Preface

Crown corporations have long been present on the Canadian landscape. Since 1841, they have been dexterously implemented and hotly debated as instruments of public policy. Yet they have fallen out of favour of late. Today, many view the “Crown” as lazy, inefficient, and ineffective forms of enterprise. To be sure, a number of Crown corporations have failed to realize their objectives. Polymer Corporation Ltd was not one of them. What follows is the history of one of Canada’s most successful Crown corporations and the play of public policy and commercial enterprise upon it.

Polymer came into existence in 1942 in response to the Japanese invasion of Southeast Asia, which, as of December 1941, cut off the Allied rubber supply. Before then, over 90 percent of the world’s rubber had come from the plantations of the Far East. Rubber was indispensable to modern warfare and wartime industry: most military items used it in one form or another, because its malleable properties minimized mechanical wear and tear. Without an alternative source, the Allied war machine would have come to a grinding halt. Because it lacked the time and climatic conditions that were necessary for cultivating a source of natural rubber, Ottawa embarked upon an experimental project to produce a synthetic substitute. The risky program was designed to produce enough synthetic rubber to meet all Canada’s wartime requirements and, therefore, to keep the country in the war. To oversee the construction and operation of its first synthetic rubber plant, Ottawa created Polymer Corporation. As one of twenty-eight Crown corporations set up by the federal government during the war, Polymer was expected to fulfill a public-policy purpose. Despite various obstacles, it managed to achieve its objective. By war’s end the nation no longer depended on foreign supplies of rubber.
After the war, Polymer was one of a handful of Crown corporations retained by the Crown. The task assigned to it by the dynamic minister of reconstruction, C.D. Howe, was to act as an industrial polymath. Howe was convinced that by functioning as a commercial enterprise on the free market, it would attract other petrochemical companies to the Sarnia region. It would thus be the cornerstone of a “chemical valley”. With its mandate clearly defined, Polymer became a model of state-owned industrial success. How it did so is the subject of this book.

In Canada, Crown corporations have always been expected to perform both policy and commercial roles. Polymer was unique in that for most of its existence, the emphasis was on the commercial role. Making money was its raison d’etre. In the process of turning a profit, however, Polymer incidentally served a public purpose – initially winning the war and latterly giving Canada a leading-edge presence in the global synthetic rubber industry. The going was not always easy, of course. Over its history, Polymer faced many challenges. This book identifies those challenges and its response to them. It explores its strategies and structures in the context of international business developments, the role of science and technology in the growth of the firm, the relationship between profits and innovation, and the dynamics of corporate decision making.

Drawing on the rich Polymer/Polysar collection at the National Archives of Canada and the informed comments and reflections of the men who led the corporation over a period of fifty years, the book concludes that, contrary to neoconservative rhetoric, Crown corporations can be both effective instruments of public policy and dynamic and profitable commercial enterprises.

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