

Senator Grosart: I was not thinking of the alternative of joining the United States; I was thinking of the alternative of more integration. We have had reciprocity movements at various times, almost in cycles, in Canada. What I am asking you is, as an economist do you see the present or comparable circumstances, Canada vis-à-vis the United States, as vital or more pressing reasons now for integration than at any time in our history?

Dr. Johnson: No, senator. On the contrary, at the present time one of our problems in forming views about this kind of thing is that the world changes and we think of the world as it was before. As I said earlier on, I came to the idea of integration not with any great happiness but as the best alternative open to us in a particular situation in a world in which there was a strong trend developing towards regionalism and that the other kinds of regions that we might be interested in would not be advantageous to us.

I spoke of Europe and also the Commonwealth. The Commonwealth used to be a fairly complementary relationship between countries like Canada, Australia, South Africa which produced food and which imported manufactures from Britain. All of these have now become industrial powers. We and the Australians used to think of ourselves as being primarily food producers but in fact our industrial structure is very close in its composition, in terms of the number of people who are actually involved in agriculture compared to those involved in industry, to that of the European countries. In fact, we have fewer farmers than some of the major European countries, simply because we have gone further with mechanization.

So my feeling is that at the present time, with the world being shaken up through the oil crisis, we should start thinking again and think of what other ways might the world be organized.

The idea of integration with the United States is a product of a particular historical period when the world seemed to be squeezing into economic blocs. Now that is up for grabs and it is possible that Canadian policy might do something to move it towards what we would all prefer a system which did not involve Canada in being too dependent on the United States. But we can only do that on the basis of having a world system to deal with.

Senator Grosart: Are you really saying that we are facing a trade bloc war or something equivalent to a war, and that we had better join one of them and the best one to join is the United States—and when I say “join” I mean get into closer relation?

Dr. Johnson: No. On the contrary, senator, my feeling on the point is that up until the last year and a half we did seem to be marching towards regionalization and blocism, with the British going into the Common Market, with the Americans turning protectionist and with movements towards bloc arrangements in other parts of the world like Asia and Latin America it did seem that blocs was the way the world was going to be organized, and for us there was not much in any of these other blocs, and a lot was to be said for coming to terms with the United States. But my feeling now is that, after the last year and a half, that danger has receded a great deal, because the Europeans are not able to manage a bloc.

They still think nationally and when the chips are down they are prepared to use their own individual power to pull off a deal for themselves and not to recognize any real responsibility to each other. They have not been able to run a common currency, their agricultural policy is in a mess, on oil they were not able to devise a common policy, each has gone off in his own direction. This creates some possibility that the movement towards regionalism may be halted. The question then is, do we have individual anarchy and anomie, and so on, or do we move back into the idea of a world system rather than a bloc system.

I am trying to argue this morning that Canadian thinking ought to be thinking not in terms of the bloc tendencies of up to a few years ago and casting a policy against that background, but thinking in terms of what is happening now and what Canada's best interest ought to be in this situation.

Senator Grosart: Do you not see the possibility of the bloc system hanging over us like the Sword of Damocles? The mere fact that the European Community is experiencing some internal trouble at the moment does not seem to make it inevitable that we will not return to the high optimism that the world had about the European Community a few years ago.

Dr. Johnson: I think that is extremely unlikely, for two reasons. If you look at the history of the Common Market you can see General de Gaulle really put paid to the Common Market in a long run sense, because he killed off the idea of European political unification in favour of a club of imperial powers, although he did not put it that way. He put it as a “Europe des patries”, of fatherlands, or something like that. Given that General de Gaulle is still with us in the sense that the upper French civil servants and politicians are de Gaullists in their thinking, that killed off the idea of European unity as a political force.

If we look at developments in world politics in terms of relations between the Americans and the Russians, and still more recently relations between the Americans and the Chinese, there is really no point in a European political union these days, it does not have any function other than to keep these countries influential, and I am not sure I would like to see them very influential in the world; they are typically dead. They are not outward looking like we are; they are inward looking, either because they are living in a dead era of history, or because, like the Germans and Italians, they have been defeated a couple of times and they are not interested in this world politics game any more. You spoke about the Sword of Damocles. I think the problem is that the thread broke on the Sword of Damocles, the thing fell and nobody was underneath it, and nobody has managed to hang it up again where it can be a danger.

Senator Grosart: In the event of free trade arrangements coming about between Canada and the United States, what kind of dislocations do you see in our economy, and how do you think they could be handled? I refer, of course, to such things as a movement away from the centralization of industrial production in the middle, and so on.