

MIGRANTS, MONEY AND MARKETS: THE CANADIAN EXPERIENCE

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Abstract

One of the more significant achievements of Canadian Studies in the UK is that it has now clearly moved beyond the external dependency which of necessity characterised its formative years. The Fall 1997 meeting of the London Conference for Canadian Studies demonstrated that conferences no longer need to depend quite so heavily on the contributions of invited speakers from Canada: with more UK based presenters than visitors, it was a clear statement that Canadian Studies has now developed a momentum of its own. It also exemplified the advantages of smallness. Compared with some larger conferences, it was a model of teamwork and participation, of process to outcome. It has resulted in a volume of essays which includes contributions from all who presented at the conference, assembled with minimal delay and without friction. This introduction is concerned less to summarise what each contributor has to say, and more to contextualise the papers and to trace out the connecting themes. It is at the same time an attempt to capture some of the dialogue and debate which engaged the students, practitioners, and academics who responded with such enthusiasm to the ideas presented at the conference.

I

The evolution of the world system into which all countries are now incorporated has for long been moulded by what economists choose to call the international mobility of factors of production. Canada, more than most, has been profoundly influenced by the movement of people, capital, and commodities between and within continents. The vicissitudes of, and interactions between, these processes have been dominant factors influencing the course of modern Canadian history. They have helped to create distinct regional identities within Canada. They have induced responses which have in turn shaped policies affecting issues ranging from trade to multiculturalism. It is within this context that the following essays are situated. They explore from diverse perspectives how and why Canada's position in the global system has changed since the last century, and how these changes have impacted on ordinary Canadians, and on the priorities and policies of their politicians and business leaders.

The decades which preceded the First World War marked a critical phase in the evolution of the world economy. It was a time when the international movement of people and capital reached unprecedented levels, with far-reaching consequences for those regions most directly affected. The focus of the paper by John Davis and Jim Sturgis is on human migration into Canada during this period, and the responses and tensions which this generated. The processes they analyze are of course just one aspect of a massive global relocation of population. People were departing in unprecedented numbers from areas, largely within Europe, of relatively low

pay and productivity; they were settling in regions where abundant land and resources would, in combination with other favourable conditions, enable them to attain considerably higher levels of income and output. The settlement of new migrants from Europe, USA, or from east/central Canada was, as Davis and Sturgis stress, the key to the development of western Canada and of the wheat economy of the prairies. But, without parallel developments associated with money, markets and technology, the impact of human migration would have been much less obvious and enduring.

Canada's wheat boom of the early years of the twentieth century was of course the culmination of processes, political as well as economic, which have their roots much further back in the nineteenth century. New technologies had revolutionised transportation, facilitating transoceanic trade and opening up regions which had previously been beyond the margins of viable cultivation. As Tim Rooth emphasises, both portfolio and direct investment were critical to Canada's developing world role during these years: without European money to fund the construction of its infrastructure, and American firms to sustain its emerging manufacturing sector, Canada's development would have been severely constrained. Rooth's paper, and from a rather different perspective, that of Tom MacDonald, situate these international processes in the political context of Canada's National Policy. With its twin objectives of western settlement through railway promotion, and industrialisation behind tariff barriers, National Policy inevitably led Canada into a pattern of dependency on international transfers of factors of production, and of business itself, which provided short term prosperity, but not without some quite serious long term costs.

II

What most distinguishes the world economy of the nineteenth century from that of the twentieth is the relative importance within it of the United States. While the latter part of the last century was in many ways dominated by the erosion of British pre-eminence, one of the major influences during the first part of this century was the uncertain ascent of the USA towards its current hegemonic role. Canada was of course deeply affected by this change of international leadership, not least because it became most enmeshed within the global system at precisely the time when the transition was in its most problematic stages. The old system was not quite dead, but the new one was still not mature enough to enjoy the stability necessary to survive the traumas of the inter-war decades. Canada's problems were being an important part of both. Tim Rooth's essay shows how Canada gradually moved away from its old dependence on exporting staple commodities to Europe, and towards a new partnership with the USA. It was an awkward transformation, accelerated by the First World War, but then complicated by the severe crisis which engulfed

the system in the 1930s. Depression underlined the regional differences which were so characteristic of the Canadian economy: the west was paralysed by drought, pauperised by catastrophically low farm prices, and burdened with debt and the unhelpful attentions of uncomprehending governments; and the manufacturing heartland of Ontario, inextricably locked into an inter-dependent but unequal corporate world where the problems of the centre could so easily become the crises of the periphery. Just as the first of this century's global conflagrations hastened the demise of the old world order, so its sequel helped to create conditions which would sustain and stabilize the new system, at least until the 1970s.

Canada was a major beneficiary of the post-1945 boom which was the common property of the world's more affluent nations. As Rooth reveals, trade expanded as Canada became an even greater stakeholder in America's prosperity. Branch plants flourished as foreign direct investment flowed north from the USA. Older links with Britain and the Commonwealth gradually assumed a significance which was sentimental rather than economic. Simultaneously, new partnerships and alignments occurred elsewhere which would enhance the separation which was becoming apparent between many Canadians and their European origins. Neither was it just the transatlantic linkages of commerce and finance which were diminishing in importance: as in the nineteenth century, the mobility and interaction of all factors of production played an inevitable part in the post-war boom. Money and markets may have moved in new directions, but so too did migrants.

Historically, human migration had probably been driven more by the pull of jobs and land than by the push of poverty and persecution. Unsurprisingly, it had during the depression years of the 1930s plummeted to its lowest levels for more than a century. Although post-war prosperity was accompanied by a revival of population movements, pattern and processes now proceeded differently. Europe, traditionally the greatest supplier of migrants, now became instead a magnet attracting workers into its thriving industries. For Canada, there was the same kind of need for immigrants as there had been in the years of the wheat boom, but increasingly they were to come from a diversity of origins and cultures. John Belshaw's essay investigates the impact of the changing character of the migrants who settled in Canada in the post-war years. Although the presence in Canada of people from diverse cultures was to create tensions, particularly in some provinces, the link between immigration and prosperity also needs to be stressed. There is sometimes debate as to whether the growth and movement of population is a cause or a consequence of economic growth and development. But what cannot be denied is that, without a rapidly expanding supply of appropriately skilled labour, development is likely to be impaired by inflationary increases in labour costs. Increasing ethnic complexity may have created new challenges as society struggled to accomplish the transition to multiculturalism, but these

occurred in the context of a new prosperity which might have eluded Canadians if the inflow of migrants had been more rigorously controlled. Prosperity, however, comes and goes, whereas migrants usually come and stay.

Daniel Drache's essay analyses the changing character of the global economy in the late twentieth century, placing much emphasis on the external shocks which challenged post-war stability in the 1970s. Oil price increases combined with inflation and stagnation to put irresistible pressures on the system which had been created at Bretton Woods and operated after the Second World War. The collapse of the regulatory regime which supported world trade and finance during the boom years coincided with the emergence of a philosophy which accorded to markets a status they had not enjoyed since the mid-nineteenth century. For a decade or so, this new and chaotic international environment left Canadians searching for a third option: European integration and American protectionism seemed to exclude Canada from the economic partners which had traditionally been its best guarantee of prosperity. Perhaps there were alternative alignments of interest which Canada could contemplate; or perhaps being small in a world dominated by large blocs could somehow be turned to advantage. As in any time of crisis and uncertainty, economic nationalism was one of the reactions to the management of relations with a world system going through a painful process of re-adjustment. But it was not until the 1980s that indecision eventually gave way to a hesitant and incomplete acceptance that Canada really did need a more formal liaison if it was to survive in the new world order of the late twentieth century.

III

The papers by Daniel Drache and Tom MacDonald offer differing perspectives on the contemporary world order. One examines competing explanations of what drives this system, of how it differs from what went before and offers new interpretations of the dynamics of global capitalism. The other views the evolving system from the perspective of a small economy using the negotiating table to carve out for itself a better deal in a world dominated more than ever by the USA. The Macdonald Commission of the early 1980s conferred legitimacy on the strategy of free trade with the United States. As several writers in this collection stress, this was not the first occasion Canada had contemplated such a partnership, but it did come at a time when global imperatives seemed to dictate that trade protectionism and economic survival were becoming increasingly incompatible. The completion of the Canada/USA Free Trade Agreement, and the subsequent involvement of Canada in the negotiations to establish NAFTA, are well known processes, even though much debate remains in regard to their outcomes.

What is very clear from discussions surrounding the issues raised in these essays is that free trade is just one component in the emerging pattern of relations between Canada, North America and the rest of the world. In a system where transnational corporations can pose increasing threats to national integrity, international economic relations are more than ever determined by the location and movement of capital, technology and business. Money matters more than ever, despite the new emphasis on markets. More than this, growth and survival increasingly depend on politics and policies: it is these which can dictate the terms and conditions which determine where and how production will occur, as well as how trade will be conducted.

It is also within the realm of politics that decisions must be made and defended in relation to environmental matters and to the preservation of cultural distinctiveness. The international mobility of factors of production remains a key element in the dynamics of the system as a whole, and to the position of Canada within it. But political structures at state and international levels must of necessity now occupy roles which are vastly more encompassing than anything encountered in earlier periods of history. As a country which has consistently aspired to leadership in terms of protecting and promoting the quality of life of all of its citizens, Canada has a distinctive role to play in the world order of the late twentieth century. At the close of the last century, Canada was essentially a receiver of capital and people, and a sender of primary commodities. As the twenty-first century approaches, Canada in spite of its small weight within the global economy, is in a position to be a major contributor in areas of policy and practice designed to ensure that considerations of growth and development are not given priority over the quality of human life and of the environment.