

### A Nation Unaware

The Canadian Economic Culture



Herschel Hardin

SOME identity books are, naturally, more rewarding than others. Herschel Hardin's *A Nation Unaware*, published by J. J. Douglas, Ltd., \$10.95, seeks identity in the market place. Mr. Hardin asks: To what economic principle should a Canadian cling? — and he answers: Public enterprise.

"At the centre of this fragility of identity," he writes, "is our inability to accept one of the most vibrant expressions of the Canadian character, Canadian public enterprise. It's usually taken for granted that Canada is a free enterprise country, and that the public enterprise tradition is therefore a somehow secondary or untrustworthy, even marginal, phenomenon, although it exists on a substantial scale and in most sectors of the economy."

Public enterprise is exemplified by the Crown corporation — the singular Canadian institution which combines public ownership with competitive behaviour. It works in Canada, and Hardin argues that public enterprise is as natural a way of doing business north of the 49th parallel as free enterprise is to the south.

The free enterprise mystique, he says, was based on eighteenth century British economic liberalism, and it flourished only in the United States, where there were no rigidly underprivileged classes and every man, if not a king, was at least a potential entrepreneur. The circumstances were peculiar to the young U.S.A.

"Greed and hard work and ambition are not enough. A great many peoples in history have had those. It was free banking, rough egalitarianism, practical education — and the reckless push to keep up in the 'Lockian' race — that made the exceptional United States go."

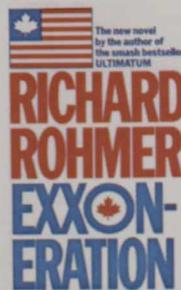
Adam Smith's and John Locke's doctrines did not take easy root in Canada, Hardin says, because French Canada was tied to a clerical, feudal past and English-speaking Canada was "an elitist, conservative, defensive colony." To see Canada as a free enterprise nation is, in Hardin's view, an illusion based on another illusion — that "the American capitalist spirit is natural to man, given his freedom, and all that Canadians have to do to make themselves free enterprise equals in North America is to be natural, to stop being so feudal, to stop being the way we are."

Public enterprise in Canada has, he says, been efficient, economical and productive. It is usually explained, however, (or, one might say, excused) as a kind of unfortunate necessity. Since Canadians are scattered in clumps across a broad,

broad land, only the Government can afford to provide the technological necessities of modern life — railways, airlines, power plants and television and radio networks. There is a substantial body of opinion which holds that should a Crown corporation become profitable, it should be promptly turned over to the deserving rich, the privately owned companies in the same field. In Mr. Hardin's view, the Crown corporation is not simply a substitute for the unavailable private proprietor but a prime instrument of proper Canadian economics; it is much, much more than a production or marketing device, and it is a form of enterprise which flows naturally out of the nature of Canadians.

He argues his case well, with striking (if obvious) examples: the Canadian National Railways, the Canadian Broadcasting Corporation, Air Canada, Ontario Hydro and Polymer. Polymer is particularly instructive. It began as a Crown corporation making synthetic rubber in World War II. It produced and sold 40,000 tons of rubber a year. After the war, when natural rubber returned, its prospects seemed poor, since it had a domestic market for only 20,000 tons. The obvious conclusion from a free enterprise point of view was that it best be sold, or if no one were willing to buy, that it be thrown away like a broken rubber band. No one was willing to buy, but instead of throwing it away, its management began an intensive sales campaign in Europe and an intensive research program at home. By 1960 Polymer was exporting 108,000 tons annually and in need of expansion capital.

The government invested \$50 million, building new production units at home and abroad, and by the late sixties, Polymer had a firm hold on 10 per cent of the world market and was moving into plastics. By 1970 it was into industrialized housing (chemically stressed concrete modules) and computer time-sharing, and annual profits had risen from \$6.8 million to \$13.8 million. In 1971 upward costs and competition from Japan had cut profits sharply, but by the end of the year they were climbing again. In 1972 Polymer was sold to the Canada Development Corporation, its name changed to Polysar Limited and its autonomy greatly diminished.



MR. HARDIN'S view of Canadian and North American economics is provocative in one sense, as Richard Rohmer's is in another. Mr. Rohmer's thin novel *Ultimatum* was Canada's best seller in 1973, and his latest, *Exxoneration*, also published by McClelland and Stewart Ltd., \$8.95, is also doing extremely well. It is