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## The Americanization Syndrome in the United States-Canadian Relationship\*

*John Sloan Dickey\*\**

I am aware that I am in the presence of Canadians as well as Americans, so I will begin by prefacing my topic. I am not going to solve any of the problems that others attempted to solve this morning and will unquestionably attempt to solve this afternoon. Rather, I am going to make several statements, which may be provocative, concerning interpretation of the American-Canadian relationship. I can only urge you to understand that my comments will be personal observations to some extent and very informal, even though I have 60 to 70 pages of manuscript to which I am going to refer for quotes and statistics. I am afraid I am probably going to "scoop" somebody this afternoon with respect to some statistics in the Gray report.

I am going to address myself to what I believe is a much more fundamental aspect, indeed you may prefer to call it a problem, than the problems about which we are all concerned — trade, the auto pact, Canadian safeguards, Canadian industrial strategy, and other specific issues. The aspect much more fundamental in the relationship of Canada and the United States is the American presence in Canada and Canadian nationalism as a response to that presence. I regard it as more fundamental because I believe that awareness of this problem is of basic necessity if Americans are to contribute anything toward the future health of the American-Canadian relationship.

I did not arrive this morning in time to hear most of the presentations, but I did hear a Canadian official suggest that the relationship between the two countries is in as good a shape as it has ever been, or something to that effect. I have to say that I do not believe this to be true. Indeed I think that if this is true, then "the water ain't fit to drink," as the story goes. Let me proceed with my view, which will outline several aspects of the American presence which impair the relationship of the United States and Canada.

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\* The editors wrote the following article from a transcript of Dr. Dickey's informal remarks presented at the Symposium. Although he did not review the transcript prepared from his remarks, Dr. Dickey has consented to its publication.

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The American presence in Canada today is a totally different phenomenon in some respects than it was forty years ago. Let me test your understanding of the American presence in Canada by reading you a quotation. I should award a prize to any person who knows the author, so put on your mettle as academics.

The influence of the United States surrounds the Canadian on every side. It is forever present. It penetrates every portion of the continent into which the restless spirit of American speculation impels the settler or the trader. It is felt in all the transactions of commerce from the important operations of a monetary system down to the minor details of ordinary traffic. It's stamped on all the habits and opinions of the surrounding countries; the common characteristic, thought, feelings and customs of the American people. Such is necessarily the influence which a great nation exercises on the small communities which surround it. Its thoughts and manners subjugate them even when nominally independent of its authority.

Can anyone identify the source of the quotation?

This quotation has a very contemporary tenor, as I am sure you will note if you are following Canadian-American relations at all closely, particularly the Canadian view of them. The above comment is an observation made in 1839 by Lord Durham in a report that deserves far more recognition than it is given by the American academic world. Not a word of that comment would need to be changed if Lord Durham were reporting to Queen Elizabeth II today rather than as a young Victorian. So much for the historical dimension of the American presence.

If the quotation by Lord Durham was true in 1839, when by comparison the United States was isolated from Canada, think how utterly true that statement must be after two world wars which fired the technology of the two industrial societies, after the development of trade and investment (in ways I will touch upon in a moment), after the development of international communications to an extent never imagined 50 years ago, and after a cold war which brought about not only a closer American physical presence in Canada, but also the injection of American policy, American concern, and American interest into Canada. Only the early annexationists would have ever dared to imagine the relationship that exists today.

This morning there was a reference to one aspect of the American presence which is known by most Americans, Canada's dependence on the United States as a market for its exports. Canada is more dependent upon its per capita exports than any other industrial nation in the world. By conservative estimate, about 65% to

70% of Canada's foreign trade is with the United States. By contrast, roughly 25% of American foreign trade is with Canada. The most fundamental aspect of this relationship is its inherent asymmetry, the result being that Canada is tied to the American presence for prosperity from foreign trade. Thus the American presence in trade is a fundamental concern, as one of the speakers noted today, particularly in respect to the so-called third option that Mitchell Sharp proposed in his 1972 article.<sup>1</sup>

Moving to the investment side of the picture, which is certainly of much more concern to you, American interests hold about 80% of the direct foreign investment in Canada, which is a very substantial American presence in another country. To get an idea of how substantial that control is, just imagine the Japanese owning 80% of the direct foreign investment in the United States. To translate the figure I have given you into meaningful terms, one must look to how much direct foreign investment there is in Canada. At least 35 to 37% of Canadian corporate activity is foreign-controlled, of which the United States has 80% of the ownership and control. In the area of manufacturing, American ownership and control is still almost synonymous with manufacturing in Canada; according to Mitchell Sharp,<sup>2</sup> United States investment is roughly estimated at 50%. In other words, the United States owns and controls approximately 50% of manufacturing activities in Canada. In the petroleum and mining industries the American proprietary interest is 60% to 80%, and in the automobile industry, American ownership and control is approximately 95%.

One matter of concern to so many Canadians today is an emotional problem emanating from the American presence, having a geographical and historical basis. Canada was twice invaded by the United States, unsuccessfully as the Canadians quickly point out. After the War of 1812 the United States tired of trying to conquer

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<sup>1</sup> Mitchell Sharp proposed the following options as to Canada's future relationship with the United States:

- Canada can seek to maintain more or less its present relationship with the United States with a minimum of policy adjustments;
- Canada can move deliberately toward close integration with the United States;
- Canada can pursue a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of its national life and in the process to reduce the present Canadian vulnerability.

Sharp, *Canada-U.S. Relations: Options for the Future*, INTERNATIONAL PERSPECTIVES, Autumn, 1972, at 1 (special ed.).

<sup>2</sup> *Id.*

Canada militarily and spent at least two generations, probably closer to three or four, attempting to take her by other methods. Today we have finally reached the point where the United States is doing it in a much more subtle form, as they say, through economic and cultural penetration.

The point I want to impress upon you is that during the last forty years the emotional aspect of this trade and investment presence has been heightened by the fact that it was not simply the United States dominance moving in and displacing any other country. What this involved was the displacement in Canada of the mother country by the prodigal son. In just forty years the roles of the United States and Britain have been reversed by one hundred percent with respect to the trade and investment presence. During World War I the British investment presence in Canada was in the range of 70%. British trade was the dominant Canadian trade. Canada was balancing her deficit with the United States with her surplus to Britain. Today that situation has been reversed. Very few Canadians that I know are inclined to attach much explicit importance to this reversal. My own belief is that a vestige of emotional concern remains here, that the American presence, as a substitute or displacement of the British presence, is a much more serious matter than statistics above indicate.

I have referred to the figures in the Gray report. Let me give you a few of these figures, since the adjectives can be quite misleading or, if not misleading, then not persuasive. I am sure that most of you are familiar with the fact that Canada has been studying the foreign investment presence in Canada, particularly the American investment presence, for a long, long time, certainly for the past eight years. The concern of Canada is the 80% of foreign investment which is American. Recently Canada undertook an intensive comprehensive study of the foreign investment situation under the auspices of the Trudeau administration, assigning the task to then Minister of Revenue Herbert Gray. The report, a massive document, is officially entitled *Foreign Direct Investment in Canada*, but is known as the Gray report.<sup>3</sup>

The following figures from the Gray report will give you some idea of the magnitude of foreign direct investment in Canada. Please note that at least 80% of the investment in these areas is American. Non-resident ownership is greatest in the petroleum and coal industries, constituting 99.5% of the assets. Other industries which

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<sup>3</sup> THE GRAY REPORT OF 1972, FOREIGN DIRECT INVESTMENT IN CANADA (1972).

are owned to a very great extent by nonresident entities include rubber products, 93.1%; transport equipment, which includes automobiles, 86%; tobacco, 84%; and chemicals, 81%. Industries in which nonresident ownership exceeds 50% of the industry's assets include machinery and electrical products. It is also evident that nonresidents are dominant in the ownership of the highly technological industries.

To emphasize the extent of foreign investment in relation to Canadian capital requirements, foreign direct investment has now reached the point that fresh imports of new American or foreign capital are no longer necessary to increase the amount of foreign investment in Canada. Retained earnings from their Canadian operations and capital available to Canadian subsidiaries from their foreign parents now supply approximately 60% of the capital needed by Canadian subsidiaries. As a result, Canada intends to curb additional foreign investment by introducing new proposals regulating "take-overs," thus eliminating retained earnings and fresh foreign investment. I mention this so that you understand the depth and, if you will, the resilience of the foreign direct investment problem as it is viewed by many Canadians.

In order to understand Canada, one must understand her not only in terms of a nation viewed as a whole, but as a nation composed of many regions. Whatever else Canada may be as a nation, she is a nation that is dominated by her endemic regionalism, which some consider beneficial and others detrimental. When you look at the regions collectively, you find that there is a great disparity among them in the American investment presence. Therefore there is a very great difference in attitude toward the American presence, depending upon the extent of the American investment presence in that region. For example, Canadian nationalism is centered in Ontario which, as one might expect, is the heartland of the American presence. During the four-year period from 1965 to 1968, 70% of Ontario's corporate taxable income from manufacturing was earned by nonresident companies. In Ontario the American investment presence is at least 50% of all foreign and domestic investment combined, and is probably substantially higher.

When one compares Ontario with the Atlantic provinces, which would welcome more American investment and more industrial and manufacturing activity, one discovers a very low level of Canadian nationalism. The same is true of the Prairie provinces. In contrast, one finds strong feelings of nationalism in the urban centers

and in the university centers, particularly where the New Democratic Party (NDP) is strong. The NDP is active in Manitoba, Saskatchewan, and British Columbia and, if not the dominant political party, is probably a major and critical factor in the academic communities of these areas.

Very few Americans ever stop to consider the importance of the American labor presence in Canada, the international union. Several years ago 62% of the membership of organized labor in Canada was affiliated with labor groups having their headquarters in the United States, the so-called international unions. The presence of American-based international unions has been an issue, particularly with Canadian nationalists, for over 75 years, but in recent years it has become much more important to the Canadian unions as the American presence in other areas has increased. I believe that an important indicator of the grass roots strength of Canadian nationalism today is the attitude of the Canadian union toward the American international union.

The two biggest international unions with affiliates in Canada are the United Steelworkers of America, which has the largest union membership in Canada, and the United Auto Workers. Activities by nationalists concerning these two unions gives us some insight into one of the fascinating "hang-ups" or, if you will, reactions to the American presence. Nationalists are constantly telling the unions affiliated with the internationals that they are selling out Canadian nationhood, Canadian sovereignty, Canadian independence, and the internationals sense the nationalistic mood of their Canadian affiliates. To counteract this nationalism, the Auto Workers international supported the auto pact despite concern that it may not be in the best interests of the UAW to do so. In fact, most of the internationals supported the auto pact although it is conceded that it is more advantageous to Canada than to the United States. Last year the Steelworkers' I. W. Abel toured Canada. He knew he had trouble with the Canadian steelworkers, so he stressed the importance of the international union in the battle with the multinational corporations. In other words, Abel was suggesting that the Canadian unions forget about nationalism, which will not help them in a fight against American adversaries, and look to union friends in the United States for help against the American multinational corporation. If the American internationals continue to advocate positions which are in the best interests of Canada but not clearly beneficial to the international themselves, there could be a

considerable diminution, in the eyes of the Canadians, of the appeal of the nationalists.

Another aspect of the American presence which is more fundamental and frustrating than those discussed above, is the American cultural penetration, a result of trade and investment presence. Most Canadians, who are not disposed to this view, dwell too much on particular aspects of the American presence and militant actions of Canadian nationalism, though Canadian nationalism is a minority point of view. However, the Gray Report recognizes a cultural spinoff in Canada for United States investment, and I would like to read another quotation to give you a feeling for this genuine Canadian concern:

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 similarity 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 a significant impact on the Canadian cultural environment. There is a continuous feedback relation between foreign direct investment and Canadian culture. The cultural similarities facilitating foreign direct investment and foreign direct investment in turn causing greater cultural similarities.

Thus, the process is one of self-perpetuation. There is an American cultural penetration inherent in Canada because of the similarity of Canada's culture to the United States, and the common cultural background of the two nations. This makes Canada attractive for American investment, since it is much easier to put a subsidiary in a country where there is not a cultural sense of being foreign and where the natives and foreigners speak the same language. The presence of the American corporation and its American managers spins-off further American culture into Canadian society. Quebec, I believe, illustrates the point I am trying to make. Quebec is insulated from the American presence to some extent because of her special cultural and linguistic identity.

The Gray report sums up the problem with the following statement:

The presence of large foreign investment concentrated in the United States hands increases the difficulty of developing the distinctive Canadian culture, in short Canadian identity, in short the problem of Canadian nationhood.

The United States has penetrated Canadian feelings and culture to a great extent, indeed seeming to have penetrated her sub-



conscious. It would be difficult to adduce more direct evidence of the extent to which the American culture pervades Canadian consciousness than the "in" jokes. To determine whether there is some "acculturation," as sociologists call it, between nations, see whether they can appreciate each other's humor; the "in" jokes are a true witness of cultural sharing. An official report of the Special Senate Committee on Mass Media, the so-called Davey report authorized by the Canadian Senate,<sup>4</sup> in the course of sharply condemning the pervasiveness of American penetration found the following parody irresistible: "Let us now in the words of one authoritative source make one thing perfectly clear." I believe that this statement illustrates the extent to which American culture has invaded Canadian society. Conversely, the asymmetry of cultural sharing in the American-Canadian relationship is revealed by the realization that the most hilarious impersonation of Trudeau would have certainly played to a deadpan audience in the United States.

An immense personal interchange exists in the relationship and carries with it the American cultural penetration. Imagine the impact on Canadian culture of the twenty thousand American tourists and Canadian commuters who cross the border daily.

Another target of Canadian nationalism is the American academic. Ten years ago Canada was experiencing a "brain drain," losing educated Canadians who emigrated to the United States because of the better salaries at Case Western Reserve University and other educational institutions. Today the situation has reversed itself and American academics are flooding into Canada. The complaint, which is a terribly harsh one on some campuses, is that Canadians are becoming a minority element in their own universities. Research conducted both in Canada and the United States, particularly at Duke University, indicates that the problem is especially acute in the fields of sociology and political science, since Canada had no graduate schools in which to train personnel in these academic disciplines. This is another example of the American presence displacing the British presence, since the British formerly provided a source upon which the Canadian universities could draw. The issue of American academics in Canadian universities is one that has aroused the most articulate segment of the Canadian community, the university community, and I believe the controversy has a

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<sup>4</sup> THE DAVEY REPORT OF THE SPECIAL SENATE COMMITTEE ON MASS MEDIA, MASS MEDIA (1970).

long future because Canada now has an ample supply of its own academics for the faculties of its graduate schools.

The American media is another mode by which the American presence has penetrated Canadian culture. Canadian reading fare is dominated by American books and periodicals. Approximately 80% of all the magazines in Canada are of American origin, either through importation of the American overflow or, more importantly perhaps, the export of Canadian editions of *Time* and *Reader's Digest* from the United States, which are probably the principal magazines in Canada. Since 1965 *Time* and *Reader's Digest* have enjoyed special legislative status in Canada, and although the Davey Report recommends that this status be repealed, I doubt that any action will be taken quickly.

Another aspect of the American media penetration is American broadcasting, which is probably the single most frustrating presence that Canada suffers. Canada has for many years, since the massive Royal Commission in 1951, been concerned about her culture being compromised by various forms of the American media, but broadcasting has been of particular concern. Today there are 30 television stations that broadcast into Canada, reaching about 80% of all Canadians. In every poll that has been made of Canadian listening or viewing preference, they prefer American programs. The Canadian Radio and Television Commission, in its annual reports, never mentions the Canadian preference for American programs, since the commission is charged with introducing Canadian content into Canadian broadcasting. Every Canadian radio and television station is now required to broadcast programs with Canadian content as roughly 60% of its total programming. I will not proceed into a discussion of what constitutes Canadian content, though it used to be a character wearing a maple leaf. Today the Canadians are much more sophisticated, and this sophistication creates a very frustrating problem, determining what is Canadian. In addition, the Canadian programmers have to contend with the American broadcasters. The listener in Toronto can tune in a station in Buffalo, the viewer in Vancouver can watch the television programs of a Seattle station, and the listener in Winnipeg can tune in a station in North Dakota, which I understand, has no purpose other than broadcasting to Canadians. Thus, American cultural importation complicates the definition of "Canadian content" for broadcasting purposes. This definitional problem, on the one hand, and the American broadcasting competition with Canadian broadcasting on

the other gives the American presence in broadcasting a double-barreled effect.

Finally, the American military presence, the alliance presence, is a matter of increasing concern. Canada has just renewed the North American Defense Command (NORAD), originally adopted for ten years, then renewed for five years, and now renewed for an additional two years. During the cold war Canadian and American national security was recognized, or at least regarded, as a common concern. However, now that the thaw has begun, as the technological defenses against satellites and missiles have advanced, Canadian perception of their interest in continental security is undoubtedly changing. Canadian nationalism will have an effect with respect to Canadian dependence upon the United States for national defense.

I hope my presentation has revealed and illustrated a point that I believe is immensely important for Americans to understand. When considering the American presence in Canada there is not much point in looking only to statistics. Neither is there much point in focusing only on one form of the American presence. I am now satisfied after several years of studying this relationship that what is involved here is a syndrome, the interplay of symptoms and the interaction of influences in the presence of trade, investment, unions, military, education and media, and you and I whenever we vacation in Canada. I would call this the Americanization syndrome. It is understandably causing real concern in Canada, producing the reaction of Canadian nationalism and a highly critical Canadian attitude, particularly in Canadian universities, of American society. This is the American presence, as I see it, and its result.