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HISTORY FOR A NON-HISTORIC NATION

"FORTUNATE ARE THE NATIONS THAT HAVE NO HISTORY"; by this criterion, as by many others, Canada is a very fortunate nation indeed. It is difficult to argue that Canadian history is either exciting or very significant. If written by pedants, it is a collection of footnotes in search of the text (the text being British imperial history, or the history of North America); if well written, it is an interesting account of economic pioneering or subtle—and not so subtle—attempts to reconcile opposing regional and some ethnic interests. Since the main theme of internal politics of the country is still the reconciliation of opposing interests to keep the nation intact, some useful lessons can be learned from the past. As a guide to future expansion, however, all that is hardly instructive. The road from "Colony to Nation" has been already traversed; it is the road from a secondary nation to a truly great one for which the guideposts have to be sought outside Canadian history. These guideposts are not quite obvious: other than our own national histories, it is the history of great empires that forms the staple of our historical knowledge, and certainly Canada is not—nor does it pretend to be—a world power. Does this mean that no history is relevant for planning the nation's future? It is the contention of this essay that a properly directed historical enquiry can, indeed, provide considerable enlightenment, but that we need to study comparable, rather than irrelevant, national histories.

The history of a nation has sometimes been defined as the study of human or socio-political response to the challenge of geography. It is useful, therefore, to concentrate on the main feature of Canadian geo-politics. This is the obvious fact, overshadowing all else, of living next-door to a giant. This fact determines Canadian thinking: Canadians compare themselves all the time to the United States, and have developed a strong love-hate relationship with their neighbour. American achievements and American solutions provide the scale against which domestic achievements are measured, and often provide the

points of departure for formulating our own policies. Even on the economic plane, where hazy thinking should disappear before the onslaught of statistically determinable facts, and where dispassionate analysis should triumph over myths, U.S.-Canada comparisons, even the most irrelevant ones, colour the national thinking. Why is the indigenous Canadian manufacturing industry relatively underdeveloped? The standard answer is: "the market is too small!" This "too small" market is larger than that of all Scandinavian markets combined (yet Sweden alone produced such indigenous world-market oriented enterprises as Volvo, Ericsson, Electrolux, and Saab); it is larger than Benelux, which gave birth to Phillips, Fokker, Shell, and Petrofina; it is larger than the Iberian Peninsula, and, if the national disposable income is compared, it is almost the size of Italy. Since one myth leads to another, the "too small" explanation is often—especially in recent years, and especially in certain circles—accompanied by the myth of American imperialism which squashes the indigenous enterprise. This myth is, of course, a member of a wider set of myths that can be described as a doctrine of universal conspiracy; this doctrine is emotionally most appealing, and national or social paranoia is obviously a legitimate and interesting field of study by social psychiatrists—unfortunately its explanatory value is not overwhelming.

Let us go back to the mainstream of the argument—the basic fact of Canadian life in Canada's proximity to the U.S.A., and the 1:10 or 1:12 relationship of economic and demographic powers of the two nations. This does not make Canada unique: it places the country in the class of nations which lives next door to related giants. Some such nations have been a great success, others have not. Surely, this line of study may throw some light on our future potential and future possibilities.

A case study of the success of a nation on the periphery is provided by the history of the Netherlands. Much as it annoys Dutch people, it is only too obvious that both linguistically and geographically the Netherlands are a part of Germany. The principal cities are located on the estuary of the great German river, and the political boundary reflects old feudal considerations without following any geographical landmarks. The country is divided on religious grounds, which historically have been as important as a linguistic division, and, to add another problem, it shares an ethnic and linguistic minority (Friesland) with northern Germany. Unlike Canada, in short, the Netherlands are poorly endowed with natural resources. In addition, they have few people and little if any separate geographical entity, and they are located next door to a related giant. Yet the history of the Netherlands is a

success story—the country developed its own culture, its own industry, it enjoys one of the highest standards of living (higher than those of larger, more populous, and better-endowed neighbours), and a highly civilized style of life. It is also a country which built one of the world's great colonial empires, and even after the empire collapsed continued to develop one of the world's most important trading centres.

The Netherlands do not present the only success story of a "nation located on the margin". Another, smaller and weaker but also interesting, is Lebanon. A section of rocky coast on the Mediterranean, a small part of the Arab world with which it is linked by history (less than fifty years ago Lebanon was a part of the French-mandate territory of Syria), divided along religious lines, it developed into the most advanced and culturally unique part of the Arab world, pursuing—within limits—policies of its own. Lebanon is a great trading centre, and a seat of successful indigenous business enterprises. With a small resource base, Lebanon enjoys the highest standard of living among the Arab countries (if one omits such places as Kuwait and Abu Dhabi), the highest standards of education, and more liberal attitudes than any of its sister countries.

These are merely examples. The list could be extended, and the failures as well as other successes should be mentioned. One could mention the success of Switzerland, which developed world outlook and international connections without access to sea, and one could note the strange history of Portugal where centuries of success were followed by centuries of enjoying the role of a relaxed backwater. Then, leaving Europe, one could ponder the different paths of development adopted by Uruguay, and Paraguay, and other smaller countries of Latin-America. The analysis of these situations is likely to be fascinating—much more so than the navy-building plans of Sir Wilfred Laurier—and it may be submitted, also much more instructive.

Even a preliminary look at the countries located at the periphery reveals the basic theme of success, a success that came to countries which looked outwards rather than towards their big neighbour, which developed and re-developed sophisticated and changing networks of world-wide or region-wide relationships, which refused to be boxed in, and which trusted their intelligence in operating within a flexible context, mistrusting fixed and inflexible constructions. There seems to be a moral to that story.

Unfortunately, playing the game with the cards as they come and looking for the opportunities of the flexible situation are not among the virtues for which North America—Canada in particular—is most famous. On the

contrary, we tend to be obsessed with "stable", virtuous structures and with the search for everlasting truths, while praising pragmatism. This is particularly apparent in the area of international politics. Having worked as hard as anyone to make NATO the success it initially was, and in the process investing our emotions heavily in that structure, Canadians were more than disappointed when the alliance did not acquire the characteristics of a permanent and wide-embracing grouping. Not that the Canadian role in seeking wide, stable, and peace-directed functions for NATO was insignificant: on the contrary, of the "three wise men" who were searching for a permanent and peaceful role for NATO, Pearson was the most dedicated. Well, this is now a part of history, NATO still exists as a limited (but important) alliance, less tightly knit and more unclear about its functions than ever. This, incidentally, is not a condemnation of NATO; alliances tend to be limited and their usefulness tends to fluctuate. What is interesting, however, is the strange emotional reaction. NATO failed to be an all-embracing, all-stable anchor for Canadian foreign policy and this produced a reaction of dejection. However, the search for a permanent international structure and a firm anchor continues. The emotional capital withdrawn from NATO, plus the emotional capital previously invested in the old League of Nations, was placed in the U.N. Canadian contingents were placed in U.N. "peace-keeping operations", and more were volunteered. Howard Green, as Minister for External Affairs, was fond of making the statement that the U.N. is the cornerstone of Canadian foreign policy, which was as sensible as a company president saying that the Chamber of Commerce is the cornerstone of the corporation policy. The danger is that once disillusionment takes place the useful, although limited, functions of the U.N. may lose Canadian support. This search for cornerstones or anchors or permanent structures is not only a Canadian vice. Having succeeded in NATO, the U.S. diplomatic effort went into creating such NATO imitations as SEATO and CENTO; having succeeded with the Marshall plan, the search for "stable solutions" extended to produce the Alliance for Progress and other grand structures in situations where the chances of the success of a "permanent", dramatic, and simple solution were slight.

The interesting point is that both the U.S. and Canada have encountered serious problems because of the rigidities built into their own political structures. The fixed territorial boundaries of the states and provinces do not correspond to boundaries of either geographical or economic regions and prevent the establishment of local or regional decision-making units which would be relevant to the solution of local problems. This is one of the many examples of built-

in rigidities that obstruct the development of national policies. Superimposed on this territorial rigidity, we have a division of powers and responsibilities which leads to the local provision of services geared to the needs of a mobile population. If these problems of constitutional rigidity were not enough to tax the brains and resources of North Americans, additional problems were added in relations between government and industry. The virtues of competition and self-adjusting market mechanism are important and numerous; these need not, however, lead to the elevation of competition to the level of religion. Yet this only happened internally; the competition-religion became one of the export articles. In the wake of American occupation in Germany or Japan, anti-trust laws were introduced there. Admittedly, like all imposed religions, anti-trust religion was quietly submerged into the local "pagan" economic structure, and, let us add, with excellent results. It is strange, however, that these results were not more carefully studied in revising some of the domestic industrial policies. Since Japan is the country where conglomerates flourish and is also a country with an incredibly high rate of growth it would appear that our reaction to the growth of this form of industrial organization should be one of careful investigation of possible advantages and thinking-out of new and suitable forms of co-ordination with national policies. Since the progress of modernization of the European steel industry under the steel community organization produced some significant successes, one would expect some re-thinking of the anti-combines policies. Yet the religious zeal in fighting combines at all cost prevails. As in the case of many pseudo-religious movements the logic of arguments and their self-consistency becomes irrelevant. Item: it is argued that competition, and the anti-combine legislation which maintains it, is the source of the superiority of American management; if this were true, then a truly competitive textile industry should be innovative, dynamic, and prosperous, and highly concentrated industries such as computers should be stagnant. Item: if the breaking of monopolies in Germany and Japan was justified as the means of weakening their military potential it would seem logical that a connection between the concentration of economic power and ability to mobilize resources was assumed. The ability to mobilize resources can be used for evil but that does not imply that it cannot be used for good. The breaking of the industrial power of enemy nations can be justified on the basis of power policies, but in this case it cannot also be justified as the vehicle for economic progress. (Incidentally, these arguments should not be construed as a promotion of the religion of monopoly: there are good reasons to worry about the preservation of competition in some cases and not in others. The issue is not with the need

for social control of the industry—which is of overwhelming importance—but with elevating some of the otherwise useful instruments of policy to the rank of religion.)

One could go on and on quoting the examples of the search for eternal truths and stable and forever valid institutional structures. It may be useful, interesting, and perversely amusing to trace the origins of that phenomenon. This would, however, lead us away from the main argument here. The point to be made is this: the outward oriented nations cannot afford to be rigid in their policy thinking; nor can they afford to be dogmatic in managing their industrial structure (except that, given American resources, that country can afford less hard thinking than most). Canada, as a North American nation, carries the heavy burden of a predilection for doctrinaire solutions. Stability, not opportunities for manoeuvre, is the policy orientation, and this as much as anything else is the national liability.

What are the opportunities for Canada as an outward facing nation? Let us assume that this nation decides to choose the role of the Netherlands rather than that of Portugal, a nice country next door to a not-so-nice big neighbour. (Incidentally, that parallel is not too strained: our boast is that Canadian cities are safer, our life more tranquil; the Portuguese claim that their life is more tranquil than that of the Spaniards, that Spanish violence does not exist in their country, that even the bulls are happier. . . .)

Perhaps the best place to start is to review the most important assets—or liabilities—of Canada as a world trading nation. (Incidentally, by “world trading nation” is meant a nation involved in world-wide rather than trans-border trading activities.) There is a considerable tradition in this country to become involved in some of the most difficult world markets. The history of the traders and shipbuilders from the Maritimes, which at one stage in history made that region one of the most developed in North America, should not be forgotten, although this line of development came to a halt with the clippers and has not been revived since. In more recent times, Canada has successfully competed in the world trade in grains (especially wheat), metals, forest products, and other resources. True enough, the strong resource base made it possible to compete in the world market, and it is also regrettably true that for some new major exports the initiative came from outside rather than from within the country. Another set of assets relates to the unique problems and the advantages of Canadian industry. Being next-door to the technologically and managerially most advanced nation, Canada has had advantages of rel-

atively cheap and speedy technology or knowledge transfer. At the same time, because of the smaller size and wider spread of the markets, successful Canadian industry has had to develop the ability to "think small". If foreign markets for technologically advanced products are analysed, one discovers that their characteristics are not unlike those of Canadian markets in the requirements for machinery and "overhead"-type investment for the resource industries and the supplying of the needs of moderate and small-size local markets. In concrete terms, Canadian experience in developing such products as farm machinery, equipment for lumber and extractive industries, and transport and communication equipment for low volumes of traffic is of direct importance: if we can't beat U.S. industry in producing jumbo jets we can still grow prosperous by producing bush and feeder-lines aircraft! Some noteworthy successes have been scored in these fields. Following these lines other industries for both domestic and foreign markets, can be nursed and new ones developed. The relative smallness and regionalization of Canadian markets may easily become the basis for future export successes.

The other set of assets also relates to factors that are often considered as liabilities—the linguistic divisions and heterogeneity of the Canadian population. Although one rarely mentions it in public, the common feeling still persists that bilingualism is a damn nuisance and multi-lingualism an impossibility, and that life would be so much more simple if we could forget all that and transact business in English. The sad fact of life is that this does not always work in this imperfect world. Since in a large part of the world (e.g. South America) nationalism takes precedence over commercialism, English-only business is not quite welcome. The Swiss have capitalized on this, and the Dutch and the Scandinavians—having despaired of the ability of foreigners to learn Dutch, Swedish or Danish—made a massive effort to educate themselves in other languages. The Japanese, of course, did the same with a corresponding increase in their trade and prosperity. It is only to be expected, therefore, that a bilingual country would have some built-in advantages over a unilingual competitor. It also follows that a country that has recently absorbed large heterogeneous groups is potentially in a good position to use the variety of cultural and linguistic backgrounds to extend the international "information system" which is a prerequisite for commercial expansion. All these, unfortunately, are only potential advantages. Although some considerable progress has been made to spread a degree of bilingualism (or at least to teach and use some French in a less inefficient manner than before), no serious concentrated attempt has been made to build on the asset of diversity; the children of Italian-Canadians, for

example, forget their language, rather than use it as a basis for acquiring an additional Romance language. A good example of wasted opportunities is provided by a large and growing Latin American market: given its size and potential importance one would expect a serious effort to be made to develop Spanish or Portuguese studies, combined with a serious research effort in this area. One would also expect that the wide use of French, German, and Italian (in Argentina) as second languages in addition to English would be capitalized on; it is an obvious observation that nothing like that has happened so far.

In fact, in spite of the growing—but very “platonic”—interest in the world at large, Canadian interest in developing new markets, and new information networks has been most disappointing. Consequently, the concentration of Canadian imports and exports has been disappointingly high. Henri Theil's tabulation of “trade entropy” values (opposite to concentration index) shows Canada substantially behind Belgium, the Netherlands, Germany, France, Italy, the United Kingdom, and the U.S.A. In fact the entropy value for Canadian imports is less than half that of any of these countries.

To a large degree this situation is explained by the peculiar ownership structure of the Canadian industry which tends to channel imports, and to some extent exports, in ways pre-determined by the owner's interests. “Branch plant” economy also has significant effects on the aggressiveness (or lack of it) of the industry. It is true that some larger Canadian-owned (and a few foreign-owned) enterprises in the resources and manufacturing fields have shown a noteworthy awareness of the foreign market opportunities, and Canadian banks have been quite active in developing overseas operations. It is unfortunately also true, however, that the overall results are not quite adequate for a nation which may have ambitions greater than that of being a quiet (and rather backward) oasis next to a dynamic giant.

The argument presented here can be summed up very simply: Canada is a nation on the periphery; as such she can achieve a measure of greatness if she looks outside, and if she is willing to take part in the world game. She can also stay as a comfortable backwater. There is little fun but no shame in being a nice backwater. A visitor from New York is shown around Toronto with some quiet pride: nothing very exciting, but it is safe, polite (most of the time), clean (comparatively speaking), the slums are not *very* bad, and fewer people get ulcers (presumably). The national resources are impressive and the second, third, or fourth highest standard of living is a very high standard of living indeed. There is a lot to be said for all that. Of course, the cost of being second-rate has to be borne. Some of the first-class people will leave for

centres of excellence outside the country. The second highest standard of living is lower than the highest, but

However, one may also assume that Canadians will decide not to remain in a comfortable backwater, and this is a not too unrealistic assumption. If so, how can the country force the pace of its development? It is not too easy to compete on the world-wide scene when little international experience is available. Here another example may be usefully considered, that of nineteenth-century Germany. During the last quarter of the nineteenth century, Germany decided to make a bid for the world markets. At that time the international trade was dominated by Britain, with the French and Dutch playing an important role. There was little German overseas experience. At the beginning of the twentieth century the situation changed dramatically. There was little in that expansion which was unplanned, although no "grand strategy" was worked out as a single coherent plan. A number of developments occurred: foreign countries were studied extensively at a number of first class research centres; a tradition of industry-banking-government co-operation developed; the merchant marine was created; and the German exporters could rely on a greater degree of government assistance, including commercial intelligence, than those of the competing nations. The ruthless efficiency in the scientifically-accelerated accumulation of experience had seldom been matched, and it is perhaps not a coincidence that one of the promoters of the study of economic and political geography was General von Houshoffer, who was at one time a military attaché of Japan. (One has to make a sharp distinction here between the positive contributions of German geographers and writers on geopolitics [Houshoffer, Kjellen] and the purely political subsequent aberrations which pushed them into the Nazi ideological camp.) Of course, these developments had an important and less admirable side to them, since the economic and cultural "offensive" was only too closely associated with military and imperialistic goals. But the value of an historical experiment, like the value of a scientific experiment, is not diminished by the abuse of the opportunities created. The real value lies in the creation of the opportunities that are relevant to our situation.

At this point it may be appropriate to note the role and the present performance of Canadian universities. If one may generalize—bearing in mind that all generalizations are never fully correct—Canadian universities have performed rather well in fairly massive educational effort at the undergraduate level but have done less than their potential resources would allow in the fields

of research. Only too often even graduate programmes are justified on the basis of training potential teachers, while the need for producing senior research personnel for industry, trade, and government is looked upon as something less dignified. All that is a pity: the role of the universities should not be considered only as a mass production of B.A.s, B.Sc.s, and B.Com.s, and training those who will participate in this process of mass production. In addition to the legitimate educational needs, the universities can, and in my opinion should, perform to a larger extent than at present a "national growth" function, and associate themselves more intimately with applied research and with training of senior research personnel. If a major strategy is adopted to expand Canadian trade and influence internationally, it is imperative that rapid development of appropriate university affiliated research centres must be encouraged. It must be acknowledged, to be fair, that some institutions are moving in this direction; but the general progress is still too painfully slow.

Canada today is undergoing the process of a nationalist revival. This is widely applauded by some, and deplored by others; a prominent Canadian expatriate economist, Harry Johnson, sees all nationalisms as reactionary movements away from the international main-stream and, in more Canadian terms, a retreat from the "manifest destiny". It would be useful to define what type of nationalism we are talking about. A narrow nationalism, trying to exclude the outside influences and protecting a little backwater of our own, or a world-directed nationalism seeking nationally identifiable successes in international competition. If the first choice is adopted, we should exclude foreign companies, foreign periodicals, and foreign scholars, and retire to participate in family love-ins in the shade of maple trees. At the same time we could be enthusiastic about the increasing variety of sausages and bakeries in our cities, pretending that this and the Italian signs in certain bank branches are the true manifestations of cosmopolitanism. If the outward-looking nationalist policies are adopted, we shall have to develop a crash programme of directing our efforts in research and development in the areas of the highest international pay-off, push the industry hard into these activities, and learn quite a bit, very quickly and systematically, about the world. If these activities should leave little time for contemplating the lost tranquillity of the northern lakes against the background noise of snowmobiles and outboard motors or grumbling impotently about American influence, or if they are not quite consistent with some imported dogmas and force us to think for ourselves about the whole complex of government-industry-education issues, these are the costs of not being second-rate.