

Canada and Japan in Pacific Partnership : Implications and Reconsiderations*

(日加協力関係の意味するところとその再考)

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SUMMARY IN JAPANESE: カナダと日本の関係は、80年代に飛躍的な広がりを見せ、そのことは両者にとって好意的に受けとられてきた。しかしながら、その関係の本質は、将来にとっていくつかのジレンマとなっている。カナダは始め、1970年の白書の中で、日本との提携事業の増大を英国や米国とのより伝統的な関係の束縛から自らをときはなす手立てとして奨励した。カナダと日本は、よきパートナーであり、貿易、投資、観光、文化的関係の拡大は両国にとって有益であると見なされた。しかし、その実践段階で、このより親密な相互関係はカナダをこれまで通りの政治、経済様式に封じ込めてしまい、同時にカナダを構成している諸要素間に新しい緊張を生みだしてしまったのである。

貿易、投資、観光事業からおこる諸利益は、カナダ全土に均等に配分されてこなかった。その結果「持てる」地域、「持たざる」地域の格差が広がった。それと同時に地域内の不均衡も助長されたのである。これらの事実が地域的、あるいは民族的分離問題の解決をより困難にしたのである。一方、貿易や投資の短期的な諸利益は、改革や適応をくじくものであった。日本の新市場のために海外ではかえっていままでどおりの経済様式が人工的に助長され、そのために社会的にまた政治的には新しい問題を生じた。その結果は、分裂と緊張の

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助長であった。観光事業と文化交流は、カナダが自国のアイデンティティを模している状況に、更に不必要な要素を付加し、国家統合をさらに達成困難なものとした。このように、日本とより緊密な関係を結んだことが過去の諸問題の逃げ口を提供するどころか、カナダの分裂と不調和の認識をこれまでよりいっそう際立たせることとなったのである。これらの難題を相殺するために、太平洋間パートナーシップの将来的効用を認識しつつ、これまでに使われてきた問題処理の様式をどこまで有効に拡大適用することができるかということこそ、日加両国関係が提示している中心的課題である。

When the Balfour Declaration of 1926 gave the British Dominions the authority to despatch their own diplomatic representatives abroad, Canada chose initially to open legations in Washington, Paris and Tokyo. The inclusion of Tokyo in the original quartet signalled the importance to Canada of relations with Japan. Immigration, trade, investment, missionary activity—all these drew the two countries together. After a brief lull in the 1950s and 1960s, the relationship began to grow steadily closer, expanding and picking up momentum like a snowball rolling downhill. “Japan is now Canada’s second-largest trading partner, while Canada ranks ninth among Japan’s trading partners,” notes Hideo Sato; “consequently, the Japanese-Canadian economic relationship is important in itself and deserves serious attention.”¹ Yet in practice, things have gone ahead with a rush, the results generally applauded, largely unquestioned. It is worth pausing briefly to consider the patterns which have emerged, and the implications of that growing interchange for the two partners as they draw closer together.

Not only is the relationship long established, its future is a very promising one. The two countries are in many ways complementary. Japan has a long history; Canada’s is very short. Japan is geographically quite compact, Canada sprawls. Japan is densely populated, with 3300 people per hectare; Canada, with 27 per hectare, is an

empty land. Japan has a strong tradition of art and culture; Canada is only beginning to find ways and forms of self-expression. Both are rich. Japan leads the world in industrial technique, but lacks primary resources; Canada is moving toward a post-industrial service economy and has abundant natural resources. If the two were bride and groom, we might anticipate that the marriage would be a 'suitable' one.

Moreover, both partners share many common ideas, understandings and interests. Both tend to emphasize cooperation and community. Both have a tradition of concern for the group, rather than the individual. Both have historically accepted the importance of an active role for the state in organizing and directing the economy and society. Both have substantial minority groups not integrated fully into mainstream society. Both seek an international role which emphasizes mediation instead of military might. Both have export economies heavily dependent on the United States market, and both are greatly influenced by American politics and culture. So the partners seem not just suitable, but also sympathetic.

A marriage broker might anticipate with confidence a long and happy relationship. Yet this recipe for a happy marriage has some uncertain elements. There is some cause for misgiving. For Canada especially, an expanded relationship poses a series of dilemmas and dangers. As those dangers become more apparent, the result is likely to be growing tension and strain.

Many, probably most, Canadians see expanded trade, investment and tourism—and these are the focus of the relationship just now—as highly desirable, and greatly beneficial. Closer ties to Japan mean greater prosperity for Canadians, a greater degree of freedom for Canada from its dependence on American markets, and a way of breaking out of the historical patterns which have limited and undermined the potential for national development. As Harold Innis and his inheritors have elaborated in detail, most recently in the *Historical Atlas of Canada*, Canada was shaped by its roles first in an Atlantic, then subsequently a continental economy; roles which created regional disparities, distorted local economies, generated heartland-hinterland conflict, and sapped the integrative forces within the Canadian com-

munity. Concern over the impact of the cultural and economic relationship with the United States prompted the Trudeau government in the years after 1968 to pursue the so-called Third Option in an effort to lessen Canada's dependency on the U.S., a major element of which was an expanded relationship with Japan.² If ties to Europe and the United States have been a legacy of the past, then a new relationship with the Pacific Rim, and Japan in particular, promised to be the road to a better future.

Certainly the last decade has seen a remarkable pattern of growth: the value of Canada's exports to Japan has more than doubled since 1980, while imports from Japan have increased over 400% in the same period.³ Japanese direct investment has grown from \$921 million to almost 4.5 billion; indirect investment from \$5 million to \$35 million. The number of tourist visits from Japan has likewise increased almost four-fold in a decade. Canada now has twice as much trade with Japan as with Britain, four times that with West Germany, and six times that with France; in short, Canada now has more trade with Pacific Rim countries than with all of Europe combined.⁴ In one sense, at least, the search for other options has succeeded.

But a closer look at these impressive figures reveals some disturbing features. The pattern of trade and investment is tending to confirm Canada's chronic problem of regionalism, by both widening the gap between the 'have' and 'have-not' provinces, and by exacerbating the spatial divisions in the Canadian economy. These disparities have long been the source of political friction, and that tension is likely to grow as the disparities increase.

In the first place, the impact of trade has not been spread evenly across the country. Central Canada, for example, is the originator of 15% of Canada's exports to Japan; the Atlantic provinces can claim less than 4%, while the Prairies account for 23%. British Columbia for its part holds almost 60% (Figure 1). Meanwhile, manufactured imports from Japan are typically delivered in Ontario and Quebec, where, as Hideo Sato points out, competing products are manufactured.⁵ The industrial heartland suffers a loss of home market share, at the same time that British Columbia and Alberta profit from large exports of primary and agricultural products. The West, in

Figure 1
Trade with Japan by Province
In Thousands for 1989

	Exports	Imports
Newfoundland	64,693	3,443
Prince Edward Island	6,391	885
Nova Scotia	85,779	99,007
New Brunswick	210,335	11,997
Quebec	469,859	822,089
Ontario	821,885	4,001,349
Manitoba	217,941	84,315
Saskatchewan	635,563	9,820
Alberta	1,083,605	126,244
British Columbia	5,094,761	4,390,385

effect, is becoming richer at the expense of the Central provinces, a reversal of the traditional relationship and one that is likely over time to add substantially to both the West's sense of separatism and to the economic and political wherewithal to enforce its grievances. Long a hinterland of Central Canada, the West is gaining a greater measure of economic independence thanks to Japanese markets. At the same time, the gap between the underdeveloped Atlantic region and the rest of the country is widening. In addition, inter-regional differentials are also occurring: last year Alberta exported over one billion dollars worth of goods and services to Japan, but its prairie neighbor Manitoba sold less than one-fifth of that amount. Similarly, of the new investments in the Atlantic region in the last five years, 60% have gone to a single province—Nova Scotia. The effect in practice is likely to be growing fragmentation even within traditional regions as outlooks and attitudes change in response to economic conditions. To talk of the Prairies as though they constituted a single unit is hardly sensible, since whatever coherence they might once have had is rapidly disappearing.

Similarly, Quebec and Ontario, which have since Confederation been linked despite their linguistic and cultural differences by their dominant position in a continental economy, have a very different relationship in regard to trade with Japan: the value of Ontario's exports is twice that of Quebec, while over 47% of Japan-Canada

investment is made in Ontario compared to only 6% in Quebec, whose economy remains tied to the old structure focused on the American market—a focus reflected in Quebec's determined support for the Free Trade Agreement. Quebec nationalism has long been goaded by the economic differential between the two provinces; the skew in investment and trade promises to dramatically increase both conflicts of interest and the resultant tension.

Conversely, while trade and investment have upset traditional relationships, they have at the same time tended to confirm the underlying structure from which those relationships evolved. While all areas of the country have benefitted in one degree or another from the growing links between Canada and Japan, that benefit has generally had the effect of discouraging innovation and integration in the regional economies. The regions, in short, are getting locked into traditional patterns as they exploit short-term advantage, foiling the aim of such development programs as ACOA introduced to stimulate needed fundamental long-term change. "While more than a thousand Canadian companies do sales in Japan, Canadian exports are still highly concentrated in traditional resources... processed food and fish and agricultural products have grown dramatically since 1985". Meanwhile, the Canadian corporate presence in Tokyo is dominated by familiar symbols of Canada's 19th century commercial trading structure—branch offices of banks and resource companies.⁶ The West trades wood, wheat and coal, the Atlantic provinces fish and potatoes, while Central Canada's exports are far more likely to be manufactured goods.

The story for Japanese investment in Canada is much the same, in that it tends to be heavily concentrated in traditional regional sectors and to vary sharply across the country (see Figure 2). Toronto, for example, receives twice as much Japanese money as Montreal, while Halifax gets none at all. Moreover, investment in Ontario tends to be predominantly in industrial sectors, reinforcing that province's position as the dominant manufacturing center. (Figure 3) In effect, the road to the future is leading back to the past, as the new markets create external demand that tends to artificially extend old economic patterns at the same time that it is creating new political and social ones.

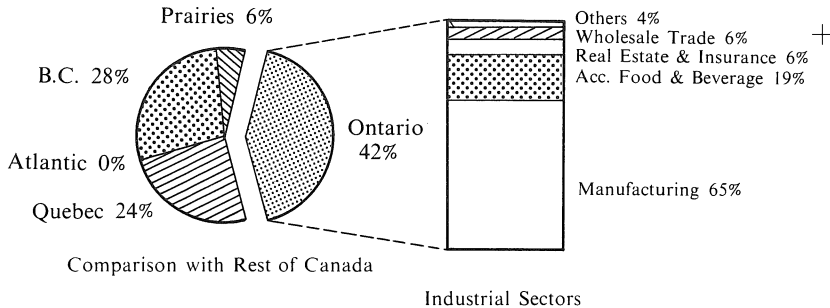
The effect of other contacts—tourism, culture, immigration, etc.—

Figure 2
Distribution of Japanese Investment in Calada

	Of Total Assets	Of Manufacturing Investment
Atlantic	0.2 %	0.0 %
Quebec	24.0	21.0*
Ontario	65.0	41.0
Saskatchewan	0.4	0.17
Alberta	5.0	0.6
British Columbia	28.0	4.0

* (Inflated by a single large investment in the newsprint industry)

Figure 3
JAPAN-ONTARIO 1985-1990
OVERVIEW
TOTAL ASSETS (000's)



includes direct, indirect and incidental investment

appears to be much the same. Over 250,000 Japanese tourists visited Ontario in 1989, but only 11,500 (or less than 5% of Ontario's total) ventured across the provincial boundary into the neighboring province of Quebec. Similarly, British Columbia hosted almost ten times the number of Japanese visitors as its neighbor Alberta. In large measure, the flag tends to follow trade so that cities and regions such as Vancouver and Edmonton which have taken on the role of centers for

the Canada-Japan relationship reflect increasingly the texture of that relationship, while others like Halifax and Sherbrooke do not. Universities in the West and Ontario scramble to introduce and expand Asian Studies programs, but it would be difficult indeed for a student to enroll in Japanese language courses in New Brunswick or Prince Edward Island. As trade, investment and tourism expand, access to language training means economic mobility, particularly in an economy in which entry-level jobs are to be found increasingly in the service sectors. Multi-culturalism has gradually taken on a different meaning. As a result, the myths and symbols that lie at the base of political and social arrangements vary enormously across the country, as does the fundamental orientation of the population. The East continues to look toward Britain and Europe, the West toward the Pacific and Japan. It is almost true to say that the country is gradually being pulled apart; it is certainly true that the formulation of national policies in education, language, culture and immigration which successfully address the collective interests and concerns of Canadians has become increasingly difficult.

Will the relationship grow; will the marriage last? Yes, but not without turbulence. As do all relationships, it brings challenges and creates fundamental changes in the partners. How willingly Canadians will accept the changes, and how successfully Canada can adjust traditional patterns of accommodation—already an uneasy, tenuous balance—to the new realities of the 1990s poses one of the fundamental dilemmas of the coming decade.

Notes

- 1 Hideo Sato, "Canadian-Japanese Economic Relations in a Triangular Perspective—A Japanese Perspective" in Wendy Dobson, ed., *Canadian-Japanese Relations in a Triangular Perspective* (C. D. Howe Institute, Observation No. 30).
- 2 Sato, p. 39.

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- 3 Statistics, graphs and figures courtesy of Investment Canada. In addition see *Canada 1990: An International Business Comparison* (Ottawa: 1990)
- 4 Charles J. McMillan, "Bridge Across the Pacific: Canada and Japan in the 1990s", (Ottawa: Canada Japan Trade Council, 1988), p.1.
- 5 Sato, p. 40
- 6 McMillan, p.28.

