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New Delhi, October-November 1972

CANADA

THIS MONTH

This month CANADA magazine introduces an "Old India hand". Early in September Mr Bruce MacGillivray Williams, with his wife Madeleine, arrived in New Delhi to take up his appointment as the new Canadian High Commissioner to India.

On Saturday, September 23, he presented his credentials to President V. V. Giri at Rashtrapati Bhavan. Mr. Williams returns to India after many years, having served here as First Secretary in 1953. Since then he has been posted as Canadian Commissioner to the International Commission for Supervision and Control for Vietnam, High Commissioner to Ghana and Ambassador to Turkey. Mr. Williams comes to India from Belgrade, where he was Ambassador to Yugoslavia from 1967 till this year.



Bruce Williams

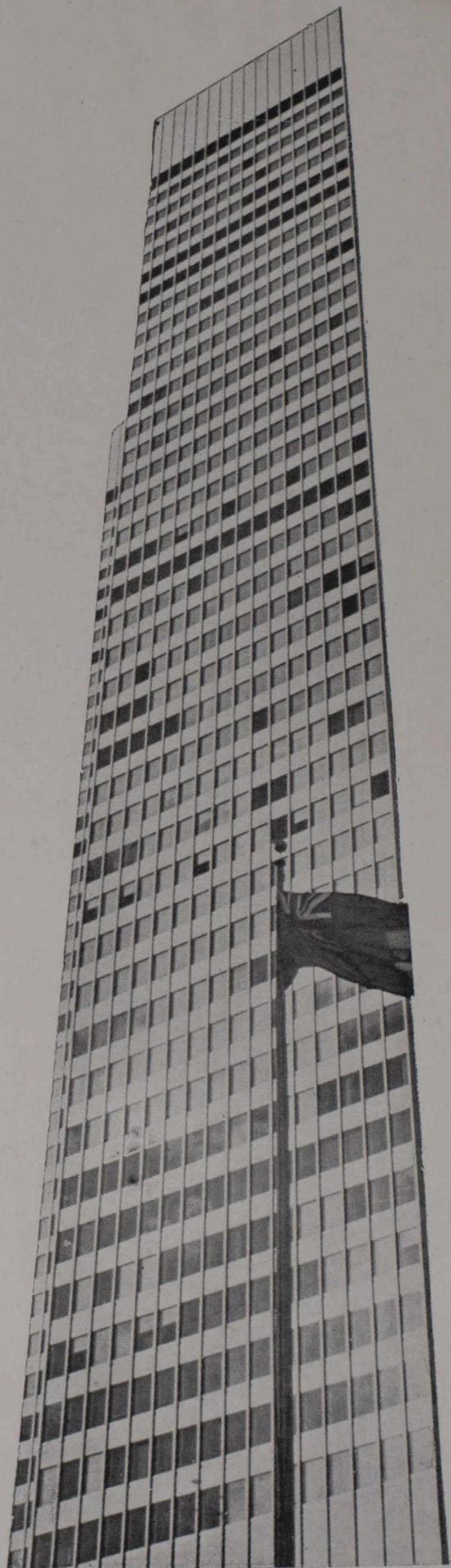
CANADA magazine also says goodbye in this issue to Mr James George, who had completed nearly five years as High Commissioner when he handed over charge on August 17. Mr George is Canada's new Ambassador in Tehran, where his wife Carol joined him this month after visiting Europe. In a report written in his official capacity, reproduced on pages 5 to 9, Mr George ponders the challenges faced by—and posed by—today's India.

This issue of CANADA is mainly devoted to a couple of problems that have been subjects of much earnest debate among Canadians in recent times: the tensions between English and French-speaking Canadians, and the foreign ownership of a large part of a Canadian industry. On both questions we publish excerpts (in one case a whole chapter) from the reports of royal commissions set up to investigate them. Though their learned findings will prove rather heavy going for the average reader, we think it will be worth the effort in the interests of getting a panoramic view. It should be stressed that these findings represent the views of well informed Canadians on two burning topics of the day, but they are not necessarily the views of the Canadian Government.

The Commonwealth has long been one of the pillars of Canadian foreign policy. In the past four years that pillar has been strengthened and ornamented. In the official travel which I have undertaken abroad, I have visited 12 different countries. Eight of that number are members of the Commonwealth. Of the many initiatives which we have undertaken since 1968, none gave me more pride than those which were Commonwealth oriented.

*—From a speech by Prime Minister Trudeau
in Toronto last month.*

COVER: Downtown Montreal seen from Mount Royal.



THE 54TH FLOOR

The degree of foreign ownership and control of economic activity is already substantially higher in Canada than in any other industrialized country and is continuing to increase. Nearly sixty per cent of manufacturing in Canada is foreign controlled and in some manufacturing industries such as petroleum and rubber products foreign control exceeds ninety per cent. Sixty-five per cent of Canadian mining and smelting is controlled from abroad. Approximately eighty per cent of foreign control over Canadian manufacturing and natural resource industries rests in the United States. In terms of total national wealth, the proportion controlled by non-residents may be of the order of ten per cent. But about one-third of total business activity in Canada is undertaken by foreign-controlled enterprises.

—From the Introduction to the Herb Gray Report

These words from the report on Foreign Direct Investment in Canada reduced to cold print what many Canadians had long suspected. The report nevertheless caused a mild sensation when it appeared in an abridged, unauthorized form in Canadian Forum magazine last December. The full-length official version appeared early this year. We reprint herewith Chapter 17 of the report. Titled The Impact of Foreign Control of Canadian Business on Canadian Culture and Society, it deals with the aspect of the issue that causes the ordinary Canadian most disquiet.

Introduction

THIS chapter examines the impact of the high degree of foreign control of Canadian business on Canadian culture and society. It begins with a consideration of cultural attitudes in Canada which have facilitated foreign direct investment. It goes on to consi-

der the impact of foreign direct investment on the cultural and social environment. It concludes that there is a high degree of interaction between the above two factors. At the same time, however, the presence of large volumes of foreign investment concentrated in United States hands increases the difficulty of developing a distinctive Canadian culture. This has potentially serious implications because the economic and political strength of a country lie largely in the creation of a cultural, social and political milieu which favours indigenous initiative and innovation.

In assessing the impact of very heavy foreign and, in particular, United States corporate investment on Canadian culture, it must be frankly admitted that this is a subject on which views are bound to vary widely. Means are not available for simple quantitative assessments, and any qualitative efforts to make an "objective" evaluation are bound to reflect the arbitrariness of the ideological

and sociological assumptions of such a study.

Before proceeding further, it is important to clarify the term "culture." Culture is not simply the arts, architecture, films, books,

In the spring of 1970, the Honourable Herb Gray, P.C., M.P., was given the responsibility of bringing forward proposals on foreign investment policy for the consideration of the government ...This document...is being published to help public understanding and discussion of the matter. The document, while being published under the authority of the Government of Canada, is not a statement of government policy nor should it be assumed that the government endorses all aspects of the analysis contained in it.

sculpture and paintings of a nation. Culture is the historically developed values and patterns of behaviour covering the whole range of human activity. Quite

simply, the culture of a people is its entire way of life. Culture is reflected in the role of private property, the political and legal system, patterns of family life, sports, aspirations for growth and higher standards of living, the social distribution of wealth, the role of the market-place, the role of government, business and other interest groups and the relationship between them, the relations between labour and management, to mention but a few of the facets of culture.

It has been argued that Canadians should not worry about the concentrated United States ownership of Canadian business, but about maintaining the cultural integrity of the broadcasting system and making sure that Canada has an active, independent theatre, book publishing industry, newspapers, magazines, and schools of poets and painters. If this is meant to deny the foreign corporation acts as a transmission belt for cultural influences, it reflects a rather naive view of culture and nationhood. There is no way of leaving the 'economic' area to others so that we can get on with the political, social and cultural concerns in our own way. There is no such compartmentalization in the real world. When understood in this broad sense, there can be little doubt that economic activity, as organized in the modern corporation, has a profound impact on culture, especially on the nature of the social, political and economic system, and the technology employed.

Given the complex inter-relationships within a culture, it is difficult to isolate and analyse the corporate impact, whether domestic or foreign, on culture. This is especially true in the case of Canada, since it is basically an open society and many influences have shaped Canadian culture and society. It is difficult, for example, to distinguish those aspects of our cultural and social development which are the effects of general industrial, technological and economic development and those which are foreign importations. It is equally difficult to disentangle the influence of foreign control of Canadian business from the impact of a common language, the mass media, political tradition similar in numerous respects, the use of the same books at universities and at public schools, imports, travel, common professional associations and trade unions, and close family and friendship links. Of course, there is a feedback process involved and inter-corporate links between Canada and the United States reinforce some of these other relationships. In any

event, it will always be difficult to determine whether a particular aspect of United States influence in Canada is related to corporate control or other types of cultural inter-relationships.

Culture and Foreign Direct Investment : Canadian Openness

In Chapter Three of this study, the determinants of corporate direct foreign investment were discussed. In the manufacturing area, it was suggested that one

"If you want to be on the 95th floor, with global horizons, you must go to New York; the highest one can go in Canada is the 54th floor."

or more of the following determinants were important.

- basic efficiencies or economies of scale;
- technological, marketing, or some other superiority;
- market power based on product differentiation in an oligopolistic industry, including the ability to create tastes;
- similar tastes;
- high per capita real income;
- a rapid rate of growth in real income;
- factor endowments;
- size of market;
- competitive climate;
- tariff and non-tariff barriers;
- transportation costs;
- proximity to source of investment (as a risk-reducing factor);
- adequacy of infrastructure and supporting service.

It is useful to look at the cultural impact of foreign investment in terms of these determinants. Some, of course, are the result of the "openness" of Canadian culture referred to above, but to some extent foreign direct investment appears to create or foster cultural similarity. Let us look at some of these determinants in greater detail.

Countries of similar cultures and per capita real income appear to be particularly susceptible to direct investment. There are some important differences between Canadian and United States culture: the two official languages and multicultural character of Canada; the republican form of government in the United States; the acceptance in Canada of a greater role for governmental action, such as that in the field of broadcasting and transportation; distinctive Canadian institutions such as the Caisse Populaires in Quebec, and the greater importance of socialist parties in Canada. Nevertheless, there are numerous and important cultural similarities and these facilitate direct investment from the United States.

A further factor which has facilitated foreign direct investment is that Canadians, by and large, are not very xenophobic. Furthermore, Canadians generally claim fewer national heroes and distinctive symbols than most other countries. Many Canadians seem to have less pride in their history and in their achievements. While British, American or French history is, in a certain sense, part of our own history, it is often taught more assiduously than Canadian history. The reasons for this are very complex, but in part Canadian diffidence towards nationhood appears to arise out of Canada's colonial past. In more recent times, Canada's proximity to the dynamic and powerful United States has induced some feeling of dependence or inferiority.

The lack of a strong national identity tends to create, as outlined above, a vacuum and a greater receptivity to foreign influence and investment. The ease of importing our culture from the United Kingdom or the United States reinforces this tendency by reducing the pressure on Canadians to develop their own cultural distinctiveness. In these circumstances, foreign investment has had substantial opportunity to shape and influence the Canadian environment. Looked at from the point of view of the United States investor, the openness and lack of cultural distinctiveness reduce the

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INDIA: RETROSPECT

JAMES GEORGE LOOKS BACK ON A LONG ASSOCIATION

Last June, a few weeks before his tour of duty expired, the former High Commissioner to India wrote his last general report to the External Affairs Ministry in Ottawa. Here it is:

I AM flying back to Delhi from Calcutta after opening an exhibition of Eskimo Art which we have been showing in the major cities of India. To my right the serrated line of the Himalayas, snow-white, brilliant against the deep blue; beyond the barrier mountains, China. To my left a mantle of dust, opaque brown as high as Everest, stretching over a parched land, roasting now for two months waiting for the thunderheads to appear from the south announcing the monsoon. I could fly by jet for three hours east-west and a little longer north-south to cover this vast kite of land resting inert on the Indian ocean. What of this land—so opposite in so many ways to Canada—and its people, one seventh of the population of the whole planet, more than the whole of Africa and Latin America combined? Has our help really helped them? Where are they going in the years ahead?

For over twelve years—nearly five of them *en poste*—I have known India, if anyone from the other side of the world can ever say he knows this country in its complexity, its subtlety, its contradictions and its beauty, even in the slums of its cities. In summing up my experience, any formulation is inadequate, partial. About

the whole, one can say nothing—or everything. Any quick generalization is a lie. And yet I must try to distil what I have lived.

It is difficult for a Westerner to see India as it is. Our eyes are blue, theirs brown. We see differently. Yet without an effort to see as they do we shall understand nothing. Even the best Western observers, like Gunnar Myrdal, can fail in this effort though he writes eloquently about the need to avoid looking at India with Western eyes.

Like others, I have gone through phases of attraction and repulsion; but neither love nor hate help to see what is there, to understand India. When the then President of India was asked in 1969 by an important Western visitor what he could do to help his country, Dr. Zakir Hussain replied "Try to understand India"....

It is not an accident that she is ruled by a woman, nor that the Congress Party symbol is that quintessence of motherhood, the cow licking its nursing calf....

At the same time I cannot subscribe to the Gandhian idealization of India. It is not a non-violent country.... Gandhi's non-violence and Nehru's secularism were prescriptions or antidotes for India's problems, not descriptions of the Indian character—a hundred generations of meditating hermits being only the rare exceptions that prove the rule of the masses.

Yet the feminine in India is not weakness. Here it has always

been exalted as power, *Shakti*. It produces today a people in process of becoming strong, even militarily, and self-reliant economically and politically. It produces a pride that can be infuriating and a logic that is more intuitive than mental. It can also produce great charm and great insight. It has helped to civilize the world, nourishing both the artistic and religious sensibilities of mankind. Even today it represents the only major tradition of past epochs that is still alive and fairly flourishing, so that it can be studied not just in museums, but through those who live it. By comparison, Egypt, Greece, Persia and China are dead.

Writing about the time of Indian independence, Professor F.S.C. Northrop called the meeting of East and West "the major event of our time". I think that is still true today but time has shown that the encounter has negative as well as positive aspects. India is a prime example.

We now understand and accept (as we did not always in the past) that stress can be dynamic and creative, or traumatic and destructive. We see this in the lives of individuals and of nations—nowhere better than in India where both kinds of stress are present and the balance somewhat precarious. Unless we are fully sensitive to both the negative and the positive poles of modernization of traditional societies, history may judge our aid—for all its generous intentions—as a mixed

blessing. If this is admitted we may be able to do more good and less damage. Even the Americans are not, I believe, consciously attempting to Americanize developing countries, but the belief (for example, in India) that this is the end result of Western aid is damaging to the relationship with people who wish to remain themselves in the process of acquiring the latest technology where and how they can.

But what, for an Indian, does it mean to be himself today? Does he know?

Modernization in India (as elsewhere) is proceeding by layers, both nationally and individually. Nationally the top layers are apt to be more enthusiastic "modernizers". However, they are complex individuals, usually Western in life style, open to technological innovation, with English as their main language and broad horizons on the world; but in their inner life, at home or with their guru, they remain wholly Indian. By comparison with their inner core, their modernization (in the sense of Westernization) is a surface layer. And this is surely as it should be in India. It is only the unregenerate Westerner who would wish it to be otherwise. If it were, the cleavage between the elite and the masses in India would be far deeper and more dangerous than it is. As it is, alienation, though not unknown here, is more a Western than an Indian phenomenon. It is we who more often need the psychiatrist.

The social-political counterpart of that proposition is that Westerners (including Russian communists) may tend to see in India a much more imminently revolutionary situation than in fact exists. When we see from outside a ship tossed in rough water, we do not know if it has a heavy keel to keep

it steady. Tradition in India is its invisible keel—not the tradition of sacred cows and sacred threads, but the tradition that accepts change within a framework of order (*dharma*), and that gives value and place to every aspect of life in its totality. When this tradition became externalized, it crystalized a caste system that the Indian modernizers are trying with some success to replace with a mobile hierarchy dependent on ability rather than birth. But the principle of hierarchy itself is attacked only by the Maoist Marxist fringe who want to modernize by first destroying everything.

With more education and more food for the masses there might be more intention and energy behind a revolutionary force of this kind. Reflecting on the density of human misery in a city like Calcutta, one cannot complacently set aside that possibility. The whole fabric of India could be rent from top to bottom by a Chinese style revolution before the turn of the century. War on any large scale in South Asia within this decade could leave the same heritage in its wake. But given peace and reasonable luck with its leadership, I see no reason why the essential India cannot survive and assimilate both the industrial and electronic technical revolutions without destroying itself or being destroyed. For thousands of years, she has survived previous "modernizations", assimilating them in her own way, and suffered nothing worse than temporary indigestion.

India, then, has the stability and resilience of bamboo, bending before the winds of change, while holding fast to her own soil. Yet we have only to look at the accelerating patterns of change around the world (and not least in India) to realize that no generalization

from historical experience can be a sure guide to what will happen here. It is only the antidote to what I would consider as a complete distortion—the view of those Westerners (most of whom have never lived in the East) that the Indian situation is hopeless, that aid is useless (the "bottomless pit" theory) and that not only Indian democracy but India as we have known it is likely to disintegrate before our eyes, i.e. in our lifetime. Big changes there will certainly be, perhaps including adjustments in Centre-State (federal-provincial) relations. But disintegration I do not expect. The tide is running the other way—Bangladesh notwithstanding.

There is far more than meets the Western eye holding this multi-lingual, multi-cultural mosaic called India together in a unity that has shown an almost unique ability to adapt and to survive. India is a balance of change and continuity, which is why she both needs help for a few more years and is worth helping.

If she makes it—and no parliamentary democracy of the developing world has a better chance—she will be not only the strongest power in this part of the world but the best example of a developing country that has modernized its social and economic structure without paying the political price of totalitarian countries. We tend to forget (as Pandit Nehru once pointed out to me in Ceylon) that the industrialized Western countries (including Japan) had carried through their economic transformation before the political pressures generated by universal education and suffrage made it necessary for a large proportion of the wealth of these countries to go towards the creation of the welfare state. India is almost

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AID or Recolonization?

THE LESSONS LEARNED FROM A FAILURE

DURING the early fifties, Tibor Mende was one of very few to become a spokesman for the Third World. Through his work, writings and lectures he tried to arouse the attention of the West to the ever more pressing problems confronting the countries of the "southern hemisphere": deterioration in exchange terms, instability in the price of raw materials and agricultural products, and the cost of the arms race. He made an appeal to the idealism of the postwar period.

Twenty years later he tells us that the experiment, unprecedented in the history of mankind, in which some of the richest industrialized countries strove to start up and stimulate the economic development of underdeveloped countries, has failed. "It will drag on in its death throes, kept alive through habit, inertia and state interests, but it is an irrevocably closed chapter."

This hard-hitting introduction is followed by a relentless analysis and dramatic enumeration of the reasons that have brought about the failure of the experiment. The author's experience and level-headedness make this book "must" reading. He says that underdevelopment—the way of life of non-westerners—was studied by westerners who developed models by extrapolating the experience of the industrial revolution without realizing that the differences made comparison virtually impossible. Exploitation by colon-

izers forced economic specialization and as a result exports of consumer goods from the mother country to the colonies contributed to the elimination of local craftsmen, an indispensable link in future development. Profits were exported, creating greater dependence on the mother country and hindering the development of secondary industries. Obviously the influence of the foreign presence made itself felt at all political levels.

In view of this historical context, it is all the more ironic to note that

Jean-Marc Metivier, Program Officer of the Canadian International Development Agency, reviews an explosive book by the French economist, Tibor Mende.

the level of aid as a percentage of the gross national product began to decrease in 1961, at the start of the first development decade; it dropped from 0.5 per cent in 1961 to 0.36 per cent in 1969. As to the Pearson Commission's recommendation that an aid target of one per cent be reached before 1975, very few donor countries, particularly the richer ones, have indicated when they expect to reach it. But these statistics do not tell the whole story since an examination of the foreign debt service of the Third World countries shows that before 1977, if the present rate of loans continues, repayments on past loans

will be greater than the aid they receive.

Even more alarming is the way in which countries are kept off or excluded from the list of recipients. Sudden changes in the political system of a country or in the orientation of its politics tend to cut off the aid channels (Guinea, Cuba), but economic insubordination is viewed perhaps even more severely than political misconduct; an unfriendly attitude towards investors, nationalization or expropriation may provoke severe sanctions. Not to integrate into the commercial and financial system, not to observe the rules defined by the western powers, using their predominant economic power in their own interest, is to challenge the worldwide division of labour inherited from the colonial era—the fundamental *status quo*. But by agreeing to re-examine the *status quo*, the rich countries could create the necessary conditions for an original and real upsurge in the poor countries.

Hence, the rich countries might hinder rather than facilitate the outflow of capital from such countries, contain the brain drain through different immigration regulations, aid rather than obstruct agreements aimed at stabilizing the prices of basic commodities and raw materials, lower their customs barriers and other obstacles which discourage low-income countries from processing their own raw materials for export.

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WHICH WAY—



—Bonsecours market area, Montreal

—FOR QUEBEC?

**'ANYONE WHO WANTS TO WORK HIS WAY UP . . .
HAS TO USE ENGLISH'**

Shortly before Canada celebrated its centenary, the terms of confederation began to earn increasingly hostile publicity from Quebec nationalists. In response to this rising tide of criticism, the Privy Council met on July 19, 1963, to constitute the Royal Commission on Bilingualism and Biculturalism. After holding hundreds of meetings across Canada the commission produced a four-volume report on the problems posed by the presence of two distinct major cultures in Canada and offered various solutions. This represented a fuller treatment of themes first outlined in the commission's preliminary report, issued 18 months after it was constituted, CANADA magazine herewith reproduces excerpts from this preliminary report which will acquaint our Indian readers with the nature of the problem. The excerpts deal with various aspects of the problem as brought out in the interviews with members of the public.

THIS idea of a French Canadian nation, having a common language, territory, history and a common culture or way of life, was expressed in Quebec by many people who have no association with separatism. In their mind, it provides the foundation for the ideal of a partnership on equal terms. And when these Quebec French Canadians think of themselves as one nation, it is easy—if not logical—for them to lump all the others together as a nation.

Thus concentrating on themselves and on what we may call their own self-conquest, they view the rest of Canada as a single

India's language problem at first sight has little in common with Canada's. Canada has only two major linguistic groups to reconcile, India—maybe a score. But wherever there's a felt conflict it is between two languages out of the many—between Hindi and English, between Hindi and a regional language or between two regional languages. That puts the problem on all fours, to some extent, with Canada's. Specifically, Quebec's determination to maintain the status of French against the inroads of English cannot but recall the predicament of different language groups in India, each of which sees in the erosion of its mother-tongue a threat to cultural identity.

entity—'les Anglais'—the non-self. The expression "two nations" still rings in our ears, it was so often heard in our Quebec meetings.

The matter looked very different to most English-speaking Canadians that we met. They might concede that there are uses of the word "nation" which are suited to the French Canadians in Quebec, but the same term, they felt, could not so easily be applied to all the non-French inhabitants of Canada taken as a whole. The non-French people are united only by their common citizenship in Canada, the bond that also links them with the Canadians living in Quebec.

Nothing could be more foreign to the thinking of the French Canadians we met than the idea that their language and their culture are an artificial fact in North America: to some it was even an insult. At one time a group of English Canadians were speaking with a certain detachment of the "French minority", when a French Canadian present suddenly flung at them: "Do you know, gentlemen, that French has been spoken in Quebec without a break since 1608?"*

*The Acadian branch is even four years older than the Quebec one: Acadia was already in existence in present day Nova Scotia in 1604. Thus the French have been established in North America for three and a half centuries and in two original homes: Quebec, numerically the most important, and Acadia, whose main centre has become New Brunswick. As a result of distance and the vagaries of history, the French in Quebec and those in Acadia have long lived quite separately and have developed what may be called two strong regional particularisms. However, the unifying factors are equally strong such as the possession of a com-

....It was even implied at times that French Canadians are the only "true" Canadians. English-speaking Canadians were often referred to as "les Anglais" or as "les Anglo-Saxons", a term which English-speaking people of Scottish or Irish descent, let alone German or Ukrainian, heard without pleasure but not without surprise. Sometimes it was meant as a term of opprobrium, but more often it was simply an everyday phrase used to describe English-speaking Canadians, just as the latter frequently refer to "the French", meaning French Canadians. At Chicoutimi one speaker remarked bitterly, "All we're doing here is making the English rich...." But at Rimouski another participant talked about "our friends, the English". Whatever the other overtones, such expressions seemed to carry with them the idea that English Canadians were not really rooted in Canada, that they were recent arrivals linked still to another land. The *real* way, the *natural* way, to be Canadian was to be *French Canadian*.....

American proximity was seen by some English-speaking Canadians, especially in Western Canada, as one of the prime reasons against accepting biculturalism and bilingualism as a great issue in Canada. and dealing with it in the light of the concept of equal partnership. The major contemporary problem for Canada, they felt, was rather the question of north-south economic and social relationships, and the weakening of east-west ties. In the case of British Columbia, for example, the Commission had the

mon origin and language, the North American environment and the feeling of belonging to the same "French minority" within the country.

feeling that many B.C. citizens thought of themselves as belonging socially, economically and culturally to the Canadian-American Pacific Coast region, and were thus indifferent to the concerns of distant French Canada....

In summary, many French-speaking Canadians felt intensely that their demands for new conditions must be recognized without delay, and carried out by specific measures; non-French participants disagreed or hesitated. They did not know of the intensity of these feelings in French Canada or they did not understand the reasons for them. They saw the issues in their own and very different terms. Members of some of the other "ethnic groups" were afraid that in the outcome their place in Canadian society might be endangered. Many English-speaking Canadians were fearful that recognition of a dual society might lead to a splintering of the country. And behind all the discussion lay the shadow of the United States of America.....

French-speaking Canadians insistently brought up another problem—their role in the federal Civil Service, where the dominant working language is English. In Sudbury, one French Canadian, in answer to an English-speaking Canadian who had insisted that competence should be the requirement for admission to and promotion within the Civil Service replied: "First of all I want my language to be respected in public places, particularly in federal offices. I am a French Canadian, I am entitled to my language and I want to be able to speak it wherever I think I should, throughout Canada and in everything belonging to Ottawa, and I demand that respect."

Some English-speaking Canadians both recognized and regretted this situation. Some even suggested changes, but the mere thought of bilingualism being officially imposed at this level seemed to cause a feeling of apprehension. Thus in Edmonton a civil servant stated—although in a perfectly cordial tone of voice, that "If you require me, after 17 years of service in the Civil Service, to pass and write an examination, to speak French, simply to keep my job, I am afraid I will have to emigrate to Australia."

Some people wanted regional administrative services of the federal government to carry on their dealings with people in their own language. This point of view also received some support from English Canadians.....

Reference was also made on several occasions to the disadvantageous position in which their language placed French Canadians in the matter of competition; "When there are two people," we were told in Chicoutimi, "with the same level of education, entering one of our factories in Quebec, the English-speaking one has no need to learn a second language to earn his living, whereas the other person has to spend hours, even years mastering the second language... The first one can go ahead and improve himself in the technical field and take advantage of the first promotion that comes up, whereas the other one loses time learning a second language." Or again, "Everyone knows that here (Chicoutimi), where the population is 93 per cent French Canadian, big business has made English the working language and anyone who wants to work his way up at the plant has to use English."

The disadvantages which spring from the situation were conceded by an English-speaking Canadian in Moncton: "The French Canadian is French in his social environment, but not in business. And when he goes to work, he has to work in English accidentally, and he does not know his English well enough to advance equally in the English community and is at present in many cases forced to compete in English terms, which puts him at quite a distinct disadvantage." Most of the other English-speaking participants were quite silent on this question.

After having described the position to which they feel they are relegated in the business world, several French-speaking Canadians went on to denounce it as unjust and intolerable. What struck us on those occasions was that they seemed to have the support of the entire audience. Thus in Chicoutimi, "...there is great injustice towards French Canadians where earning a living is concerned. This injustice must be corrected, and in factories the working language should be the language of the majority of the workers which, in the case of Quebec workers, probably means that the working language should be French." "In every country of the world," said another participant, "where a nation has taken over control of its future and its national, political and economic life, then all the industrial and business activities within the country are carried on in the language of that nation*.....I do not believe that the French Canadian is an inferior being....."

On several occasions Quebecers denounced the status of an

"economically colonized people" of which French Canadians, they said, bear the stigma. They stressed that French Canadians must become the masters of their own economy. And it is not small compromises that they want, but a radical reform of the whole system. "I don't blame the English," one participant said in Chicoutimi, "I blame the system that turns us into slaves.".....

All this has deep meaning, and brings us straight to the nub of the problem. Why, suddenly, when apparently nothing has occurred to upset the traditional order of things, have more and more people decided that they can now 'no longer tolerate' the same 'shackles' which are nonetheless a century old? Could it be, as was suggested at a private meeting in Montreal, that 'among a people who had been walking somewhat bent over, two hundred thousand, five hundred thousand individuals had suddenly decided to pull themselves erect?' Or perhaps that 'Some good sturdy people trained to be docile, have stopped looking on obedience and poverty as a national vocation?' Through these quotations one catches a glimpse of the conflict between generations which is breaking out today in Quebec. For it appeared to us that dissatisfaction was being most often expressed among representatives of the young, well-educated elite groups of technicians, engineers and executives. But they are not merely young; they belong more or less fully to the "new world" of technology and management and are ready to take a leading part in it; they have the fullest confidence in themselves and plainly show their impatience in the face of the obstacles they meet.

FRENCH Quebec, in fact, has more than four million inhabitants. It has its legal institutions—including its own Civil Code—and its political institutions, which a number of people sum up in the expression: "the State of Quebec". The powers of Quebec are considerable; they enable the French population to exercise an important influence over its own economic and social life, and to manage education. Through this latter power Quebec has been able to provide itself with an educational system—which it can radically alter today—different from that of the other provinces. It has thousands of French schools, both elementary and secondary, normal schools, classical colleges and three French universities, not to mention a system of technical education. It has tens of thousands of teachers. Nevertheless, their control of political institutions and the powers they exercise seemed insufficient to a large majority of Quebecers we met.

This is not all: Quebec has an autonomous network of social institutions: a system of hospitalization, trade unions, voluntary associations of many kinds, and so on. It owns or influences a complex mass media of communication by which it expresses itself in its own language: 11 daily newspapers, about 175 weekly newspapers and 120 periodicals, 46 radio stations, 13 television stations, the French networks of CBC and of the private stations, whose principal production centre is Montreal, and so forth.

Lastly, it has a considerable number of economic institutions; on the whole, however, with certain notable exceptions such as Hydro-Quebec or the Caisses

*Evidently India was not being referred to—Editor.



The heart of rural Quebec: Rivière Trois Pistoles

NFB

Populaires (credit unions), these concerns are rather modest in size. Furthermore, Quebec participates, through its position in the North American continent, in the general commercial, financial and industrial life of which it forms an integral part; but its participation appears to it to be very small; and it is here above all, as we have seen, that the shoe pinches.

In short, the French-speaking Canadians of Quebec who appeared before us belong—and they showed that they knew it—to a society which expresses itself freely in its own language, and which in various important fields is already master of its own activities, which it gives the tone and pace it chooses. But at the same time

most of those with whom we talked were of the opinion that this society had less than complete control of a number of crucial sectors in which it is active. This, then, seemed to us to be the root of the problem: a unique, functioning society does exist, but many of its members consider it to be deficient and want to make it more or less complete. Remove one of the terms of this two-part proposition and the problem disappears: either there would no longer be a society, and hence no longer any real basis for sustaining these demands; or else there would be nothing left to complete and the demands would disappear.

Finally, it should perhaps be emphasized that this society is

not only distinct, but also that its individual members, sometimes to a surprising degree, lead a life quite separate from that of English-speaking Canada. We are speaking here of a separation in fact, created by the barrier of language, and not of a doctrinaire separatism.

The reason for this is that, contrary to the idea of many English-speaking Canadians, three out of four French Canadians in Quebec, that is to say, a body of people numbering more than three million individuals, do not know a word of English. Therefore, for them, and undoubtedly also for a great many more who claim to be "bilingual", daily life (except in large business, above a certain level) is carried on

exclusively in French, to such an extent that the English-speaking tourist, for instance, has great difficulty making himself understood.

Furthermore, it so happens that relations with the French-speaking countries (France, Belgium, Switzerland, the countries of what was formerly French Africa, etc.) have never been so intense, at least among the elites. It is probably true that the discovery by some of them of a world which is French-speaking has a reassuring effect and brings them promise of valuable cultural enrichment; in this way French Canadians are becoming more conscious of being a part of a much larger cultural world; some of them are thus having the experience of a world-wide French community, bringing them into contact with Europe, Africa and Asia.....

By their own admission a rather small numerical minority, the separatists nevertheless exercise an influence on French Canadian society which is proportionately higher than their number. They find their membership chiefly in urban centres; have many students, artists, intellectuals and "professionals" in their ranks and belong to every political philosophy; but their leaders and the bulk of their active supporters claim to be democratic and anti-terrorist. Those who do favour violence are the ones who have received the most publicity and made the crisis appear dramatic, but they are only the froth on the surface.....

THE often-asked question 'What does Quebec want?' may indicate genuine interest in the aspirations of French-speaking Quebecers. But often, too, it sounded like the question of a master asking about the petition of an inferior so that he might decide whether to grant some request or not. Did this sense of superiority amount to the attitude of a colonizing power as some young French Canadians had claimed? Sometimes it had an historical source: the conquest was referred to overtly, as if French-English relations in Canada had been settled once and for all on the Plains of Abraham in 1759. In part, however, it reflected a belief that an equally advanced cultural group which could have developed in the same way as English Canada, had made a bad choice. The people who bluntly put the blame for "Quebec's problems" on French-speaking Canadians themselves obviously thought this way. Their "superiority" was the result of their earlier development in science and technology. Many of them did not realize that French Canada had begun to produce scientists, engineers and large-scale administrators, and that there is a twentieth century dynamism in Quebec. If they did, they often felt that "latecomers" should not try to alter the terms of entry into the new economic world, (to "change the rules in the middle of the game," as we were told in Moncton) and should accept that English would be the language of advancement.

The English-speaking minority of Quebec is in a particular position and has distinct concerns of its own at the present time. Unlike the French and most other minorities it has no spokesmen

claiming to represent its needs and to protect its interests; its command of its own educational, industrial, and above all financial institutions has hitherto made this unnecessary. It is clear that many different views and emotions are current in this group. Some appear to be thinking and acting as though nothing had happened in this province in the last five years; others are deeply concerned about their future. There is a great increase in the numbers attending French classes. Sympathetic individuals think that developments in Quebec are fascinating and presage great things for the future. We have heard of only a few who have left or who are thinking of leaving the province, and it appears that the business world generally is enjoying an expanding prosperity.

English-speaking Canadians' attitudes to French Canada covered a wide range. An apparently small number of people hold extreme, but conflicting views. Some resented the fact that there are French-speaking people in Canada and that French is an official language, and we found a desire to make English the only effective language in Canada. There were others who said, 'let Quebec separate if she wants to. We will be better off without her.' Most of these extremists seemed to think that relations between English and French-speaking Canadians were settled for all times by "the conquest". Often hostility toward French-speaking Canadians was connected with a similar feeling toward the Catholic Church.

Another view, to which we have referred, was that French is bound to disappear as a language of active communication in Canada in the long run. The small

French island, it is thought, cannot avoid a gradual assimilation to the culture and language of North America. Some believe this who favour a wider use of French now. It seems from one generation to another, each time using new arguments, many people continue to hope that this massive anglicization "is just around the corner", on a continent which has been "the burying ground of so many languages and cultures".

This illusion has a noble ancestry. It obtained the support of Lord Durham one hundred and twenty-six years ago. The Lord Commissioner proposed a policy of anglicization which was partly the inspiration for the Act of Union of 1840, and which came to nothing. At that time there were half a million French Canadians; today there are more than five million.

This belief in inevitable assimilation is in sharp contrast to the feeling of most French Canadians—except perhaps of certain Quebec separatists who are in favour of secession precisely because of their fear that the federal form of government will bring about the anglicization of French Canada. Should their deeprooted anxiety ever take hold of Quebec it is very possible that almost the entire province would rush to embrace separatism.

The great bulk of English-speaking opinion seemed to us to be moderate. It has no animus against French-speaking Canadians. It would like to see French-speaking Canadians happy and participating vigorously in the development of Canada. It has general respect for the French language and would like to see it better taught to more young English-speaking Canadians. It

tends to be bewildered and often hurt by reports from Quebec.

But throughout English-speaking Canada there was tragically little awareness of the feelings and aspirations of French-speaking Canadians. Few had come to grips with the questions that Quebec's resurgence poses for all Canadians.....

ALL that we have seen and heard has led us to the conviction that Canada is in the most critical period of its history since Confederation. We believe that there is a crisis, in the sense that Canada has come to a time when decisions must be taken and developments must occur leading either to its break-up, or to a new set of conditions for its future existence. We do not know whether the crisis will be short or long. We are convinced that it is here. The signs of danger are many and serious.

The ways in which important public and private institutions now operate strongly dissatisfy a very significant part of the Canadian population, while the other part remains largely indifferent to this situation, or does not even know of its existence.

A strong impression we drew from our contacts with thousands of French-speaking Canadians of all walks of life and of all regions of the country was the extent to which, for most of them, questions of language and culture do not occur in the abstract. They are rooted in the experiences of daily life, in jobs, in meetings, in correspondence with public and private corporations, in the armed forces. They are inseparably connected with the social, economic and political institutions which frame the existence of a

people and which should satisfy their many needs and aspirations. The opinions we heard were often the result of ordinary individual and collective experiences; hence our conviction that they can hardly be changed by simple appeals to abstract ideas like "national unity". It seemed to us that the dissatisfaction and the sense of revolt came from aspects of reality rather than from doctrines that had been preached.

At the same time we were confronted constantly by English-speaking Canadians, including many expressing sentiments of goodwill, who seemed to have no realization of the daily experiences that cause the discontent among so many of their French-speaking fellow citizens. Nor do most understand the underlying trend toward the increasing autonomy of Quebec and the strengthening of the belief among her people that she is now building herself into a distinct form of nationhood with full control of all her social and economic institutions. What is grasped is frequently rejected. Thus there exists a deep gulf, with unawareness on one side, and strongly rooted feeling on the other.

We are convinced that it is still possible to rectify the situation. But a major operation will perhaps be unavoidable. The whole social body appears to be affected. The crisis has reached a point where there is a danger that the will of the people to go on may begin to fail....

What is at stake is the very fact of Canada: what kind of country will it be? Will it continue to exist? These questions are not matters for theoreticians only, they are posed by groups of human beings. And other groups

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A residential street in Montreal

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alone among heavily populated countries in trying to industrialize after introducing full political democracy. Of course she has so far demonstrated that, despite the handicaps, her leaders have done better for their people than those who opted for authoritarianism and lost touch with their people.

In 1960 we drove 6,000 miles around India. It was a tough trip—*islands of riches* (cultural and material) in a sea of poverty. No doubt Mrs. Gandhi was exaggerating when she told me after her last election campaign (which took her 30,000 miles in two months) that she now found only *islands of crushing poverty*. But the trend is in that direction, though the eradication of poverty (even to the extent that China has succeeded) has yet to be achieved in India. Nevertheless, the mass of the people in their 500,000 villages are today better dressed and housed, better fed, living longer and more literate than they were twelve years ago. In six years, production of wheat has doubled. India can now feed herself. Roads have improved beyond recognition, even though some of the main highways are still single lane. People can move easily from village to village by bus and bicycle where before there were only bullock carts for villages not served by the extensive rail system left by the British. Their new transistor radios link them now to the rest of India and to the "world village" as McLuhan calls it.

But if life is getting better, it is still hard. Services for the public have improved faster than per capita income in real terms. There are still more than 200 million Indians out of 570 million existing on less than one rupee (14 cents) per head per day. India

still rates as among the poorest countries in the world. That kind of poverty, perhaps worse, has been the lot of the Indian masses for hundreds of years, ever since their population became too big for the resources of their land. Traditionally it has been accepted by the poor that their destined lot is different from that of the rich and powerful. "Upper" and "lower" are social concepts firmly ingrained from feudal times and still persisting today. But now this passive acceptance of misery is being challenged as never before, not only by the intellectuals but by an increasing number of the very poor. This is a new and dynamic situation. Expectations have been aroused. People know how others in more fortunate countries live, how even in China people now have a modest minimum of food and clothing, having abolished the greatest extremes.

Great riches can (and probably will) be abolished in India, as the Princes have been dethroned. To bring up the masses is going to be much more difficult. To do so at the same time as the population continues to explode may be impossible. Death control must be maintained but birth control must outstrip it. Today 60% of the annual growth in real terms is nullified by the growth of population. Just over 10% of the people are practising family planning and the remainder in their villages will be harder to convert. As most Westerners see it, this is India's No. 1 priority; but not all in the Government of India would agree. Some of them would say the key was rapid industrialization, pointing out that many industrialized Western countries have a higher population density than India's. Maybe today; but they should look at the population projections to the end

of the century (1.16 billion) and beyond. They should also remember that 80% of Indians are still dependent on agriculture. They are too many for their land.

So far we have looked mainly at one side of the picture—what we can do in partnership with India to modernize this country. But I cannot close this flying survey without asking what India may be able to do for us.

It is the opinion of the Western scholar, Robert Lannoy, that "India is probably the best fitted to meet, and more predisposed to face the challenge of a future change of attitudes than almost any other country in the world." (*The Speaking Tree* p. 423) There is stress in the Indian body politic; but it is not a sick society. At its best, it sees that "modern" and "traditional", "west" and "east", are no more irreconcilable than the rationalist and intuitive approaches to reality. Both are needed to balance each other. This is much more obviously true in the electronic age we are entering than it was in the old industrial age. Today education can no longer be just linear and mental. It has to develop an awareness—a consciousness—that is all-round, like a radar sweep. There is a necessary revolution taking place in our modes of perception, due partly to electronic technology. In understanding and expanding consciousness of the new age, India can help us.

Giving expression to this idea at the political level, Mrs. Gandhi has just asked the UN Conference on the Environment at Stockholm, "Will the growing awareness of one earth and one environment guide us to the concept of one humanity?" At least Canada and India could have complementary roles in that process. □

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Even limited progress in these directions would offer the underdeveloped countries much greater material benefit than all the aid put at their disposal.

But what are the options? Those who have succeeded (USSR, China, Japan) have not hesitated to isolate themselves from a rich, hostile and inevitably interventionist world and, deprived of capital, imports and foreign experts, have been able to mobilize their business talent and capital formation potential. When we consider that this is the only way a country can preserve its authenticity or revitalize its socio-cultural heritage while adapting to modernization, it does in fact justify isolation as an option.

Is it not becoming increasingly apparent that autonomy is the only avenue open on which escape from this intolerable grip can be attempted?

After analyzing the failures of the first development decade and doubting that the West's idealism is strong enough to create true cooperation, Tibor Mende leaves us filled with anguish. The elements he discusses are not new but, with twenty years of retrospect, the depth of his analysis and the new aspects he brings to light radically challenge the West's attitudes towards the Third World and the role of international development agencies.

The rich peoples themselves will have to renounce forms of "aid" that create satellite countries or admit that they are accessories to "recolonization"; they will have to accept true competition from the Third World just at a time when, because of all sorts of synthetic products, they may think that they are in an in-

creasingly better position to do without it altogether. The poor countries, where a privileged minority is often the only beneficiary of the existing system, will have to accept a measure of austerity as the price for autonomy in their development.

But will they have the courage to undertake that revolution?

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by refusing to ask themselves the same questions actually increase the seriousness of the situation.

The chief protagonists, whether they are entirely conscious of it or not, are French-speaking Quebec and English-speaking Canada. And it seems to us to be no longer the traditional conflict between a majority and a minority. It is rather a conflict between two majorities: that which is a majority in all Canada, and that which is a majority in the entity of Quebec.

That is to say, French-speaking Quebec acted for a long time as though at least it had accepted the idea of being merely a privileged "ethnic minority". Today, the kind of opinion we met so often in the province regards Quebec practically as an autonomous society, and expects her to be recognized as such.

This attitude goes back to a fundamental expectation for French Canada, that is, to be an equal partner with English-speaking Canada. If this idea is found to be impossible, because such equality is not believed in or is not acceptable, we believe the sense of deception will bring decisive consequences. An important element in French-speaking Quebec is already tempted to go it alone.

THE 54TH FLOOR

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risk and cost of foreign investment since there is less need to adapt the product locally. Thus, foreign investment at one and the same time plays on cultural similarities and reduces the capacity for the distinctive development of national identity.

It is interesting to consider the situation of Quebec in the light of this analysis. Quebec has a distinctive culture, largely the result of a different language, different religious and educational institutions and different historical roots. French Canadians in Quebec are, by and large, taught the history of French Canada. They know their heroes and their symbols. Numerous policies are aimed at retaining and developing this culture, particularly those relating to language and education. These differences may make Quebec less likely to draw foreign direct investment from some sources than Ontario—because of cultural differences. It is, of course, very difficult to determine whether the higher rate of United States investment in Ontario is the result of cultural similarity or an economic and industrial environment more attractive to foreign investment.

The Impact of Foreign Direct Investment on Culture

In discussing the determinants of foreign direct investment in manufacturing, it was suggested that direct investment arises from the desire of a manufacturer to exploit in foreign markets some distinctive capacity developed by him, probably for his domestic market. This distinctive advantage (whether it be technology, a differentiated product, marketing, financial or management skills) has been developed in a particular cultural milieu and embodies certain cultural values. These may be good or bad, but they exist. Foreign direct investment is often accompanied by the cultural outlook and attitude of the country from which it comes. In the case of the United States, direct investment brings with it a belief in the free enterprise system, a system that evolved originally in Britain but came to be embraced with greatest fervour south of the border. Some of the precepts and values which have accompanied foreign investment, particularly that from the United States, include the following:

—individual responsibility;

- equalization of opportunity;
- social and geographic mobility;
- ideological opposition to state intervention (except for protection from “unfair” competition);
- use of the employer-employee relationship (e.g., collective bargaining) rather than general legislation to achieve certain social goals;
- skill training;
- growth and expansion of output;
- exploitation of resources as soon as discovered;
- technological advance;
- planned obsolescence;
- product innovation and differentiation;
- increased consumption through mass marketing techniques, including want creation and “hard-sell” advertising if necessary; emphasis on packaging and branding.

This is not to suggest such precepts and values would not have developed in the absence of such investment.

Some of the less desirable aspects often attributed to United States corporations should, in the opinion of some, be attributed largely to the impact of modern technology. However, as pointed out above, it is for all practical purposes impossible to distinguish the impact of these two forces because they are almost always associated with each other. Be that as it may, technology tends to be a great leveller. It has little interest in preserving distinctive national cultures. Quite the reverse; it tends to erode national cultures. Technology is based on the value of efficiency and efficiency tends to minimize and obscure cultural differences, for significant differences require local adaptations and raise costs. This is not to say that efficiency is the only value embodied in technology. Technology is developed in a particular milieu and tends to reflect certain other cultural values. For example, technology developed in the United States seems to place greater emphasis on rapid innovation and change and the satisfaction of peripheral wants, which are more often deliberately created in the United States than appears to be the case in Europe. This seems to be especially true in manufacturing sectors dominated by United States multinational companies. Compare the engineering and design and the rate of change in these two factors of a Chevrolet on the one hand and a Volkswagen or Volvo on the other.

This is not to say that Canada should

opt out of technological society, but rather that if technology is developed for a foreign market it is likely that the use and adaptation of this technology to meet local cultural demands will be minimized. If technology is in Canadian hands (e.g., indigenously developed or even imported through licence rather than at the initiative of the foreign direct investor), the chances are greater that its use will be adapted to the needs of the Canadian milieu.

Another important characteristic of the foreign investor, particularly if he is an MNE is his marketing power. This marketing power may be based in part on economic factors, such as superior technology or marketing skills, but it may also be based on non-economic factors such as product differentiation, packaging and branding.

The large investments required in the creation of new technologies and new products means that corporations must

In Labrador City to inaugurate the Churchill Falls power project, Prime Minister Pierre Elliott Trudeau told newsmen who questioned him about foreign investment that in his opinion most Canadians would prefer to keep their present standard of living even if it is largely due to foreign investment.

assure markets for them by spending vast amounts on advertising to create the wants and formulate the tastes, in the absence of which financial disaster could result.

The product is thrust upon the consumer in all media. This marketing approach is particularly effective in Canada because of Canada's close proximity to the United States, the cultural similarity, and the existence of advertising spill-over. A “product image” often exists in Canada even before a dollar is spent on advertising here.

Since a significant number of foreign controlled companies operating in Canada lack some of the decision-making powers and activities of a normal Canadian controlled business enterprise, their activities can be described as “truncated”. Some of

the decision-making powers normally reserved to the parent relate to business expansion—including the decision to produce a new line, the raising of equity and other forms of long-term debt, research and development—including product innovation, and all the planning and organizational functions of the multinational enterprise. In some instances other decisions, such as those relating to the procurement of goods and services and exporting, are also taken by the parent. Truncation, of course, affects more than the scope for decision-making in foreign controlled companies. The activities associated with these strategic types of decisions may also be concentrated in the parent organization. The degree of truncation in each case will vary with the nature of the industry, the personality and strength of Canadian management, the corporate philosophy of the parent, and the position of the Canadian subsidiary in the company's global organization.

The exercise of vital entrepreneurial functions by the parent, with the consequent truncation of entrepreneurial activities in the Canadian subsidiary, has adverse effects not only on Canadian economic development, but also on Canadian society in general. Truncation means less challenging jobs for the Canadian techno-structure, which must frequently look to the United States for more challenging job opportunities. If you want to be on the ninety-fifth floor, with global horizons, you must go to New York; the highest one can go in Canada is the fifty-fourth floor. But the effects of truncation go beyond reducing the number of challenging jobs for the relatively small group of Canadian entrepreneurs and managers. The under-development of the Canadian techno-structure has adverse social and cultural effects in that the “spill-over” benefits resulting from the interaction of these “brains” takes place not in Canada, but abroad. Truncation also tends to engender a mentality of the second best, with horizons and vision constantly centred on headquarters abroad. It represents a continuation of the colonial mentality described above. This attitude is manifested in many ways, such as the preference for finishing a youth's education by sending him or her to Oxford, Harvard, the London School of Economics or the Sorbonne, rather than in Canada. It is manifested in the difficulty of recruiting top quality foreigners for business or our universities because of the general view that the best opportunities exist not in Canada, but abroad, where

parent companies and other centres of decision are located. The general effects of truncation are vividly summed up in the phrase "branch plant mentality".

The ease with which foreign capital can be imported via portfolio and direct investment, and technology and entrepreneurship via direct investment (and the combined result of all of these assets imported through trade) has diminished the pressures for Canada to develop these most creative aspects of business to their fullest extent among Canadians. Canadian society and culture have suffered as a result. However, the effects of truncation are not the only operative forces in this situation. The fact that Canadian society has tended, particularly in the past, to be dominated by an establishment based more on social connections than ability and providing only limited scope for social mobility has contributed to the failure of Canada to develop entrepreneurs at the same rate as the United States. Social rigidity has induced the expectation and mentality of working for others.

Truncation also influences education and the relationship between Canadian society and Canadian universities. There tends to be a correlation between the type of education and training which is developed in universities and the types of job opportunities available. In Canada, the universities and business schools will tend to prepare people for work in a "truncated" economy. As a result, an important dimension is probably missing from our educational system. To the extent that the educational system does produce creative individuals who want to be "top dog", these people have difficulties in finding the type of employment they want in Canada's truncated companies.

The United States manager who often accompanies United States direct investment in Canada also has a considerable cultural impact as a member of the business community. Having been born, educated and raised in the United States, being familiar with the history, geography, and culture of that country, his impact is bound to reflect social and cultural values mounted in an American milieu. Often he brings with him a taste and preference for United States products and ways of doing things which go beyond the methods of doing business. His membership in American-based professional associations and clubs, his family and friendship links with the United States, for example, will tend to reduce his identification with the Canadian community.

The propensity of foreign controlled companies to source a greater portion of their purchases of goods and services in the country of the parent company has been discussed in Chapter Eleven. This tendency means that a foreign controlled company acts as continuous transmission belt and that the cultural impact is greater than simply the impact of the initial investment.

The cultural impact of foreign investment is magnified to some degree by the sectoral distribution of this investment. There is high foreign control in industries which have considerable cultural impact such as book publishing and in industries which are responsible for the dissemination of culture, such as film and book distribution. Foreign control, and United States control in particular, is high in those industries in which taste formation, product innovation and differentiation are crucial, such as automobiles, pharmaceuticals, and electrical appliance products. High foreign investment in the resource industries has less of an impact on culture because the purpose of the investment is basically extraction and export, and the resource industries employ—and thus affect—relatively fewer Canadians.

It is interesting to speculate whether the cultural impact of foreign corporate activity (including the possibility of creating a more distinctive Canadian culture) might be decreased if foreign investment were not so heavily concentrated in United States hands.

Might not the introduction of a greater diversity of sources of investment enhance the prospect of developing a distinctive Canadian identity? Such a policy of diversification would be consistent with the concept of a review process which advocates the search for better alternatives. On the other hand, there can be no assurance that a change in the mix of foreign direct investment would make a significant difference to the basic cultural similarities that have facilitated the large inflows of foreign direct investment, particularly from the United States.

Conclusions

The penetration of Canada by foreign direct investment, particularly from the United States, has been facilitated both by the lack of a strong sense of Canadian national identity and by the cultural similarities between Canada and the United States.

Control of a substantial portion of Canadian business activity by United States corporations is likely, in turn, to have had a significant impact on the Canadian cultural environment. There is a "continuous feedback" relationship between foreign direct investment and Canadian culture, with cultural similarities facilitating foreign direct investment and foreign direct investment, in turn, inducing greater cultural similarities.

To maintain that United States direct investment has had a significant cultural impact on Canada, it is not necessary to make a precise judgment about the exact impact of United States investment, nor to draw up a balance sheet of what is good and bad in the cultural impact of the United States corporation. Some effects have probably been beneficial. The introduction of greater cultural variety and choice no doubt enriches Canadian life. On the other hand, the extension of United States methods of marketing and promotion have had some undesirable effects. It can be asserted with some degree of confidence that the presence of large volumes of foreign investment concentrated in United States hands increases the difficulty of developing a distinctive Canadian culture. This has potentially serious implication since the economic and political strength of a country lies largely in the creation of a cultural, social and political milieu which favours indigenous initiative and innovation.

Canadians appear to be concerned about the development of a distinctive Canadian culture in the face of high and growing levels of foreign investment in Canada. The question arises whether a policy that restricts foreign investment has a role to play in achieving this objective. Unless such restrictions were very severe, and thus highly protectionist, it is doubtful that they would have a major impact on Canada's cultural development. The impact of a moderate policy would probably only be marginal; it would not be a substitute for the development of specific cultural policies to foster the development of a stronger Canadian identity, as advocated by the Royal Commission on national Development in the Arts, Letters Sciences.

Socio-cultural attitudes in Canada are evolving; in particular a new and more confident sense of nationhood seems to be developing. A foreign investment policy could be regarded as one useful manifestation of this new nationhood.

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