

Three Books on Canada's Economy

R. E. George

Volume 4, Number 2, Spring 1975

URI: https://id.erudit.org/iderudit/acad4_2rv04

[See table of contents](#)

Publisher(s)

The Department of History of the University of New Brunswick

ISSN

0044-5851 (print)

1712-7432 (digital)

[Explore this journal](#)

Cite this review

George, R. E. (1975). Review of [Three Books on Canada's Economy]. *Acadiensis*, 4(2), 125–132.

with the same degree of certainty today is at least questionable, if the recent activity in the field is any indication. The 're-awakening' called forth by George Rawlyk six years ago has not yet resulted in a substantive body of secondary literature on the post-Confederation period, but we have seen the commencement and completion of several theses dealing squarely with a variety of topics. Since the inception of *Acadiensis*, there has also been a fair sprinkling of articles dealing with post-Confederation material.

The Atlantic Canada Studies Conference held in Fredericton last March revealed something of this new-found interest in the last century. Eleven of the fourteen papers presented at that conference focussed attention almost exclusively on the post-Confederation period, and the organizers could easily have gotten together another dozen papers from work currently in progress. And that work is far removed from the more traditional approaches usually associated with the region. Work is being carried out in labour, urban, social and a variety of other non-political types of historical inquiry. All this bodes well for the future of Maritime or Atlantic Provinces Studies. We should be able to anticipate a steady stream of high quality material on a variety of topics; so that the ignorance of the Maritimes displayed in the two books reviewed above will no longer be excusable.

Surveys of the sort written for the Centenary Series are always the most difficult to write. Their authors have to rely heavily on the work of others and attempt to balance their interpretations and judgments to 'cover the field'. It is a thankless task for the most part, since selection must inevitably had to a certain amount of distortion. The imbalance of both volumes in favour of national over regional approaches is understandable. There is always a delay factor regarding the impact of the most current research on survey literature. That this is so painfully evident in the work of Waite, Brown and Cook is unfortunate, but thankfully there will never again be the same excuse for selling the Maritimes so short.

D.A. MUISE

Three Books on Canada's Economy

*Foreign Investment in Canada, Getting It Back and Capitalism and the National Question in Canada** have something in common since they all deal *inter alia* with Canada's dependence, economic and other, upon the United States. But their approaches are quite different.

* *FOREIGN INVESTMENT IN CANADA*, by John Fayerweather (New York, International Arts and Sciences Press, 1973); *GETTING IT BACK*, edited by Abraham Rotstein and Gary Lax (Toronto, Clarke Irwin, 1974); *CAPITALISM AND THE NATIONAL QUESTION IN CANADA*, edited by Gary Teeple (Toronto, University of Toronto Press, 1972).

John Fayerweather's little book on foreign investment seeks to be an objective analysis of the question of foreign investment in Canada. It contains five chapters. The first offers a few familiar figures about the extent of American economic penetration of Canada and traces the evolution of Canadian policy from one of indifference to, or active encouragement of, foreign investment to the present uncertain and hesitant movement towards control. The second chapter examines Canadian attitudes. Though there is some evidence of Canadian opposition to foreign investment, few Canadians are evidently prepared to make economic sacrifice to reduce it. The two main political parties seem to have the same attitude — in principle, they are against it so long as the principle does not spoil one's fun. Maritimers, with their preoccupation with economic development are generally more positively disposed to foreign investment than are other Canadians, but nevertheless believe that Canada has enough U.S. capital — thereby sharing with Canadians in general an apparent desire to do better in the future but not to make any present sacrifice. Many of the conclusions are based upon attitudinal surveys that this reviewer finds suspect. For instance, in one survey advanced as evidence, people were asked if they would accept a lower standard of living in order to keep further foreign investment out of Canada — a question few could answer unless they know how low "lower" was.

Chapter three is short, making the point that the split between governments and business, and between federal and provincial governments, makes decision-making in Canada a slow process. The fourth chapter is entitled "Industrial Strategy". Though it took up almost a third of the book, it seems to have very little to do with foreign investment. The topics discussed include product specialization, rationalization of production, international competition, management-entrepreneurship, and tariff policy. They all could be made to have a relevance to the subject of the book, but their relevance is merely hinted at occasionally. Also, the discussion is superficial — a mere recounting of views held by various sectors of the community, with few attempts to examine their validity. Add to these shortcomings unsupported generalizations such as ". . . there is widespread agreement [among Canadians] that tariffs should be reduced to open Canada to world competition . . ." and one has a rather disappointing chapter.

The final chapter deals with "National Policy on Foreign Investment". It concludes that any governmental policy will depend on the mood of Canadians, and that governments are likely to pay lip-service to limiting foreign investment but will do little about it.

Three appendices record government policy measures, the "Winters' Guidelines" on corporate behaviour of foreign corporations, and the attitudes of the three main political parties on foreign investment.

The book's shortcomings seem to lie in the author seeking to advance an

impartial analysis with little data apart from attitudinal surveys. It is little more than a recording of points of view, often opposing, and one is left with a feeling of having made no progress in a matter of considerable public interest and importance to Canada. Nevertheless, as a convenient record of legislation, reports, and politicians' pronouncements, and as a starting point for anyone new to the Canadian nationalism debate, it is a useful little book.

Getting It Back is a paperback produced for the Committee for an Independent Canada (CIC) and presents a case for Canadian nationalism. Its seventeen articles cover most aspects of Canadian life; consequently, within the span of an ordinary review, description of their content is difficult, while an adequate assessment of their quality is impossible.

The articles fall into two sections. Section 1 deals with the Canadian economy. The CIC's Research and Policy Staff offer an "industrial strategy"; Abraham Rotstein urges repatriation of the control of (rather than "buying-back") Canadian industry; Edward Carrigan deplores the low level of research and development in Canada; Gary Lax seeks to explain the poor supply of Canadian entrepreneurs; Robert H. Grasley evaluates the objectives of the Canadian Development Corporation; Michael J. Gough regrets the low level of corporate accountability and discusses legal ways of obliging companies, particularly foreign companies, to follow the national interest; J.C. Russell is concerned with how Canada's energy and water resources should be best exploited in Canadians' interest; Robert Page argues the harm which would result from an early construction of the Mackenzie Valley pipeline; D. Barrie Clarke examines the extent to which Canadian prime land is foreign owned; and, finally, the CIC Research and Policy Staff point out the evils which follow from the dominance of American unions on the Canadian labour scene.

Most of the articles are interesting and well written, though anyone who has followed the debate about foreign ownership of Canadian resources and industry will find little new. However, some arguments struck this reviewer as being shaky. There is a continuing reference to the objective of "creating jobs", which only makes sense if it is well qualified. It is used to explain why manufacturing is to be preferred to resource industries and seems to invite the corollary that the latter would be better if they were labour intensive as they used to be when, to take coal mining as an example, the job was done by men with pick axes and shovels! Similarly, more research and development in Canada is advocated as a means of providing more jobs without considering whether our scarce skilled manpower might be employed in more beneficial ways, leaving R and D to Americans. (The rise of Northern Electric's R and D costs from 1.5% to 8.2% of sales is seen as a great achievement. Perhaps it was, but further data are required before one may be convinced on that count.) Further, the roles of the entrepreneur and the capitalist are confused

by Lax; Russell's picture of the state of the Sydney steel plant since the Nova Scotia government took it over seems much too rosy; and Page's proposition that increasing the supply of oil and gas by exploiting the North would raise prices to the Canadian consumer is hard to accept.

In all cases, policies are suggested to minimize the harm done to the Canadian economy by foreign investment. Authors of the articles have sought to enunciate policies "deliberately geared to the mainstream of public opinion in this country. ...We... expect that all three major political parties should have no difficulty in accepting any of these suggestions...". This has resulted in the avoidance of proposals that influential Canadian interest would find distasteful. For instance, the policies advocated by Eric Kierans are generally welcomed, excepting that relating to free trade, no doubt because many organizations influential in Canadian politics have vested interest in continued protectionism.

Some of the policies advocated seem a little naive. Rotstein seems to place great store on the selling to Canadians of a majority of the shares of foreign subsidiaries and the installation of more Canadian directors, apparently believing that this action would lead the parent companies to act more on the Canadian interest. But even a small minority of shares remaining in the original hands may often leave control outside Canada, and this reviewer has little confidence that Canadian-controlled companies often act in the interests of Canada when such action does not coincide with their own interests. Similarly, Carrigan advocates "consolidation" of Canadian companies as a means of encouraging R and D, the British monopoly of Imperial Chemical Industries and the merger of British Motor Corporation and Leyland Motors being cited as desirable models; but surely the evils of monopolies are a high price to pay for more R and D, and the recent difficulties of British-Leyland scarcely suggest emulation.

The second section of the book deals with the effect of foreign ownership on Canadian culture and society. Robert Page regrets the lack of studies of Canadian politicians, other Canadians of note, and other things Canadian, and the reluctance of schools and universities to include Canadian studies in their curricula. The CIC Research and Policy Staff point to the large American element in History, English, Fine Arts, Psychology and Sociology/Anthropology faculties of Canadian Universities; Paul Audley shows the foreign domination of our book publishing; Gary Lax strikes a more cheerful note with some case studies in which broadcasting and cable TV have been largely Canadianized by government action (though he thinks there is much still to be done); the Toronto Film-Makers' Co-Operative describes the almost hopeless difficulties Canadian film producers face when trying to have their productions exhibited because of the iron grip exerted by foreign chains; Tom Hendry laments the reluctance of Canadian theatres to put on Canadian

plays, even though the reaction of the public seems quite favourable (Theatre New Brunswick at Fredericton receives special mention on this count); and Charles Pachter attributes the poverty of the Canadian visual arts to the neo-colonial attitude of Canadian galleries, the propensity of Canadian artists to jump on the U.S. fashionable bandwagons, and the grip of the establishment on official financial assistance.

Each article suggests government policies to correct the foreign domination. Public libraries and the National Film Board should do more to present Canadian material to schools and the public; barriers should be erected against the recruitment of foreign faculty to universities; obligations should be placed upon government supported institutions to buy books through Canadian agents, rather than buying where the price and service are better; subsidies should be given to Canadian publishers, and foreign publishing houses in Canada should be obliged to Canadianize; further censorship should be imposed on the broadcasting or relaying of foreign material; help, financial and other, should be given to ensure that more Canadian films are exhibited, and a Canadian quota should be imposed upon cinemas; government grants to theatres should carry the condition that a high quota of plays and personnel should be Canadians; and Canadian art galleries receiving public funds should be obliged to display a certain proportion of Canadian art.

One's reactions to these proposals depend partly upon one's political persuasion, but also upon judgment as to the best policy to achieve an agreed objective. This reviewer would prefer to see much more generous help given to Canadian initiative rather than restrictions imposed upon Canadians' freedom to choose what they prefer and to buy where price and service are best. Only where a stranglehold is exercised by foreign interests, such as exists in film distribution and exhibition, do restrictive measures seem justified.

Though this review has pointed to confusions in argument and has disagreed with some proposed remedies, nevertheless, *Getting It Back* is a very worthwhile little book. Surely most Canadians would like to see their economic and cultural life become more Canadian and this book is a balanced and readable run over the ground. It should stimulate its readers to further thought on this matter — a prerequisite to governmental action.

Capitalism and the National Question in Canada is a collection of ten essays. They are very loosely connected, the only common ground being that they are written by authors who (according to the editor's introduction) ". . . are agreed that the present order [of Canadian Society] is fundamentally unjust and that exploitation of Canadians will end only when socialism is won by and for the working class".

R.T. Naylor provides an interesting thumbnail economic/social history of Canada in which he explains all major political events within Canada (the hinterland) and its metropolis (originally Britain, then U.S.A.) in terms of

the struggles of opposing economic power groups. Confederation and the National Policy represented victory for Canadian mercantile capitalists. Industrial capitalists, who gained the ascendancy in Britain, remained subservient in Canada and meekly stood aside as American industrial capital took over. A particularly interesting part is the description of the parcelling out of land in the early days in ways which made officials and speculators rich, brought distress to immigrants and other less privileged classes, and generally retarded the development of Canada.

Teepie also deals with the land grabbing activities of officials, but stresses their effect of achieving, albeit accidentally, the landless proletariat required for capitalistic production. However, industry was slow coming because of the dominance of the mercantile capitalists, and in the middle of the nineteenth century most immigrants were leaving for the U.S.A.

Roger Howard and Jack Scott trace the origins and effects of international (American) unions on Canada. Though the incursions of foreign unions started mainly for reasons of convenience, their continuance has reflected the reluctance of American union leaders to surrender any of their empires. Attempts by Canadian locals to gain independence have nearly always been crushed by their U.S. parents in league with Canadian governments. But the authors' regret seems less concerned with nationalism than with the reluctance of Canadian unionists to recognise their goal as being the winning of the class struggle and with the difficulty faced by Canadian leftwingers seeking to gain control of Canadian locals of international unions. R.B. Morris writes on a similar theme, but dwells on the barriers to Canadian labour's attempts to gain independence for international unions erected by the "reverter" clauses in most locals' constitutions which leave them penniless if they break away. Where breakaways have taken place, these were apparently due to irritation with the internationals' bureaucracy rather than to any political or nationalistic motivation.

Charles Lipton stresses that the alleged independence of Canadian locals is illusory and cites many instances of U.S.A. parent unions subduing, using mailed fists or purse strings, any policy deviation or moves towards independence. Canadian employers tend to prefer the conservatism of international locals, and therefore frequently ally themselves to the internationals crushing dissident locals and new Labour formations. He attributes to international unionism the disruption of Canadian labour solidarity, the lack of Canadian identity, the political apathy of Canadian workers, and the extension into Canada of American political and economic policies and doctrines. It is not clear, however, whether the author is opposed to international unionism as such or dislikes the affiliation of Canadian workers to foreign unions because they are led by corrupt officers who, for personal gain, sell out their members to the capitalists and politicians.

The next article, written by H.E. Bronson, is on Canadian agriculture. It is really a criticism of the Federal Task Force on Agriculture and, read in 1974 against a background of agricultural shortages, high food prices and fat farming profits, it has an air of unreality. Even read in the historical context in which it was written, it seems to contain a series of contradictions. Bronson regrets that non-U.S.A. markets for Canada's agricultural output are uncertain, then regrets that the U.S.A. markets are expected to expand. He deplors the suggestion of the Task Force that Canadian agriculture should adapt to produce what its customers want. He quotes with approval the Barber Royal Commission's urging that the number of tractor makers could be reduced to obtain economies of scale, but is opposed to the disappearance of small farmers, though surely economies of scale are available in agriculture. He resents the lack of competition among food processors but welcomes measures to reduce competition among farmers. He notes with sadness that young local farmers are unable to afford the high prices for farms, not recognising that it is the existing farmers who are (understandably) cashing in on the capital appreciation of their land, due usually to the good investment opportunities it offers in agricultural use. The article also contains some dubious statements such as "Extensive poverty has undoubtedly been responsible for declining per capita (Canadian) consumption of milk".

Leo A. Johnson traces the decline of the petite bourgeoisie with the rise of the capitalists. In those areas not now controlled by foreigners, a few Canadians dominate. The working classes' position has not improved relatively. Professionals have generally held their own (doctors having done much more than that). Women, particularly married ones, have entered the workforce in large numbers, but in relatively menial jobs. The article is interesting and contains some helpful tables. However, it too appears to contain some inconsistencies or errors. At one point, the author deplors the fall in the agricultural labour force while elsewhere he seems to view an increase in its productivity (presumably output per manhour) as good; he regrets the declining average age of non-farm rural dwellers without apparently realising that this is in part the result of the spreading of young families into the new suburbs of cities and towns; he draws a dubious comparison between the income of the lower classes and the assets of capitalists; he claims that Dosco's steel mill at Sydney has been profitable since the Nova Scotia government took it over (in fact, only by overlooking some important costs was it made initially to look profitable, and more recently everyone seems to accept that it will never be profitable without massive reconstruction, and probably not even then); and he advances a strange argument about firms reacting to bad times by concentrating production in highly capitalized plants, thereby sending up labour costs, and concludes that this is why capital intensive industry

does not go to areas like the Maritimes (other than, for an unexplained reason, firms such as Michelin and Volvo).

G. Bourque and N. Laurin-Frenette involve themselves in a mainly theoretical discussion intended to refute Dofry and Rioux's thesis that nationalism is a bourgeois invention to obscure class conflicts. They seek to explain the rise of the petite bourgeoisie in Quebec's Quiet Revolution, then its subsequent split. The Parti Quebecois they regard as being incapable of furthering the cause of the working class.

Stanley B. Ryerson explores the position of Quebec in Canada. He affirms the existence of a Francophone bourgeoisie, which confuses the nationalist question, and asserts that nationalism and class are not equatable. In the final article, Teeple traces the history of the CCF and the NDP, and discusses the Waffle Group. He dismisses them all as not being socialistic. Finally, R.T. Naylor writes an appendix on the ideological foundations of Social Democracy and Social Credit.

In all, the articles are a mixed bag. The only excuse for binding them in the same cover seems to be that their authors are all socialists. But most are interesting expositions of the socialist viewpoint and should be read by anyone concerned with Canada's social-economic order, whatever his political inclination.

All three books, therefore, are well worth the time they take to read. They are complementary to each other. The reader is first treated by Fayerweather to a review of Canadian attitudes towards foreign investment in Canada; then Rotstein and Lax, using an approach designed to cut across political party lines, deals with the effects of such investment on the economic and cultural life of Canadians; and finally, Teeple advances the socialistic outlook on the matter.

Anyone approaching the question of Canadian nationalism for the first time could do worse than use these three books as a primer. Older hands will find in them a good deal of interest, if nothing really novel.

R. E. GEORGE