea of a Canadian car for almost 20 years, born from a lifelong fascination with the auto industry. When he was in Grade 10, he says, he took German so that he could one day work in the Porsche factory. After his idea generated only limited interest from MPs in the late 1990s, Paterson put it on the backburner.

Photograph by: Bruno Schlumberger, The Ottawa Citizen, The Ottawa Citizen

Scott Paterson has what seems like an obvious question: Instead of investing taxpayers' money in an American auto manufacturer, why aren't we building a Canadian car company?

"Every G8 country has its own car," the Ottawa resident and communications consultant says.

"Sweden has nine million people. They make two world-class vehicles."

Since the failure of the Bricklin, Paterson says, Canada's auto policy has been to simply accept auto manufacturing jobs at the pleasure of U.S. companies.

"From Industry Canada's perspective, we have jobs for free, they're never going to go away, so why would we change anything?" Paterson says.

"That was a fool's paradise. You're counting on another country's goodwill. We've always had to make it to clear to America that we have advantages, so let us have some jobs. Our business plan is the

same as Mexico or Slovenia."

Which is why we had no choice but to invest in General Motors to save manufacturing jobs in Ontario.

Paterson has been working on the idea of a Canadian car for almost 20 years, born from a lifelong fascination with the auto industry.

When he was in Grade 10, he says, he took German so that he could one day work in the Porsche factory (alas, it never happened).

After his idea generated only limited interest from MPs in the late 1990s, Paterson put it on the backburner. But his pet project has taken on new life in the era of government bailouts. If we're going to put billions into the auto sector, why not invest in a Canadian company instead of an American manufacturer?

"There's something that has not been addressed in this \$10 billion to GM and Chrysler," he says.

"We're one bad headline away from being right back into this whole thing.

"We've grown fat on the American branch plant mentality and it's robbed us of our dreams. We've been too busy getting paid by the Americans to live out their dreams."

To say Paterson is wildly ambitious is like saying Michael Jackson is getting a bit of media attention these days. How can an ordinary working guy launch a car company?

The short answer: He can't. That's why Paterson is organizing a conference for late August in Ottawa, at which he hopes to bring together players from government and business, including Canadian giants like Magna and Bombardier.

The conference has the support of the Telfer School of Management at the University of Ottawa. A few months ago, Paterson tested his arguments in front of a Telfer business class.

"All I did is take apart Canada's business case in the auto sector. It was so easy to do, a nine-year-old could have done it."

Though the idea is bold and audacious, Paterson is winning some cautious support. Tom Brzustowski, a Telfer School professor, says it would have been hard to convince him of the merits of a Canadian car even just a few years ago. But in the current climate, he says, there may be an opportunity.

"I reserve my definitive answer," he says. "But why not explore the possibilities? Opportunities don't come very often. If this is an opportunity we have to seize it. If it's not, we walk away."

Brzustowski may have some extra motivation to help a Canadian manufacturing dream come true.

His first job after graduating from engineering school was to work on the engine for the doomed Avro Arrow. So, is this about redemption?

"Not redemption," he says. "But it's maybe moving in the direction of what might have been at another time."

Brzustowski says he believes that Canada has the engineering resources required to build a world-class vehicle. It's a question of whether a Canadian company has the right business model and can answer some of the questions the conference will tackle.

"It's a business challenge," he says. "Is there a business model for manufacturing cars in this country that could be profitable at a level of sales at 50,000 a year or 100,000? Are there assets that could be bought relative cheaply now to get a quick start? Could one buy one of the existing brands that's being shelved and build on that?"

Paterson doesn't want to get ahead of himself, but he already has preliminary answers to some of those questions. With \$10 million in investment, he would build a prototype and buy 25 shuttered GM dealerships. With investment from provinces and a public stock offering, he thinks he could build 5,000 cars the first year. The market position, he says, will be uniquely Canadian: The world's best winter car.

"This car could be in your neighbour's driveway in about three years," he says.

For Paterson, this is as much about nation-building as business. He says it's a bold, pivotal decision Canada must take, not unlike when we chose to build a national railway. And he says if we can bring together Quebec Inc. and Bay Street, we could even bridge the country's language divide.

"We have never really consummated the marriage between English-Canada and French-Canada," he says.

"We could do that with Magna and Bombardier."

Ultimately, it's a simple question: Why not invest in Canada instead of the United States?

"We're now paying American taxpayers to give us jobs," he says. "We've given our lunch money over enough times.

"An infant could see that it's bad business."

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