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Symposium

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## On suppressed historical possibilities: A reply to the *Canadian Journal of Sociology* symposium

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Beauty is in the eye of the beholder. If anyone needed proof that social scientists bring their own perspectives wherever they go and view the work of others through these idiosyncratic lenses, the *Canadian Journal of Sociology* symposium on my book *Open for Business* (14, 4, 1989) was it. The result was a fascinating and rich spectrum of views and insights, with each analysis pointing to different sins of omission and commission, as well as gratifying confirmation of where my analysis was on the right track. No matter how good a work, it is never a definitive statement ending future debate. On the contrary the more new questions and new perspectives it generates in reaction to its various tenets, the more worthwhile was the project.

I do not intend to refute all the critical comments of the reviewers but rather want to engage in a dialogue with them that can move the whole area of research on the politics of Canadian and comparative economic development farther along. Many of the critical comments are positive, adding new avenues to explore and I welcome all who would join me in mining this only partially tapped area. Not all comments have this quality. Some are dead-ends and these I shall point out as well.

An advocate of the role of human agency in making history, Rianne Mahon (1989) urges a break with determinist, purely structural explanations of Canadian history. She points to Barrington Moore's liberating search for the "suppression of historical alternatives" that were "concretely possible in a particular society at a specific point in its history" (p. 502). Moore puts it this way:

Particular historical events need not have turned out the way they did . . . history may often contain suppressed possibilities of alternatives obscured or obliterated by the deceptive wisdom of hindsight . . . it ought to be possible to show just what was possible and why . . . the enterprise requires an effort to analyze a segment of history in order to explain why something did *not* happen, and to assess the significance of the causes or set of causes." (Moore, 1978: 376)

Such an enterprise helps to explain why what happened did happen. As Moore argues, "any explanation of what actually took place connotes an explanation of why something else failed to occur." "Historians have to use some conception of suppressed historical possibilities whether they choose to or not" (1978: 377). Using comparison to explore what happened in one society but not in another society under similar conditions, Max Weber, Barrington Moore, Theda Skocpol,

Charles Tilly, and others have explored alternatives and possibilities, not addressable by the factual study of events in one country.

Social scientists and historians are far from agreement as to the utility and even the legitimacy of such an enterprise. Jorge Niosi is apparently one of the skeptics. In his review of *Open for Business*, Niosi states:

This practice of deducing what a group (say, Canadian farmers) would have done (say, oppose foreign control of the economy) under non-existent conditions (if they had been politically stronger) has a name in epistemology. It is a counterfactual argument... but it is a weak one, because his general law on which it is based ("all farmers are nationalists, favour industry, and support military buildups") is far from demonstrated. Laxer would have been better to show — with original, empirical research — that Canadian farmers had those political inclinations he presumes they had. But this, of course, was not done. Comparative analysis based on secondary sources has its limitations. (Niosi, 1989: 518)

If Niosi is right much of the best historical and comparative sociology of the past twenty-five years is cast in doubt. It is impossible, it is true, to definitively prove the suppression of historical alternatives. On the other hand, as Moore points out "it is equally impossible to prove that any given situation had to turn out exactly the way it did" (Moore, 1978: 377).

If an argument about assumptions is unlikely to change anyone's mind, a discussion of some of Niosi's specific points may prove useful. Niosi's quotation purporting to represent the argument in *Open for Business* that "all farmers are nationalists, favour industry and support military buildups" is his invention, nowhere to be found in the book and is contrary to its spirit.

Niosi (1989: 518) is simply wrong in his generalization that nineteenth-century "farmers were free-traders and opposed to protectionist policies of the Canadian state." This misconception, widely shared, is the result of an ahistorical reading back into nineteenth-century central Canada, of the views of prairie farmers in the early twentieth century. As H.C. Pentland (1981: 136, 163) noted: farmers were suspicious of export markets and were generally protectionist throughout the nineteenth century. Canada's first tariffs, in 1843, were erected against imports of American wheat, not American manufactured goods, and resulted from protectionist pressures by Upper Canadian farmers (Easterbrook and Aitken, 1956: 289; Monet, 1969: 128). While many Ontario farmers had turned against Macdonald's National Policy by 1891, Louis Wood (1975: 93) estimates that a majority of Dominion Grangers supported the National Policy when it was adopted in 1878. Nor can it be said that English Canadian farmers were not nationalists. In contrast to Canadian trade unionists, who in 1902 submerged Canadian unions into American "international" unions, Canadian farmers made a point of severing their ties quickly with American farm movements, much to the astonishment and dismay of the American leaders. This happened with the Granger movement in the mid-1870s and again with the farmers' Patrons of Industry fifteen years later (Wood, 1975: 39-43, 112-113).

The main point I made about the role of farmers though was not regarding

their consciousness as protectionists or nationalists but that the consequences of implementing their social goals would have led to policies beneficial to independent Canadian industrialization. Niosi seems to have missed this point. Consequence is not intention. This is made clear in the chapter on “The Politics of Dependent Industrialization”:

Canadian farmers did not, for the most part, consciously seek to build an independent industrial Canada during initial industrialization. Far from it. . . . But that does not mean that the objective consequences of policies advocated by organized farming groups would not have led to a variant of the European system [institutional changes favourable to independent development in late follower countries]. (Laxer, 1989: 125)

I argue that farmers’ demands for a banking system geared to providing adequate farm credit, when successful at the political level in other countries, led to a new financial system that *inadvertently* aided the capitalization of domestic industry. This is not saying “farmers favoured industry.”

There are intervening factors between human agency as expressed in the intentions of political actors (eg., farmers) on the one hand and actual state policies and institutional outcomes on the other. First, political actors are usually concerned with immediate issues and do not necessarily understand the long-term consequences of the implementation of their demands. This is not to denigrate their intelligence; social scientists, who are in the business of analysis, also do not have a good record at prediction. Second, the demands of one political group interact with those of others to produce compromise outcomes and consequences unintended by all concerned. Here Walter Korpi’s (1983) model of compromises resulting from conflicts in the democratic class struggle is relevant. Third, the state itself is an important actor. Theda Skocpol (1985) and others in the “states as actors” school emphasize the autonomy of the state in determining state policies. In their view the state is not simply a battleground for contending societal forces where the strongest alliance prevails. Rather the state has a degree of autonomy (varying by context, policy area, and country) to shape policy in ways that seem feasible to state officials at the time. Skocpol concludes that “policies different from those demanded by societal actors will be produced” (1985: 15). Ann Shola Orloff and Eric Parker (1989) point out that *Open for Business* deals with the first two intervening factors but not the third — that of the autonomous role of the state. More on this below. Niosi did not grasp the distinction between intention and consequence.

Niosi is skeptical that Canadian farmers “were in favour of a Canadian-owned and controlled military industry or technology” (1989: 518). He is right to be skeptical. Organized farmers in Canada did not make these demands and I never argued that they did. The point is that in a number of other capitalist countries, agrarians had a “military orientation” during initial industrialization, but only towards defence of the home country, not towards far-away military ventures. Niosi exaggerates the historical point into a “general law” I created that farmers favoured military build-ups without qualification. Again he asserts that I argue

that agrarians *intended* that nationalist and industrial consequences should follow militarization. On the contrary I state that Canadian farmers were an exception to a tendency in other countries and explore reasons for their exceptionality. Orloff and Parker (1989), who are well aware of nineteenth-century European and American history, find this the most compelling part of the book.

The centrality of agrarian political forces, and the unintended political consequences of their division and failures in Laxer's explanation of early Canadian economic and political development is rather unusual among scholars in the Canadian political economy school, and represents an important advance for theories of development, realizing some of the promise of political sociology in the spirit of Barrington Moore and Theda Skocpol. Laxer's focus on what he terms "strategic concerns" to economic development is a real breakthrough. It has been all too common in studies of political economy (both Canadian and American) to ignore such factors. . . . Strategic concerns arising from the threats of war and conquest were clearly pivotal in state elites' efforts to bar foreign investment and popular support for such policies. It would strengthen Laxer's argument to link these strategic concerns to an explicit discussion of the dynamics of the international states system. (1989: 513-14)

Rianne Mahon (1989) agrees with Orloff and Parker that Canada was not under the same strategic pressures as European countries in the nineteenth century. "Laxer fails to seriously consider the limits placed on [the Liztian challenge to laissez-faire by the] application in Canada of our continued commitment to the British Empire" (1989: 504). She sees this not as Orloff's and Parker's "external states system" but as a result of the deep commitment of Anglo-Canadians, including workers and farmers, towards the British connection. I wholeheartedly agree that popular allegiance to Britain was central to English Canada's popular identity from 1867 to 1914 (Berger, 1970; Kealey, 1980). But continued allegiance to Britain was not an inevitable outcome of English Canada's beginnings as a British-settler society.<sup>1</sup> The example of the American thirteen colonies show this. Nor did the Loyalist origins of English Canada and the reinforcement of these traditions in the War of 1812 need to prevail over alternative traditions. The strength of the British tie in the late nineteenth century was related to the suppression of another historical possibility — the failure of the reform movements of the 1837 rebellions in Lower and Upper Canada. These movements aimed at winning democratic self-government free from colonial dependency on Britain. They were the potential leaders of a Canadian state or states with a strongly popular democratic flavour and their failure led to the emigration of many reformers who did not hold in high esteem the British connection and its association with the suppression of democracy.

The commercial capitalist and whig elites who assumed power after 1837, fashioned the new Dominion as a dependency of the Empire at a time when many leading British officials weighed the costs of their commitment to Canada as

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1. Nor can the large Irish protestant population in Upper Canada, the nucleus of the Orange lodge, explain the allegiance difference between the thirteen colonies and Upper Canada. H.C. Pentland (1981) argues that a large proportion of American settlers from the seventeenth to the early nineteenth centuries were Protestants from Ulster (100-1).

greater than the benefits (Waite, 1962: 18-21). British immigrants with an Orange background or otherwise loyal to the Empire settled in this post-1837 Canada and added to the popular support for the British connection. This is the origin of the states system of strategic interests in which Canadians presumed, somewhat over-optimistically<sup>2</sup> that Britain would protect Canadian interests from American encroachments (Stacey, 1984: 12). Mahon is right that in these circumstances many Anglo-Canadians shared the elite's attachment to the British Empire.

North American geographic isolation did not protect Canada from strategic concerns. Orloff's and Parker's thinking about the contrasting strategic position of the United States and Canada from nineteenth-century Europe is applicable only to the United States. As the sole great power in the western hemisphere the United States was in an exceptional position. Mexico's fate in the 1840s war with the United States shows that isolation from Europe was no safeguard against invasion and annexation of territory by this hemisphere's great power. What protected Canada from Mexico's fate after the American civil war, was undoubtedly Canada's alliance with Britain, the great world power of the time. This connection obviated the need for regular Canadian armed forces and for the infrastructure of such an army: a domestically owned strategic goods sector. Was Canada's alliance with Britain externally imposed as Orloff and Parker imply? The answer is yes if we go back to the suppression of the rebellions but it is no from the period of democratic home-rule (responsible government) after 1848. From then on, adherence to the Empire was chosen by internal elites in the context of the failure of the pre-1837 popular democratic projects. Canada was not in an externally imposed states system of military protection.

Niosi does have a point about the value of primary research into the supposed military-mindedness of Canadian farmers and more generally. But the issues must be thought through. Some questions are not amenable to research, primary or otherwise. If options implemented in a comparable society were not even discussed in the society under question, there are no sources to search. Canada, for example, never considered the possibility of adopting German investment banks although they would have aided independent development under late follower conditions. Thus there are no important primary (or secondary) sources to research directly. However we can explore why other late follower countries adopted this type of banking and Canada did not by examining to what extent the preconditions for their adoption elsewhere existed in Canada in such questions as the political strength of agrarians, in the role of the state in the issuing of bank notes, and in opposition to financial monopoly. For these questions more primary

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2. In the Alaska boundary dispute of 1903, the British representative, who was supposed to be on the Canadian side, agreed with the American claim and Canada lost territory. Teddy Roosevelt's threat to the British Prime Minister, in the context of the "rise of Anglo-American friendship," likely played a major part in the decision (Stacey, 1984: 97).

research is needed. Other issues such as the military orientation of Canadian farmers are amenable to direct primary research but the questions have to be posed more precisely than Niosi has done.

All of Canada's twentieth-century wars, from the Boer War to the Korean War, were fought far from home.<sup>3</sup> I argued that agrarians in western Europe, Japan, and the United States tended to support defence of the home country during initial industrialization but not distant foreign adventures. Did Canadian farmers have a similar orientation? We must look only at wars or the threat of wars fought on Canadian or British North American soil. This is a very limiting condition given the states system established by Canada's continued adherence to the British Empire and the military umbrella thus implied. For English Canada it limits us to the War of 1812 (confined to Upper Canada and the eastern townships) and perhaps the Fenian raids after the American Civil War. In Quebec three wars were fought on home territory: the Conquest, the American revolution, and the War of 1812. The ambiguous role of agrarians was demonstrated during these wars with ready support by habitants in 1812 in contrast to their neutrality in 1775 (Ouellet, 1980: 106) and by conflicting loyalties in Upper Canada in 1812 (Mills, 1988). More primary research on the role of agrarians during these episodes would be good but it could not address the points I made because these wars were all fought before initial industrialization. The historical context must be specified before we plunge into primary research.

Orloff and Parker see an inconsistency in my comparisons regarding the Canadian debate on the American alternative to both British and European banking.

Laxer's book is in many ways an exemplary comparative analysis, but it is a bit disconcerting to have it demonstrated so convincingly that Sweden is the appropriate comparative case and then have a American-Canadian comparison assume such importance to the argument. The contrast between the two North American countries' popular agrarian movements is clear, yet this difference is used to make inferences about industrial development, without "holding constant" the critical causal factors such as market size and the timing of initial industrialization as was done in the Swedish-Canadian comparison. (1989: 512)

If I implied this, the criticism would be serious. Orloff and Parker are right that by introducing a US-Canada comparison on populist agrarian politics, the argument loses a certain symmetrical elegance. I was aware of this but thought the value of the comparison outweighed the negative features. Perhaps I was not forceful enough about the uses and especially the limits of Canada-US comparisons.

Sweden and the other late follower countries are the best comparisons for Canada's economic problems and opportunities during initial industrialization (1867-1914). I took care to make this clear and did not mean to imply that if

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3. Thus the protest, for example, by the Canadian Council of Agriculture in 1918 against conscription of farm labour for the war in Europe is not a case in point (Morton, 1950: 73). The Boer war lasted from 1899 to 1902.

Canada had adopted the American unit banking system that the Canadian economy would have developed along American lines. Different circumstances lead to different consequences.

Canada-US comparisons filled some gaps in the main comparisons with other late followers. The latter's economic circumstances may have resembled Canada's in the late nineteenth century but their social formations were more divergent. When discussing the politics of economic policies in Canada, I switched to US-Canada comparisons in some instances because of direct American influences on the Canadian debates. If I had restricted myself to late follower comparisons, for example regarding banking, I would have had nothing to say about actual banking debates in Canada. Canadians debated the American not the European alternative to the inappropriate British commercial banks. I did not want a rigid adherence to the symmetry of late follower comparisons to remove us so far from Canadian history that I had nothing to say about the actual politics of Canadian banking. Orloff and Parker are right that adoption of the post-1830s American banking system might not have been sufficient to allow Canada to generate an independent economy in the altered circumstances of late follower development. I stated this, but perhaps not forcefully enough (Laxer, 1989: 168).

"There is one serious omission in Laxer's analysis" — the "state has not been fully 'brought in' to the analysis," according to Orloff and Parker (1989: 514). They make an interesting argument about the lack of state capacity in liberal states such as the United States, Britain, and Canada to make effective economic and social interventions, such as blocking foreign ownership. Because of their strategic isolation, democracy preceded bureaucracy in these countries. This is an analysis with which I must confess I was not fully aware and is a very promising line of inquiry which should be more fully explored in the Canadian case. The liberal state argument explains well the late and limited development of welfare states in those countries (Orloff, forthcoming; Skocpol and Finegold, 1982), but it appears to work better regarding social than economic interventions. To use the Canada-US comparison again, the United States, the exemplar liberal state where (white male) democracy and patronage politics were established early, had sufficient state capacity to break up the entrenched commercial banking system in the 1830s and to discourage alien land ownership in the 1880s. American state capacity was not necessary for American railways to cost 1/5 per mile as much as British (and many Canadian) railways. In Canada limited state capacity did not prevent the colonial state from enforcing a ban on the ownership of land by American citizens after the War of 1812, nor Canadian control of banks throughout the nineteenth century, nor Canadian control of the CPR. The liberal state was geared toward economic issues such as tariffs, not to social issues. All of this is not to deny the efficacy of the state capacity question in nineteenth-century Canadian politics (Whitaker, 1987), but to point out limits to the argument.

Niosi's biggest objection to *Open for Business* is clearly with the main

question it poses: why has Canada had such a high degree of foreign ownership. Making this the main focus of the book seems to have put Niosi off so much that he did not “see” its main arguments. He wants me to get into his question about contemporary Canada as an imperialist and independent capitalist power. (I have no problem accepting Canada as imperialist in relation to the Caribbean and Latin America nor the strength of a home-grown capitalist elite.) I did not portray Canada as a “semi-industrialized, dependent country” (p. 518) as have most left nationalists, but on the contrary gave evidence showing the advanced state of Canadian manufacturing at an early point and rejected arguments emphasizing the external determination of Canadian society. Niosi seems to have been so put off by the “left nationalist” problematic that he did not see the novel explanation developed in what Brym (1989: 496) calls Laxer’s “heretical step.”

The literature on contemporary Canada that Niosi and his colleagues have developed and he wants me to acknowledge is not relevant to *Open for Business*, which focusses on the 1867-1914 period. In any case I find much of the debate of the past two decades between left nationalists and anti-nationalist Marxists to be exaggerated on both sides and ideologically driven. Canada is neither a dependency like third world countries nor an autonomous capitalist power. Both sides have exaggerated their case because ironically they both accepted the same false premise derived from orthodox Marxism: that nationalism is progressive only in the early or colonial phase of capitalism. Hence the left nationalist attempt to prove Canada a dependency and the anti-nationalist Marxist attempt to prove Canada an independent imperialist power. A pox on both sides. The premise that both accept is based on the discredited stages theory that Marx and Engels refer to in *The Communist Manifesto* but which Marx later questioned in the Russian case in the 1870s.<sup>4</sup>

Finally we return to Rianne Mahon’s (1989) “suppressed alternatives.” She praises the book for freeing the period of initial industrialization from determinist explanations but contends that “just when he [Laxer] has opened the door, he slams it shut again: for Laxer the die was cast in the first decade of this century” (p. 505). This is a misconception. I did not shut the door nor argue that Canada could not have taken a different course after 1914. The book focusses on the 1867-1914 period and argues that the pattern established by 1914 has remained until today. In that sense it was an important turning point in Canadian history. But I did not state nor do I believe that the course of Canadian history had to be fixed from that point in a foreign ownership mould. I agree with Mahon on the importance of searching for other “moments of suppressed alternatives.” *Open for Business* was written to challenge the enduring myths about the overwhelming power of geography and American corporations to determine Canadian life and so give Canadians an understanding that they can make their own history in a way that is different from current patterns.

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4. This argument is developed in an unpublished paper of mine “Nationalism, the Left and political mobilization” (1990).

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