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"Is Canadian Unity Possible?"

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It was with mingled feelings that I received your President's very kind invitation to address you today. To speak to the Canadian Club of Toronto is an honor that any speaker might covet. But it had been mine on two previous occasions and I feared lest a further appearance should wear out my welcome. But your President assured me that you are a frequently-tried and long-suffering people and that I might with safety accept even a fourth invitation.

Three Disabilities of Alberta.—It was my intention to speak today simply as a citizen of Canada. But your executive has asked me to say something in relation to national problems from the particular point of view of Alberta. This I will do very briefly before taking up my announced subject.

There are three main disabilities or groups of related disabilities that rest upon Alberta as a result of national policies.

Cost of Early Settlement Policies.—First is the effect on cost of government and public services in Alberta of early settlement policies adopted and applied at a time when control of Alberta's natural resources was vested in and administered by the federal government. These include the opening up for settlement of lands far removed from railways, roads, schools, and other public services, the giving as railway subsidies of some 13,000,000 acres of Alberta land and far-reaching tax exemptions and the opening up for homestead entry and pre-emption of the whole area of submarginal land in southern Alberta.

These three settlement policies added greatly to the economic difficulties of Alberta. They increased tremendously the per capita cost of government and one of them was the prime cause of Alberta's acute and costly drouth area problem.

It is important to note that Alberta did not secure control of her natural resources until 1930 and that during the period of heaviest immigration into the prairies there was a sharp conflict of interest and of policy as between the federal and the provincial government.

Excess Cost of National Tariff Policy.—Second disability arises out of national tariff policy. That this, broadly speaking, has been for the advantage of Canada as a whole I do not question. But beyond any doubt, it has entailed for Alberta as an individual province a large excess of cost over benefit.

Alberta is still a pioneer province engaged chiefly in agricultural production. More than 75% of all its people buy at retail stores, from mail order houses or as implements of production, are produced outside the province. By reason of national tariff policy most of these imports cost the people of Alberta much more than if they could be bought in open world markets and imported without tariff duties or other restrictions. On the other hand, federal tariff policy is of little actual benefit to Alberta, because most of its production is agricultural and must be sold in foreign markets and at world prices over which Canada's tariff policy has no control.

Therefore the result on balance is that Alberta must sell the great bulk of its products without any assistance from federal tariff policy and at the same time is required by that policy to pay an excess cost on the great bulk of what its people buy.

You will recall that Prof. Norman Rogers (now Federal Minister of Labor) estimated a few years ago that in 1931 Alberta paid over \$19,000,000 as the excess cost of national tariff policy over benefits received, whereas in the same year Ontario had an excess benefit of over \$51,000,000. I know, of course, that Prof. Rogers' estimates have been attacked frequently. But unquestionably there is a vast difference

between the monetary effect of national tariff policy on your province and on mine.

Moreover, the tariff by adding to the cost of production and living in Alberta is a handicap to her farmers in their competition in world markets with those of other wheat exporting countries. Further, every increase in tariff or imposition of anti-dumping duties, or other restrictions against a country that is an actual or potential buyer of Alberta's agricultural products constitutes a further indirect cost of the tariff to Alberta farmers.

Alberta at Apex of Freight Rate Structure.—Third major disability arises out of national transportation policy. Alberta stands today at the very apex of Canada's freight rate structure

Basic freight rates from Eastern Canada to Alberta are much higher per ton mile than those within Eastern Canada or from Eastern Canada to Manitoba, Saskatchewan or Vancouver. Indeed, a large number and variety of articles may be shipped from Eastern Canada to Vancouver and back over the mountains to Edmonton or Calgary for the same cost as if shipped from Eastern Canada. Conversely, many articles move from Vancouver to Winnipeg and points in Eastern Canada for a much lower cost per ton mile than from Alberta cities to such points. Moreover, national transportation policy tends to favor the shipment of Alberta agricultural products in "raw" rather than processed form and thus handicaps secondary industry in Alberta in competition with that in Eastern Canada and British Columbia. In several other aspects also national transportation policy weighs heavily and disproportionately on Alberta.

Cumulative Effect of Disabilities.—These three major disabilities have an interlocking and cumulative effect. Each operates to increase the effect of the other two.

For example: Alberta's disabilities under national tariff policy are greater because that province is engaged so largely in primary production. This in turn is due in part to certain features in national transportation policy that favor the processing of agricultural commodities in Eastern Canada and British Columbia rather than in Alberta. More-

over, the disabilities of national transportation policy are accentuated by national tariff policy because the latter compels the people of Alberta to buy the great bulk of their finished goods in Eastern Canada and thus to pay for a long rail haul under a freight rate structure that reaches its apex in Alberta.

Now I must hasten to discuss the broader subject of my address today.

Is Canadian Unity Possible?—It is a further symptom of present unrest and anxiety throughout Canada that I should have chosen as the subject of my talk today a question that many loyal but somewhat discouraged Canadians are asking, viz., "Is Canadian Unity Possible?"

May I at the outset give my own answer to that question in this qualified affirmation: "Yes, providing we are willing to pay the price of unity."

Mere platitudes about unity and the need for it are no longer sufficient. The price of unity has gone higher as Canada has become older and more developed and the differences between her several parts—geographic, economic and racial—have become more pronounced.

"Understanding" the Price of Unity.—Nevertheless, unity is still within our reach if there exists in sufficient measure and diffusion the will to find it and the willingness to pay its price. If I was to sum up that price in one word it would be this: "Understanding".

So I propose in this talk to present briefly some of the main essentials to Canadian unity as I envision them.

Defiance of Geography and Economics.—First essential is frank recognition of the fact that Confederation was due chiefly to political considerations; that it was consummated in defiance both of geography and of economics.

Political deadlock within and fear of absorption from without created the occasion and the psychological background for Confederation. The Fathers thereof had the vision to see alike the conditions and the remedy.

To recall this may seem paradoxical in a talk on Canadian unity. But I believe sincerely that if that goal is to be attained we must recognize clearly the inherent weaknesses of the Dominion from the standpoints of geography

and economics. It is one thing to achieve national unity in a country that is compact, closely settled and without great geographical divisions in types of natural resources and vocational opportunities. It is a vastly different and more difficult thing to achieve unity in the country that is Canada.

Strengthening of Federal Authority Needed.—*Second essential* to Canadian unity is a return to the original purpose and plan of Confederation with such modifications as are necessary to meet the physical, scientific, economic, social and psychological changes of the intervening 70 years.

This will involve a re-allocation of financial powers and responsibilities in keeping with the spirit of Confederation and with the text of Resolution No. 2, of the Quebec Conference of 1865.

You are familiar in a general way with the series of Privy Council decisions which, in their cumulative effect, have strengthened greatly the authority of the Provinces at the expense of the Dominion. As a result, certain provinces, including my own, are now held by their respective governments to be almost sovereign states.

It was the vision of a Canadian nation rather than a group of sovereign provinces that inspired and guided the Fathers of Confederation. That vision and the resultant spirit and purpose must be recaptured if Canadian unity is to be achieved.

Recaptured by whom? Not simply by a few men and women here and there but by *all* our citizens.

Which leads me to the proposition that:

Individual Responsibility for Unity.—*Third essential* to Canadian unity is a new sense of personal and individual responsibility for its attainment and for the solution of those problems that are related directly or indirectly to such attainment.

Ours is supposed to be a democratic country. The theory of democracy pre-supposes an intelligent interest in public affairs by *all* citizens. Lack of such interest in Canada accounts in part for certain problems and conditions

conducive to dis-unity. Revival or creation of it would be a long step in the direction of our quest today.

Studies in Inter-Provincial Relationship.—Given this new sense of personal and individual responsibility I would direct its resultant studies to three phases of inter-provincial relations, viz.:

- (a) The extent to which one's own province benefits economically, socially and spiritually through association with other provinces.
- (b) The background, conditions, problems, achievements and aspirations of each province outside of one's own.
- (c) The extent to which national policies that are beneficial to one's own province are costly to other provinces; and which other national policies should be adopted as a reasonable quid pro quo therefor.

Individual study along these three lines constitutes, in my judgment, a *fourth essential* to Canadian unity. Such study is needed urgently—by public men as well as by private citizens

Thus, in my own Province members of the Provincial Government and thousands of private citizens think of Ontario and Quebec chiefly as the home of the "fifty big shots" and of others who are fattening on extortions from the prairies. That, of course, is a very one-sided picture, exaggerated even in its incompleteness. It overlooks entirely the contribution Ontario and Quebec have made to the development of Alberta in men, in services and in money.

Foolish Statements Based on Ignorance.—On the other hand, your own Premier, in attacking the recently fixed minimum prices for Western wheat, said it was assinine to interfere with the laws of supply and demand. He forgot that *his own province is the chief beneficiary of the greatest of all such interferences in Canada, viz., the tariff.*

Thus, too, a member of the Federal government, in a recent parliamentary debate on Turner Valley oil, said it was hardly fair "to lay at the door of the Government the responsibility for finding a market for an unlimited quantity of oil produced under conditions of geographical difficulty

so far as its distribution is concerned". In the same connection he referred to "uneconomic distances". He forgot that the distance from Ontario to Alberta is exactly the same as that from Alberta to Ontario and that it is considered the function of Government to find markets for Ontario industrial products, through the tariff, even in far off Alberta.

Further: every now and then a public man in Ontario or Quebec will quote, the percentage of total federal revenue collected in the first instance in these two central provinces and argue from this that they are bearing a disproportionate share of the cost of Federal Government. But they forget that federal revenue collected in Ontario and Quebec includes customs duties on goods destined either directly or indirectly for other provinces; also corporation and personal income taxes on profits earned by companies doing business right across Canada. To an appreciable degree the extent of federal revenue coming in the first instance from Ontario and Quebec is a reflection and should be a reminder of the extent to which these two provinces are beneficiaries of trade with and in the rest of Canada.

Grain Rates Lower in Ontario.—Again: the Prairies are reminded frequently of existing low rates on grain for export, with the suggestion that these involve a subsidy. Few indeed of those making such suggestions are aware that the export rate on grain from Western Ontario points to St. John is lower per ton mile than the average rate from the prairies to Ft. William. Similarly, few are aware that the entire freight rate structure of Ontario and Quebec is on a much lower level than that on the prairies or on shipments from central Canada to the prairies.

Such statements as those I have recalled are hurtful to the cause of Canadian unity. They are due for the most part to ignorance of related conditions and of the interlocking relationships of the various Canadian provinces.

Value of Inter-Provincial Travel.—Three or four years ago I attended a small dinner in the Maritime Provinces at which every other province in Canada was represented. The chief speaker, a member of the local Provincial Government, argued that the troubles of the Maritime Provinces

were due in substantial measure to the failure of people from Central and Western Canada to visit them and learn at first hand of their problems. He scolded quite a bit about such failure and then pleaded for more inter-provincial travel as an aid to Canadian unity. I, seated close by, sent him a note agreeing with his last point, stating that this was my sixth visit to the Maritime Provinces and asking him how often he had visited Alberta. His face flushed crimson and in an apologetic reply he said he had never been West of Toronto.

It is a fact, of course, that people of the West have family and business ties that bring them East much more frequently than people of the East visit the West. There would be better understanding of Western problems and a closer approach to Canadian unity if the westward flow of friendly and educational visits were equal to that from the West to the East.

Balancing Effects of National Policies.—But even with a better understanding through these and other means there would remain the delicate task of balancing national policies so as to promote the full and concurrent development of each province without entailing undue sacrifice on any. This leads me to suggest a *fifth essential* to Canadian unity.

Heretofore in Canada this task has been left to the federal parliament, assisted — or hindered — in individual cases by pressure from individual provinces. Such a situation makes for log-rolling, for sectionalism, for unnecessary public expenditures in one section to offset those in other sections. This may be said also of the present system of fixing provincial subsidies.

Australia has given Canada a good lesson in the setting up a few years ago of a Federal Grants Commission. That body sits annually to consider representations from the several states that may consider themselves entitled to subsidies or other quid pro quos for national policies or simply as in need of federal aid. It recommends each year the amounts of the subsidies to be paid to individual states. In my judgment, the Australian Commission has over-emphasized the question of need as against that of equity and balance. But, subject to correction of this tendency,

and insofar as general principles are concerned, I believe a body in Canada somewhat after the general pattern of the Australian Grants Commission, would be very helpful in promoting Canadian unity.

Economic Prosperity Another Essential.—A sixth essential to Canadian unity is reasonable economic prosperity throughout the Dominion. It is a lesson of history that the tendency towards sectionalism and dis-unity in Canada is most pronounced during periods of economic depression. During such periods each part of Canada feels keenly the new economic burdens they entail and considers its own burden larger than its share. This is a natural accompaniment of economic depression in a country where great physical barriers divide its people into widely separated groups and there is sharp geographical division of types of natural resources and of related vocational opportunity.

Therefore, those who seek earnestly the unity of Canada should seek also ways and means of promoting and maintaining at all times the largest possible measure of economic prosperity throughout the Dominion.

Please do not dismiss this suggestion by a rejoinder in your own minds that everything possible is being done to promote economic prosperity as a matter of course and that depressions in Canada are as a rule associated with world wide depressions.

Much Canada Could do Herself.—There is much that Canada could do within her own borders to lessen the incidence therein, even of world depressions, and to raise the general average of prosperity.

One such thing is the utilization of increased revenues during periods of prosperity to reduce debt or to build up surpluses as an aid in meeting periods of depression.

Another is the application of income from capital, such as timber dues and mineral royalties, to the reduction of debt rather than to the meeting of current expenditures.

A third is a more determined effort to balance federal budgets and some provincial budgets and to that end to deal more energetically with certain problems that are contributing heavily to annual deficits and increases in debt.

These means, and others might be suggested, are dependent for their success on the new sense of personal and individual responsibility that I have cited already as a third essential to Canadian unity.

Dependent on New Mental Attitude.—Take, for example, the individual attitude towards continued annual government deficits and increases in public debt. No sound business or individual would face these in its or his own affairs without resorting to heroic measures to stop the excess of expenditures over income to which they were due.

Nevertheless, they face them with more or less equanimity in the case of their government. This is due in some cases to indifference; in others to hopelessness; in others again to a feeling that it is impossible to apply to government financing the same sound principles that are essential in business or personal financing.

Take again, as another illustration, individual attitude towards the C.N.R. deficit in its relation to annual budgets of the federal government. It has become the custom of finance ministers to treat the C.N.R. deficit as something quite apart from the C.N.R. deficit. That custom has been extended gradually to a host of business men and individual citizens. But if a sound business knows in advance it is going to have a deficit in one particular department it intensifies its efforts to keep it at the minimum and to offset that minimum by surpluses in other departments so that total expenditures may not exceed total revenues over all. So long as business men and citizens are content with the balancing or near balancing of the federal budget apart from the C.N.R. deficit, just so long is there going to be an annual deficit over all and an annual increase in national debt.

Take, again, the attitude towards unemployment. The measure of individual indifference towards this and its monetary cause is both amazing and scandalous. In many quarters the related attitude is one of hopelessness coupled with a statement by way of alibi that unemployment has become a permanent condition. But this attitude saps initiative in finding remedies and effort in providing work.

These two related problems, viz.: governmental deficits and debt on the one hand and unemployment relief on the other, have a most direct relation to economic prosperity. Therefore, if, as I hold, a reasonable measure of economic prosperity is an essential to unity in a country like Canada, there should be directed to the solution of these two problems the earnest thinking, planning and pressure on governments of all who hold dear to their hearts the attainment of Canadian unity.

More Intimate Relations Between Ottawa and the Canadian People.—Time will permit me to mention only one more step towards Canadian unity—a *seventh essential* thereto.

That is the delegation to the federal authority, in the inevitable revision of the British North America Act, of responsibility for more services that are related closely and deeply in the intimate lives and aspirations of the great masses of the Canadian people.

Consider for a moment some of the matters which presently are federal responsibilities: collection of customs duties, bankruptcy and insolvency, railways and canals, lighthouses and penitentiaries. These, however necessary, do not lend themselves readily to appeals to national spirit.

To them should be added another group which would appeal to the imagination, the spirit, the pride and the idealism of the Canadian people. Thus the attainment of a better state of public health, of a larger measure of social security, of higher standards of living, are subjects that give scope for emotional co-operation, irrespective of provincial boundaries.

Canada as a nation, the Dominion as such, must be made to mean more in the intimate lives of our people if the handicap of our far-flung population, our three great physical barriers and the economic disabilities which they entail are to be overcome; if there is to be brought about and maintained a strong and vibrant national spirit.

Ontario Should Supply Necessary Leadership. — In conclusion I put to you in all earnestness and respect two searching questions:

1. Where in Canada to find the strong leadership in promoting Canadian unity that the need and the opportunities of the hour demand?
2. Where has Canada a better right to expect that leadership than in this province of Ontario, with its great rich background of history, of achievement, of physical resources, of wealth, of education and of culture?

When Ontario was Upper Canada and there were rights of responsible government to be won, there was no lack of leadership within its territorial bounds. There was no insistence on maintaining the status quo; no fear of embarking upon a new relationship.

When legislative union with Lower Canada was proposed and seemed to offer some hope of betterment, there was a readiness to face the changes that step involved.

Similarly, in was Upper Canada that gave the outstanding leadership in the formation of Confederation.

Changes Needed in Dominion-Provincial Relations. — Another 70 years have passed and the time for further changes has come. The vision, the spirit and the purpose of Confederation require a new frame-work in which they may continue to function in the development of a greater, a more prosperous, a more contended, a more unified Canada.

To the Ontario of today, successor of the Upper Canada that wrested responsible government from an unwilling Colonial office, that was ready to try first legislative union with Lower Canada and then Confederation there comes a clear and ringing call to supply the leadership in those further changes that the conditions of the present and the outlook for the future demand.

Frankly, and as you know, there are misgivings in other provinces about Ontario's attitude in this matter. There are some who fear that success and wealth have dimmed her pioneering, crusading spirit, that this and bright prospects within her own borders have made Ontario content to maintain the status quo, unwilling to embark upon further change.

Ontario Will Answer the Call.—For my own part, as a native of Ontario, born in this city, resident here until 1921, and a visitor here two or three times a year ever since, I cannot share those misgivings. I cannot believe that the spirit, the real spirit of Ontario, has spoken in these matters. I choose, rather, to believe that in due course—Heaven grant it may not be too long delayed—the spirit Ontario inherited from Upper Canada, broadened and enriched by its own experience of these past 70 years, will express itself again in sound, constructive and courageous leadership in bringing about such changes in dominion-provincial relations as may be in the true and best interests of the Canadian nation as such and of Canadian unity.