

THE CRISIS OF CANADIAN POLITICAL ECONOMY: DEPENDENCY THEORY VERSUS THE NEW ORTHODOXY

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Canadian political economy is in danger of losing the vitality, originality and critical spirit of inquiry which was much in evidence during the seventies.¹ This is the result of two unhappy developments, leading away from heterodoxy to orthodoxy. First, an important number of political economists are no longer interested in addressing the issues and concerns identified with liberal political economy. On the left, there is a widely held belief that liberal and Marxist traditions of political economy are incompatible and that it is necessary to purify Canadian political economy of original sin, its liberal origins and the "heretical" views of Innis and the Innis tradition, on the grounds that Innis wasn't a Marxist and the questions he addressed are largely unimportant.² The second danger rises from a misplaced idealization of Marxism — a naive belief in Marxism as a science *à tout faire*.

Here I am going to suggest that much of the current debate in political economy is unproductive and misdirected because Marxism is treated as a dogma to be defended rather than as a methodology and a mode of inquiry in constant flux and need of restatement and refinement. In Canada, Marxism encounters particular problems and it is no exaggeration to say that the Marxist paradigm, as it has been applied by many Canadian political economists, has not proven as fruitful as in other contexts. At the very least, Marxism as a mode of analysis has to be reformulated to allow for the particular nature of the semi-peripheral social and economic formation here as well as in other cases such as Australia and New Zealand. This is the essence of my reflection. In the first part, I am going to defend not Innis but Innisian-based Marxism as it relates to the current debate on Canadian capitalist development. In second part, I am going to argue the importance of maintaining an open paradigm in political economy.

What is happening in Canadian political economy? Canadian political economy is being torn by diverging tendencies. Ray Morrow's provocative and thorough analysis warns that Canadian political economy cannot afford to ignore the important theoretical work being done elsewhere on the relationship between culture and economics.³ But from another perspective a different danger is imminent. The Canadian political economy paradigm is in the process of closing. The current debates, which surface in the special issue of *Studies in Political Economy* entitled "Rethinking Canadian Political Economy", reveal a series of limitations which must be confronted⁴:

- the disastrously oversimplified belief in "class analysis";

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- the absence of awareness of the centrality of the national question and the way it interacts and mediates class relations;
- the unwillingness to recognize Canada's colonial origins and the impact of colonialism on Canadian capitalist development, most notably on the formation of the working class and other classes.
- the failure to address the political and social side of development which holds the key to understanding the development of the Canadian state and the particularity of the party system in Canada.

This list could be extended to include other aspects of Canadian political economy.

In a more fundamental way, it is not Innis and his writings which are at the centre of this controversy. Allowing myself to oversimplify, one can identify two broad tendencies, one which draws inspiration from Innis and the other from the more abstract tradition of Marxism which lacks the crucial national dimension and a specific methodology for addressing the key problems of Canadian social and economic development. From this perspective we can see that to focus narrowly on Innis and what he wrote does not go to the heart of the problem. It should be evident that more fundamentally, what is at stake is a debate about paradigms. It is profoundly methodological in the sense of defining an approach to the study of the social forces comprising Canadian reality; it is theoretical in the way it proposes to analyze the mode of development; it is intrinsically political in the strategic sense of the term and the way it accounts for social change.

While Innis is not Marx and no one has ever claimed that Innis and the Innisian tradition are a substitute for Marxian theory (must this be said again), nonetheless, it is the case that despite all their differences, liberal and Marxian political economy share certain things in common.⁵ It is totally erroneous to think that one has to choose between Marx and Schumpeter, Marx and Innis, Innis and Schumpeter, or any other "odd couple" which comes to mind. If there is a dividing line, a point of demarcation, it is between those who subscribe to a generalized, often ahistorical neo-Marxism (with Canadian content, *bien sûr*),⁶ and those who advocate a radically contextualized historical materialism aware of the limits of Marxism and open to other schools of political economy of varying tendencies.

For too long we leftist Innisians have been reticent to say explicitly what is the case the neo-Marxist anti-Innisians on the left are saying. Among other things it includes denying or minimizing:

- the centrality of a resource commercial economy;
- the imperial/colonial structure of development;
- the institutionalization of colonialism in Canada's political structures;
- the influence of foreign ownership;
- the effect of export-led growth on class formation;
- the role of the imperial state in Canadian development;
- the importance of social, cultural, national factors in the formation of Canada.

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Analytically, what separates the Left Innisians from the anti-Innisians? If it can be reduced to a single factor, it is the emphasis given to the internal/external dialectic in the Canadian social formation. The anti-Innisians deny or minimize the crucial and continuing role of external factors in the formation of Canada. This is their blindspot.

In essence, the anti-Innisians claim that Canadian development is principally autonomous, intraverted, auto-centric. Nowhere is this position more clearly articulated than in the debate on industrialization, Naylor, and the Canadian state.⁷ All the points in contention cannot, of course, be reduced to a single issue, but one can discover the methodological propositions which the anti-Innisians share in common: the minimization of externality (i.e. of exogenous forces) as a principal factor in Canadian development. By contrast, for Innisians, externalities play a dominant role in shaping so-called indigenous developments.

The recent debate about "externalities"⁸ is not new. One has only to recall the fundamental differences between the Innis and the Mackintosh theories of staple-led growth. The Innisian theory is based on an extraverted model of development, while for Mackintosh, development is auto-centric.⁹ In minimizing externalities, Mackintosh was forced, nonetheless, to explain "the rigidities" of Canadian development. He attributed them to "bad" geography and, of course, claimed that Canada constituted an unnatural economic unit in terms of the interaction of market forces in North America.

In the present context, Panitch goes one step further: he explains the weakness of Canadian industrialization not with reference to "geography" but in terms of the capital/labour nexus. More than this, he wants to explain Canadian development principally in terms of indigenous forces. He claims that the relatively high wage levels of the Canadian working class at the end of the nineteenth century retarded the rate of capital accumulation. At first sight this hypothesis seems plausible. The success of Canadian workers in obtaining a high standard of living logically would have reduced the profitability of capital and increased the costs of production, particularly in small and medium-sized enterprises. In short, Canadian industry suffered a comparative disadvantage due to high labour costs. Panitch develops a table showing that the wage levels of Canadian workers in the 1870s were considerably higher than in Europe. For him, the implications of having a high-wage proletariat are unmistakable:

... the only way Canadian capitalists could have competed successfully with the financially stronger and more productive American capitalists was through a higher rate of absolute exploitation of the Canadian working class than was possible... Thus the very struggles of the Canadian class... put limits on the competitiveness of Canadian capitalists.¹⁰

This attempt to explain the stunted and foreign dominated nature of Canadian development within a classical Marxist framework merits attention

both for empirical and conceptual reasons. But Panitch's explanation does not open any new vistas on these all-important questions because nominal wage levels tell us relatively little about the real movement of wages and their impact on manufacturing costs and productivity.

As Logan has showed in *Labour in Canadian-American Relations*", the best source about labour costs in Canadian-American manufacturing industries during the last quarter of the nineteenth century, American industrial wages were 60% higher than those in Canada! Not only in the nineteenth but in the twentieth century as well, there was a significant wage differential between Canadian and American workers (see Chart I). In 1870, the average industrial Canadian wage-earner received \$218 and the corresponding figure for the U.S. was \$302. By 1880, the figures were \$231 and \$347. In 1890, the gap between Canadian and American wages increased further. The average Canadian wage was \$273 and the average American industrial wage was \$445 (see Table I). Logan writes:

At the beginning of the present century, wages in manufacturing in the United States averaged approximately 50% higher than in Canada and although the divergence has frequently been narrowed since that time, the American lead has never been seriously challenged.¹²

Pentland fills in the rest of the picture about labour costs and the movement of wages in Canada at this critical time. Most important is the relationship between the cost of living, particularly food costs, estimated to have consumed the major part of a worker's wage income and real wages. Pentland says that rising food costs effectively neutralized nominal wage gains made by different sections of the working class after 1900 (see Chart II). "Canadian workers failed to achieve any significant improvement in real wages before 1920 and those in the export-oriented industries appear to have been distinctly worse off after 1910 than they had been in 1900".¹³ Only after 1924 did real wages rise.

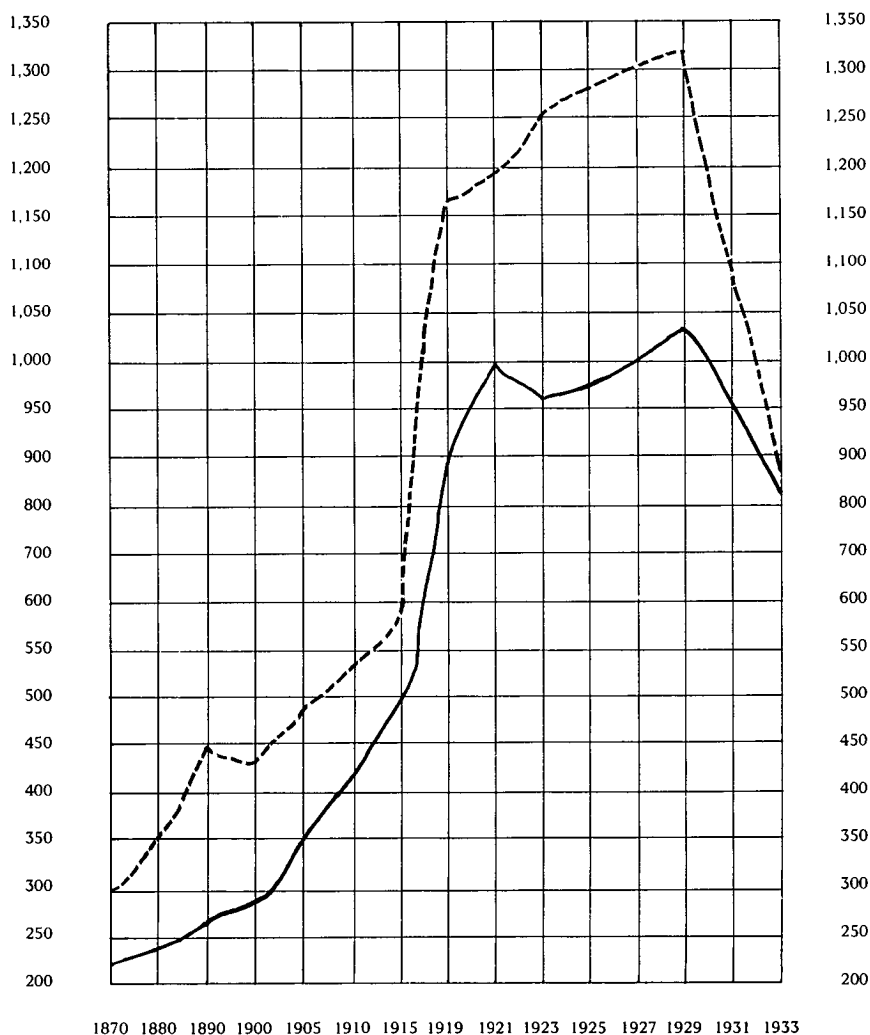
In fact, between 1880 and 1930 living costs in Canada were some 20-40% higher than those in the U.S. Logan notes that the American worker had higher wages and lived at less expense.¹⁴ Before 1914, he was 30% better off than his Canadian counterpart. Given all this, it is not surprising that Buckley discovered that Canada's rate of capital formation was higher than England's when that country industrialized.¹⁵ Even with existing wage levels, Canada's actual rate of capital formation remained persistently high throughout this period.

But the most important piece of evidence concerns the relationship between wage levels and productivity. O.J. Firestone shows that productivity gains outstripped wage increases between 1890 and 1910. Indeed, real output grew four times faster than real wages during a time of heavy industrial mergers and the rapid increase in the domestic market for consumer and capital goods. In a long term perspective, it can be seen from Table II that for this twenty year period, wages experienced their smallest increase of any comparable period between 1870 and 1950.

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CHART I

COMPARATIVE ANNUAL WAGES FOR ALL MANUFACTURES:
CANADA AND THE UNITED STATES



*SOURCE: H.A. Logan, "Labour Costs and Labour Standards", in H.A. Innis, *Labour Canadian American Relations*, 1937, p. 90.

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TABLE 1

COMPARISONS OF SIGNIFICANT STATISTICS PER WAGE-EARNER FOR
ALL MANUFACTURES FOR CANADA AND THE UNITED STATES,
AND OF NUMBER OF WAGE-EARNERS PER ESTABLISHMENT

Year	Number of wage-earners per establishment		Average yearly earnings per wage-earner (a)		Value added by manufacture per wage-earner		Capital employed per wage-earner	
	Can.	U.S.	Can.	U.S.	Can.	U.S.	Can.	U.S.
1870(69).....		8.15	\$218	\$302	\$489	\$679	\$415	\$825
1880(79).....	5.12	10.76	231	347	486	722	647	1,021
1890(89).....	4.87	11.98	273	445	568	990	959	1,535
1900(99).....	21.4	10.36	284	437	668	1,066	1,420	1,850
		22.66		426		1,025		1,904
1905(04).....		25.31		477		1,151		2,318
1910(09).....	24.5	24.68	418	518	1,112	1,289	2,650	2,786
1915(14).....	21.6	25.73	496	579	1,201	1,403	4,320	3,234
		38.96		590		1,408		
1919.....	21.5	42.06	924	1,162	2,814	2,756	6,200	4,911
1921.....	16.5	35.44	997	1,181	3,049	2,639	8,370	()
1923.....	19.9	47.78	960	1,254	2,715	2,944	7,580	()
1925.....	20.9	44.83	970	1,280	2,697	3,194	8,170	()
1927.....	23.2	43.49	996	1,299	2,895	3,303	8,140	()
1929.....	25.2	41.89	1,040	1,315	3,174	3,607	8,508	6,335
1931.....	18.7	37.27	956	1,102	3,041	3,046	10,841	()
1933.....	15.8	42.65	787	869	2,629	2,412	11,741	()

SOURCE: Adapted from H.A. Logan, op. cit., p. 86.

(a) Before 1900, Canadian wage-earners include salaried workers.

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CHART II

WAGE MOVEMENTS IN CANADA 1900-1930 IN CURRENT AND CONSTANT DOLLARS

Year	(1) General Index of Money Wages	(2) Price Index of Family Budget	(3) Real Wage Index (General Index)
1900	100	100	100
05	117	112	104
10	135	131	103
1911	133	133	100
12	137	141	97
13	141	143	99
14	143	146	98
15	144	142	101
1916	154	151	102
17	176	186	95
18	207	211	98
19	243	227	107
20	289	265	109
1921	264	232	114
22	246	214	115
23	252	215	117
24	256	212	121
25	253	215	118
1926	255	220	116
27	260	217	120
28	264	218	121
29	268	221	121
30	270	218	124

Wages (1900 = 100)

SOURCE: Department of Labour series from M.C. Urquhart and K. Buckley, *Historical Statistics of Canada* (1965). Wage indexes for 1900 estimated on the assumption that wage movements in Canada in 1900-1901 were approximately the same as those of the United States. The Chart is found in H.C. Pentland's study prepared for the Task Force on Labour Relations, *A Study of the Changing Social, Economic Canadian System of Industrial Relation*, p. 78.

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TABLE II

CHANGE IN AVERAGE WAGES PER MAN-HOUR, CONSTANT (1935-9) DOLLARS,
MANUFACTURING, AND GROSS VALUE OF MANUFACTURING PRODUCTION PER
MAN-HOUR IN CONSTANT (1935-9) DOLLARS: CANADA, 1870-1950

Years	Percentage increase in	
	Real wages man-hr.*	Real output man-hr.*
1870-90	54	47
1890-1910	10	41
1910-30	50	72
1930-50	76	47
1870-1950	346	420

*Wage-earners only.

SOURCE: O.J. Firestone, *Canada's Economic Development, 1867-1953* (London, 1958), Tables 76 and 81.

There is something amiss with Panitch's claim on this fundamental point of a high-wage proletariat and a lower rate of exploitation. It does not get us very far to present the capital/labour nexus in such narrow terms. Indeed, it ill serves political economy to attempt to understand the class relations of development in such orthodox terms. *Capital and labour are always part of a larger constellation of forces comprising a mode of development with its own structures, institutions, culture and history.* This pivotal relationship between the exploited and the exploiters was, in Pentland's words, "muffled" because of regional, bi-national, and occupational interests.¹⁶

The mode of development is too complex and atypical in Canada to single out labour costs as the central reason for retarding industrialization. While rates of exploitation do indeed affect labour costs, they do not explain how labour is employed in the productive process; how the capitalist labour market affects wage rates; and how the mode of development in its turn shapes the emergence of the working class. The important work of Robert Boyer on *le rapport salarial* is particularly germane in shedding light on these issues. In his seminal article "Wage Formation in Historical Perspective: the French Experience", Boyer has assembled impressive empirical information for understanding wage formation in a larger theoretical perspective.¹⁷ He uses a different concept to explain the factors determining the wage-salary relationship:

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This approach depends fundamentally on the notion of *regulation* over a very long period of analysis. By regulation, is meant the way in which a system as a whole functions, the conjunction of economic mechanisms associated with a given set of social relationships, of institutional forms and structures. In contrast to the neo-classical school, which postulates unvarying and identical principles in all markets, including the market of labour, the notion adopted here is that the economic mechanisms in each market derive from institutions or autonomous structures. They cannot be reduced to an overall mechanism based only on the operation of "supply and demand".¹⁸

Boyer shows just how complex a matter the question of money wages, costs of living and productivity really is. Wages in the nineteenth century were not "limited to the determination of the average wage for industry as a whole but... what is important is the specific rather than the overall market...". Thus the overall secular market movement in wages conceals marked divergences for different occupations, the rise in money wages from 1830-1891 varying from 60% to over 200%. "Indeed it is open to question whether, in view of the large differences in wage and labour movements between sectors, *the notion of the average wage is relevant to the 19th century* (my emphasis)". For much of the nineteenth century, wages in Europe tended to increase when the cost of living rose and remained relatively unchanged when prices fell.

It is highly significant that wage movements in Canada followed this norm. Real wages tended to fall here as elsewhere, a point the importance of which has never been fully recognized and allowed for in the study of wage rate changes in Canadian economic development. In the Canadian social space, there was not *one* labour market, as is often alleged, but several different and indeed competing ones. The labour market was far from being homogeneous. (On this key point, we should not follow Pentland in thinking that there was *a* labour market).¹⁹ There was a market of skilled workers paid more or less the same rates as American skilled craftsmen. There was a semi-skilled industrial labour market with wages possibly anywhere from 20 to 40% lower than their American counterparts. Finally, there was a reserve army of unskilled labour working in resources, construction and agriculture whose rates rose and fell with the boom-bust cycle of export-led growth. It is important to note that wage rates were not stable, and fluctuated continuously both within and between the various segments of the labour market and between regions. Given these highly favourable conditions for capitalist accumulation and investment, where did the surplus go? If it wasn't appropriated by labour, as Pentland clearly shows, what happened to it? Could it be that much of the surplus was exported?

Significantly, little work has been done on specifying the labour process and the labour requirements of an extractive commercial economy. Our knowledge of the way, the staple and resource capitalism affected the development of the

labour market is not more advanced. Both these pivotal issues remain a virtual *terra incognita*. Yet if labour costs *per se* did not retard Canadian industrialization, we do know a lot about the "other" forces which retarded and continue to retard Canadian industrialization.

Here we come full circle. Exogeneous forces did indeed play a pivotal role in restricting the development of the internal market and the Canadian manufacturing condition. But can we be more precise? Was it the fact that as early as 1840, as Ryerson shows, American manufacturing already controlled a surprisingly large share of the Canadian market for goods of all sorts?²⁰ Was it due to the change in the Patent Act in the early 1980's which made Canadian industry dependent on American technology?²¹ Was it due to the fact that Canadian banks channelled Canadian savings to the American money-markets and that a sizeable part of the New-York short-term money-market was Canadian in origin?²² Was it due to the policies of the state which protected American subsidiaries operating in Canada and permitted them to import machine parts and equipment duty-free?²³ Was it the fact that as Pentland showed in his now forgotten exchange with Aitken, in the pre- as well as post-Confederation period, Canada exported an important part of its "surplus" due to the continual repatriation of profits by British and American investors?²⁴

One doesn't have to choose between these different options to make the crucial point. Each has a degree of validity and contributes to our understanding of the weakness of Canadian industrialization. Taken together, these factors had the effect of reinforcing the export-led nature of Canadian development with only a marginal industrial zone emerging by the end of the nineteenth century. It does not get us very far simply to claim that the meagre economic gains of the proletariat explain the relative weakness of Canadian industrialization. Rather Canadian industrialization was directed by and towards an external dynamic at all levels, including the capital and labour markets. Seen in this context, the distinction between internal and external is purely artificial. In reality, so-called indigeneous developments and initiatives taken by the state and local bourgeoisie, e.g. the National Policy, were little more than the reverse side of what I call an externality, an awkward term designating the social and economic relations of colonialism. We may like to think that these initiatives appeared as a reflection of the needs of a maturing Canadian economy and nation. To some extent they obviously were but, viewed from a larger vantage point, it is clear that neither the state nor the capitalist class controlled or even set the pace of Canadian development. The motor forces of development clearly lay elsewhere. State and capital could react; they could influence; they could take initiatives; but they could not control in any fundamental way what happened. They were a subservient state and bourgeoisie, continually on the defensive reacting to events over which they had no real control. Even the idea of "control" was alien to their political world for the simple reason that there was no fundamental conflict between their internal needs of capital accumulation and their external allegiance.²⁵ Witness the reaction of the political elite to Blake's now forgotten speech at Aurora in

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1872.²⁶ They were appalled at the prospect of being *maître chez nous*. Even the National Policy, Macintosh reminds us, was a second best choice of the emerging capitalist class, its first being reciprocity!²⁷

A more complete explanation of why Canadian capitalists were always on the defensive lies in the political context. Among other events, we need to reassess the long-term significance of the failed revolutions of 1837. A successful bourgeois democratic revolution would have allowed the independentist wing of the capitalist class to wrest control from the colonial oligarchy.²⁸ Since this did not happen, the basic strategy of Canadian capitalism has not changed greatly over the long-haul. It has remained faithful to its origins: adjustment and accommodation to empire. Surely, this is the central conclusion of Creighton's remarkable study explaining the longevity of the second commercial empire of the St Lawrence and the point is well documented in numerous studies in the Innis tradition, tracing the evolution of Canadian capitalism for the succeeding periods.

There are, then, strong theoretical and historical reasons for stressing the prominent role of external constraints in Canadian development. But it would be an error to think that there was no autonomy. This is not the case. But what does autonomy mean in a Left Innisian perspective? Under what circumstance is it proper to speak of autonomous moments of development? These questions are part of a longer discussion but this much needs to be underlined: if it can be seen that the division of labour is imposed from without, autonomy is paradoxically and not infrequently the product of an external crisis or change in the "needs" of the metropole. When this is the case, it leads to the "freeing up" of internal forces and the possibility of auto-centric development, a change in the strategy of capital accumulation, and a realignment of class forces. On balance, these "openings" (eg., at the time of the American civil war, in the inter-war period in the 20s and 30s, post-Vietnam) have been few and far between and have not been seen as occasions by the State and elite to alter radically the economic structures of what I call a dependent resource commercial economy.

All of this is schematic and perhaps when Naylor's monumental study of Canada in the European age is published,²⁹ we will have a better understanding of how this externally derived form of development undergoes change and transformation. Based on Naylor's earlier work, it is already clear that transformation is also usually the result of exogeneous forces: the introduction of new technology, change in the international price of staples, change in external demand, working their way through the economy and the social structure. This cycle of dislocation/adaptation inevitably produces what Innis termed social disturbances and what Marxists identify as intense periods of class struggle. Because such a large part of the economy is "exposed" to frequent changes in price, technology, capital movements, these externalities animate and intensify social and class conflict as well as forcing the state to be a stabilizing agent in addition to all its other functions. The social dynamics of a society structured on resource capitalism cannot be explained as classical Marxism would have it, by simply positing that the principal theatre of conflict

is to between labour and capital. What always needs stressing in the case of Canada is to the same extent that our development has been subject to the vicissitudes of the external market, so also are the class relations. This is part of the reason why social movements rise and decline with such regularity and why the Canadian working class finds itself divided between those working in the 'exposed' sectors and those in the 'sheltered' side of the economy. While the possibility for autonomous change and transformation frequently exist, it is an entirely different questions of how these "openings" are utilised and for what ends.³⁰ The study of all these external factors should be at the heart of political economy and should be central to any discussion of class, capital formation, and the Canadian state and yet frequently this critical dimension is ignored. What is it about the specificity of our social and class relations which proves so difficult to analyse from a Marxist perspective? This question is worth looking at from a number of different angles because it raises a series of interrelated issues not only about the study of Canada but neo-Marxist theory as well.

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Speaking bluntly, why has Canadian Marxism had such difficulty coming to terms with Canada as a social formation? Is the problem Marxism as such, or the mechanical application of an orthodox (i.e. metropolitan) model? While, no doubt much more could be said about the particularity of Canada as a social formation, the essential point is that the theoretical, and conceptual framework of 20th century Marxism has been developed to analyze centre societies. Hence, it is not surprising that a country like Canada should present certain difficulties. It falls between social formations, having the social relations of advanced capitalism and the economic structures of dependency. There are far too many features of Canadian society that do not lend themselves to a traditional Marxist analysis drawn from a European experience. In these circumstances, undue reliance on universal models leads to orthodoxy of one form or another with highly selective views of reality. Given our ambiguous status, what particular insights of Marxism do, then, apply in the case of Canada?

The answer to this question is not immediately evident. For instance, we have already seen how staple-led growth and colonialism profoundly affected the structures of Canadian capitalist development. Similarly, consider class formation. Canada does not lend itself to a European model of industrial class analysis. As Pentland reminds us, Canadian class formation was different because up until the second world war, Canada was largely an agrarian/resource society³¹ and in these circumstances much has to be explained regarding the formation of the working class. In particular, we need to know why the Canadian working class emerged internally divided, lacking an essential unity. There is also the question of regionalism and its central importance institutionally and economically. Marxist theory has relatively little to offer on the question of regionalism in Canada or elsewhere.³² Even the Marxist perspective on the state is problematic in the case of Canada. Which, of the many theories of the state, applies here? Do we take as a "given" that the

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Canadian state is autonomous, instrumentalist, corporatist or a mixture of all three?³³ The answer is not straightforward particularly when there is no purely theoretical basis for specifying the question. There is reason to believe that it cannot be autonomous in the same way found in centre societies. For much of our history while externally autonomous, the State was largely an instrument functioning directly and indirectly at the *behest* of the dominant economic elites. Possibly, the most difficult theoretical hurdle stems from the primacy of the internal national question *chez nous* which conflicts with the traditional Marxist focus on class analysis and in particular on the central role of the working class as the principal agent of change. Does it make sense to speak of a working class in the singular when in fact there are two working class movements one in English-speaking Canada (with marked regional differences) and one in Quebec? The longstanding cultural and national "differences" between the two has radically altered the nature of working class politics in Canada in any useful sense of the term.

These questions only scratch the surface of the complex nature of a "white" settler colony which, in the Marxian order of things, can be considered neither fish nor fowl, and for good reason. At its origins, Canada acquired, in embryonic form, the relations of metropolitan capitalism which made it part of the advanced capitalist world *regardless of its stage of economic development*.³⁴ In addition, it was distinguished politically by our elites who could always negotiate the terms of its colonialism, a right and privilege extended only to the "white" dominions. In these circumstances, it is wrong to think of the national question as a purely external relationship.³⁵ Rather, our colonialism has been institutionalized in the structure of Confederation, particularly in the role of the state in economic development, in the relationship between the federal government and the provinces, and in Quebec's status in Confederation. Even if Canada's status vis-à-vis Britain was regularized in the '30s and Canada can be said to have been industrialized to a certain degree, these developments have not challenged the basic institutional character of Canada's colonial origins. For all the change this has brought about the colonial structures from another era continue to define the basic relations which comprise modern-day Canada.

The weight of the foregoing should put us on guard against a Marxist analysis which does not lead to a deeper understanding of our specificity. As well, it should alert us to the fact that if Canada falls between formations, Marxian political economy in Canada has to be modified in important respects in order to serve as the basic framework of analysis. This modification of fundamental Marxian categories leads to the development of a heterodox tradition of political economy greatly inspired by, but not dogmatically wedded to the Marxian tradition.

Contrary to what is often thought, Innis is not the only one who bears the mantle of heterodoxy. The principal contributions of Pentland, Ryerson and Clement are solidly in this camp, as are more obviously Naylor, Levitt and Watkins. If heterodoxy is defined as opposition to conventional wisdom of the

dominant paradigm then the principal contributors to the new political economy have done more to challenge liberal orthodoxy. Each has also taken issue with one or another aspect of Marxist conventional wisdom as well. This tradition of Marxist heterodoxy constitutes the innovative side of Canadian political economy, even if it suffers from certain tensions and ambiguities. It is worth looking at some of the ambiguities which arise in the study of Canadian capitalism because they shed light on the difficulties which Marxism encounters in theorizing the Canadian case.

In his pioneering study of the formation of the Canadian working class, Pentland adopted what may be called a classical approach to this central problematic.³⁶ He showed how in Ontario, the market mechanism, ensuring the regular demand as well as the sources of supply of labour, rapidly encouraged the development of the industrial working class. Yet, it can be seen that such a thesis fails to come to terms with the formation of the Canadian working class nationally. Pentland himself realized that his emphasis on the formation of an industrial proletariat was problematic in an economy dominated by resource exportation. By the time of the Woods Task Force in the mid-sixties,³⁷ he shifted his ground stressing not industrialism but the commercial nature of Canadian capitalism and the centrality of the resource proletariat in the formation of the working class.

Ryerson is also caught in a similar tension between the general and the specific when dealing with Canada's colonial origin.³⁸ Roch Denis shows that there is a profound ambiguity in Ryerson's central idea of unequal union.³⁹ There was not, as Ryerson alleges, a single colonialism but a double colonialism which became institutionalized in the founding of the Canadian state. Not only was Quebec accorded an ambiguous status but these same institutional arrangements should be regarded as being no less satisfactory for English Canada as well. More pointedly, there was no new political nationality, as Ryerson claims, but a continuation of the *status quo* in a new guise.

Clement's study of elites suffers from a similar ambiguity. On the one hand Clement finds the "unequal" alliance between the Canadian and American elites as the reason for the fundamentally dependent nature of Canadian corporate capitalism.⁴⁰ On the other, he argues that the Canadian corporate elite has emerged as a power in its own right with a base and considerable room to manoeuvre!!

Watkin's writings on the staple reflects yet another ambiguity. He has explained the central role of resources as constituting the motor of development, but significantly, has not extended the staple argument as it relates to Canadian industrialization.⁴¹ Are we to believe then that the staple is only a theory of resource development or does it have an "industrial" component as well?

Levitt, in her turn, states that Canada is rich and underdeveloped. She attempts to explain this fundamental contradiction in her important study of the growth of foreign ownership and foreign investment in the '50s and '60s.⁴² What is unclear is the role of the State and elites in these events and particularly

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why the economy continued to experience constant economic growth. What her excellent study reveals is that, contrary to her claim, there was no silent surrender: the surrender occurred with the active participation of the state and the Canadian elites who financed the American take-over of Canada's industrial and resource sectors. Perhaps more importantly in spite of massive foreign direct investment the industrial sector did expand and provide badly needed jobs.

Naylor's original study of Canadian business, technology and capital is the most vexing but also the most promising for many of the same reasons.⁴³ It suffers from a double ambiguity in overstating the case of commercialism and understating the degree of industrialization. Yet, it retains the great merit of explaining, indeed better than anything else to date, the principal paradox of Canadian capitalist development, the continuing importance of commercialism (modes of exchange and circulation) or, what I prefer to call, commercialism in an industrial guise.

It is striking and highly significant that all the above otherwise quite diverse works suffer from the same theoretical tension. The central question addressed in each of them is accounted for in such conflicting terms as in the end to raise serious doubts about the explanation advanced. We have yet to know why this is so. Is it due to what McNally and others say is an imperfect understanding of the principal categories of Marxist theory? Or, the nature of the case — Canada as a social formation?

The answer, I believe, is that the macro-themes class and nation in Ryerson, class and elites in Clement, capital accumulation and industrialization in Naylor, foreign ownership and the state in Levitt, industry and resources in Watkins, the formation of the industrial working class in Pentland, do not lend themselves to conventional treatment. The originality of the above works stems from their awareness that the study of Canada requires a distinct methodological approach and a belief (whether articulated or not) that Canadian capitalism is sufficiently different to require original theoretical work on the mode of development and its institutional structures. Parenthetically, it is the latter point which contemporary Leftist political economists share with Innis. It should be recalled that in the '20s and '30s when the social sciences in Canada were dominated by British academics, Innis argued strenuously for the creation of a distinctive methodology for Canadian social science. His own work on the staples, centre/margin relations and the disequilibrium model of development⁴⁴ is, of course, the most significant result of this search for new, more fruitful avenues of research.

It would be premature to draw the conclusion that heterodoxy simply can be accounted for by methodological inventiveness and a critical spirit of inquiry. There is another dimension to consider. This is the importance accorded the national question in Canadian social and economic development. In Pentland, Levitt *et al.*, it is this "other" aspect which plays such a major part in specifying class and social relations.

Methodologically, this consciousness of the importance of the "nation"

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- since the '60s, the most important new development has been the emergence of a much strengthened Canadian capitalist elite which has a powerful economic and financial base in and outside Canada;
- that Canada's working class is the principal agent of change having a high degree of consciousness and organizational strength due to a long history and identity of class struggle.

What should we make of these propositions? Do they constitute an advance over the earlier work stimulated by dependency theory? Where is, for instance, the discussion of Canada as a social formation? Where does Quebec fit into this generalized schema? Where do Canada's relations with the U.S. belong? What importance is given to federalism? How are the reformist instincts of the Canadian working class explained? How do these general propositions account for what is happening structurally to the economy? If the object is to produce an understanding of class forces surely, we are very far from this goal in terms of this perspective. Putting it bluntly, it is revealing just how weak orthodox-inspired Marxism is in addressing the real complexities of Canadian society. Yet, this critique is too predictable, too sweeping and more fundamentally misses the point of explaining the pitfall of more orthodox forms of Marxism as a mode of inquiry and discourse.

Simplifying greatly, the weakness of highly generalized Marxist theory is that it creates a narrow methodological imperative defining the principal orientation of the researcher. More than this, it runs the risk and indeed the very high risk of turning into a "closed" discourse based on a deeply rooted pre-conception of what Canadian society is. As the object of inquiry it is assumed that the social relations of Canada can be studied as a variant of the general case of advanced capitalism.⁵³ In this one respect conventional Marxism is similar methodologically to conventional liberalism. Both share the belief that it is possible to rely on a general model of advanced capitalism to analyze a range of profoundly different situations existing within the industrial world.⁵⁴ The common assumption is that the long-run trends of all bourgeois societies are significantly more important than their cultural, economic and institutional differences. Structurally bourgeois societies are regarded as largely homogeneous marked by convergence in social relations. It is this quality of universality, not specificity which is the important object of study. With this as a general starting point it is possible to see how the bias of universal models is to minimize national and cultural differences.

There is no shortage of examples of this approach being adopted by liberal scholarship. In the fifties, it used to be the convention to study Canada in the light of the broad categories of industrialism, ethnicity, bureaucratization with a dose of geographical determinism to explain the forces shaping Canadian society. In the seventies, other models have been employed as theoretical frameworks including functionalism, behaviouralism, systems analysis etc. . . . Liberal social science has been convinced that the issues highlighted in these different perspectives are no less central to Canada than "elsewhere", an euphemism for the United States. Much contemporary Marxism of the "back

forty" variety employs another conventional schema to account for the principal developments in the present and in the past, deriving from the real antagonism between labour and capital, state and class, region and nation, gender and culture.

In downplaying the importance of external factors such a conventional approach appears to be a powerful tool of analysis by concentrating on traditional Marxist concepts of class, capitalist development and the state. In the first place, what needs to be emphasized is that mainstream neo-Marxist political economy "sounds right" conceptually. Its simplicity and accessibility stands in marked contrast to the writing on dependency and the national question which superficially does not come together with the same theoretical clarity. For instance, when Panitch conceptualizes the Canadian state as being relatively autonomous, or Pratt and Richards analyze the rise of regional elites in Alberta in terms of the oil and gas boom, or Keeley describes the emergence of a Canadian working class culture, their scholarship has a logic and an authentic persuasiveness. Canada with its advanced capitalist relations is indeed closer to Europe economically, politically, culturally than a third world country and in most advanced capitalist countries, externalities play less of a determining role than in Canada. A second consideration is that conventional Marxism seems to be coming to grips with the specificity of the Canadian situation as evidenced by the growing number of empirically-based studies working in this tradition. If anything it is not "conventional" Marxist analysis which appears "selective" or "partial" but the reverse. The charge is often made by more orthodox marxists that it is the dependency theorists such as Naylor, Clement, Levitt who in focusing on externalities have ignored or minimized the importance of "internal" developments!

It is remarkable that the turn towards orthodoxy should have such a strong presence in Canadian political economy at the present time. Over the last decade Marxist theory has made important new advances on a wide range of issues because European Marxists have seriously questioned and reworked many of the basic concepts of Marxism and, in the process, made great strides in theorizing late capitalism both as a general phenomenon *and* in specific national settings.⁵⁵ In France, there has been an impressive resurgence of non-orthodox Marxism. Speaking to this issue Christine Buci-Glucksmann and Goran Therborn in *Le défi social démocrate*, stress "the need to liberate Marxism and the Left from certain habits" and reflexes of excessively focusing on the relations of production or uniquely on class conflict of a classical variety. This echoes similar statements made by Bottomore in which he pointed out the central weakness of conventional Marxism. "It has become increasingly evident, in the controversies that have gone on since the end of the nineteenth century, that some of the fundamental propositions of Marxist theory concerning the development of the working-class movement, its engagement in political action, and the nature of the transition from capitalist to socialist society need to be subjected to both scientific and ethical criticism".⁵⁶

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It is worth noting some of the European socialist scholars who have taken up this challenge. André Gorz in his various writings has repeatedly shown the sterility of conventional Marxist theorizing concerning trade union strategy, working class militancy and political consciousness. In his latest book, *Adieu au prolétariat*, he severely criticizes the central Marxist tenet of the "inherently" revolutionary nature of the working class as philosophically indefensible while at the same time analyzing the possibilities and limitations of the working class being an agent of radical transformation in advanced capitalist societies.

On the question of the state, Robert Delorme and Christiane André have produced a remarkable study, *L'État et l'Économie* which examines the historical evolution of the French State theoretically and empirically between 1880-1980. Unlike earlier Marxist studies which paid insufficient attention to its social structures and historical evolution, Delorme and André show the high price Marxist theory has paid in the past in confusing dogma with methodology on this central issue. By contrast, by employing a more adequate methodology what they have done is systematically study and clarify the complex character of the state institutionally, socially and economically. In Marxian economics, there has been a fundamental re-assessment of received wisdom as well. In their respective historical and analytical work on wage/salary relationship over a long period, on *régulation*, and on the mode of capital accumulation. Robert Boyer and Alain Lipietz have developed new theoretical insights into how the relations between capital and labour are structured in advanced capitalist society. What these studies show empirically and theoretically is the wide variation in social structures and configurations which exist in the advanced capitalist world.⁵⁷ Indeed these differences are crucial. Marxists who aspire to understand the potential for transformation must not lose sight of them.

These developments in European neo-Marxist theory stand in sharp contrast to the Canadian situation. Here Marxist political economy is *badly in need of large quantities of fresh air* and remains surprisingly intellectually conservative. While it is axiomatic that all inquiry has need of a larger point of reference or theoretical map (as distinct from dogma), the unhealthy reliance on universal models and the rather narrow views about the nature of Marxist inquiry have played their part in preparing the groundwork for the turn towards orthodoxy.

* * *

The recent developments in Canadian political economy are indeed cause for concern. Yet, what also needs to be remembered is that heterodoxy has a long pedigree from Innis onward, and it is the Innisian tradition that despite its liberal origins, has the potential for giving Marxism a new resonance and a relevance⁵⁸ in a Canadian setting.

The Innis tradition not only serves as a counterweight to the erroneous idea that Marxism is a science *à tout faire* but it may also be superior to Marxism in explaining the interaction or linkages between culture and the economy as such. It is an important corrective to the frequently narrowly reductionist bias of Marxism in ignoring or minimizing cultural factors. Innis' essential insight was that while

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we had the institutions of liberal democracy we lacked *strong* popular and democratic traditions because of a colonial past which was not "past" and because of the peculiar way Canada was settled. Those who came here were either fleeing revolution or were exiled to Canada as the Highland Scots when their revolution failed.⁵⁹ It was the presence of a deeply entrenched counter-revolutionary tradition which fundamentally altered not only the liberal democratic character and institutions of Canada but class relations as well.

It is for these reasons that Innis and the subsequent work in the Innis tradition cannot be shunted aside by the Marxist paradigm no matter how sophisticated a class analysis may be produced sometime in the future. This preoccupation with "class analysis" cannot be allowed to hide the fact that there is more to an authentic marxism than "a correct" class analysis. At a deeper level a socialist political strategy has to be able to articulate the social and political aspirations of a people in a way that is distinct, nuanced and recognizable. While not without limitations, Innis perspective is much closer to understanding the rather deceptive and contradictory nature of Canadian capitalism, a feature many Marxists tend to minimize. Kari Levitt has said that our anomalous position in the international hierarchy stems from the fact that we are both rich and underdeveloped. It is this "mix" of uneven development, dependency and advanced capitalism which defines the fundamentally ambiguous character of Canada as a social formation.

For these reasons, the "fit" between neo-Marxist theory and Canadian political economy has rarely been easy. Indeed, many of the current debates about Canadian capitalist development are not new at all if we accept the burden of Penner's research on the origins of Canadian Marxist thought.⁶⁰ The same questions and problems were fought over with equal fervor in the twenties and thirties during the formative years of Canadian Marxism. Then as now, Canadian Marxists were divided on fundamental issues regarding Canada as a social formation and the importance of the national question in a Marxist perspective. If there is something to be learned from these polemics (frequently of dubious value) it is to distrust Marxism of the standardized garden variety. Alas, some fifty years later, we are not much closer to agreement on this seemingly simple proposition that because Canada falls between social formations. The Canadian Marxist tradition of political economy is itself going to be marked by the bias of heterodoxy . . . Once again, Canadian Marxist political economy is off on the wrong track, forgetful of what we learned as kids. You can't get to heaven on a Yonge Street car because the trolley, like Canadian Marxism, doesn't quite go that far . . .

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Notes

I would like to thank Sten Kjellberg, Robert Perrin and Ian Parker for their comments and encouragement in writing this article. Special thanks also to Ray Morrow for his editorial suggestions.

1. See my earlier article "Rediscovering Canadian Political Economy" in Wallace Clement and Daniel Drache, *A Practical Guide to Canadian Political Economy*, Toronto, 1978.
2. In particular, David McNally, "Staple Theory as Commodity Fetishism: Marx, Innis and Canadian Political Economy", in the special issue of *Studies in Political Economy*, 6, (Autumn 1981), on rethinking Canadian political economy. In his article, Panitch takes a different approach suggesting that political economists have spent too much time with Innis and not enough with other liberal political economists such as Schumpeter. More importantly, for almost ten years, Marxist political economists have been debating the relevance of Innis and his legacy and this in itself is revealing of Innis' importance to Canadian political economy.
3. See Ray Morrow's excellent critique of the perennial weakness of political economy to establish the linkages between culture and the economic relations of production, "*Deux pays pour vivre: Critical Sociology and the New Canadian Political Economy*", *CJPST*, 6: 1-2, 1982.
4. These themes are expressed in different articles in this special issue of *SPE*. However it is not one issue of *SPE* which is in question but more generally the direction in which political economy is heading. One can see similar kind of debates occurring in other learned journals such as the *Canadian Journal of Political and Social Theory*, as well as at the political economy sessions of the CPSCA meetings of the Learned Societies.
5. Some of these differences and similarities are found in my earlier article on political economy, op. cit. Ian Parker, "Commodity Fetishism and Vulgar Marxism" (forthcoming in *SPE*) takes a different approach in attacking fundamental misconceptions currently held about Liberal and Marxist political economy.
6. I have the impression that the Marxists "purs et durs" believe that if they search long enough they will discover the "real" Marx. Is there not a parallel between the theologians futile search for the historical Jesus and the Marxists quest for the historical Marx?
7. Ryerson's exchange with Naylor is possibly the most interesting. See his review "Who's Looking After Business," *This Magazine*, 10: 5&6, 1976 and Naylor's reply, *TM*, 11: 1, 1977.
8. Ian Parker notes that this term has a long history with the economists. However, I use it in a much more conventional sense to designate the ensemble of the social and economic relations of colonialism.
9. I have attempted to restate Innis theory of capitalist development in my article "Harold Innis and Canadian Capitalist Development" *CJPST*, 6: 1-2 (Winter/Spring, 1982).
10. Leo Panitch, op. cit., p. 19.
11. Harold Logan, "Labour Costs and Labour Standards" *Labour in Canadian — American Relations*, ed. H.A. Innis, Toronto, 1937.
12. *Ibid.*, pp. 88-89.
13. Pentland, op. cit., p. 72.
14. Logan, *Logan, op. cit.*, p. 179.
15. Kenneth Buckley, *Capital Formation in Canada, 1896-1930*, Toronto: The Carleton Library, No. 77, 1977.

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16. Pentland, *op. cit.*, p. 3.
17. There is a striking similarity in Pentland's argument about real wages falling in Canada during this period and the similar case in Europe. See Robert Boyer's article, "Wage formation in historical perspective: the French Experience", *Cambridge Journal of Economics*, 3, 1979.
18. Robert Boyer, *op. cit.*, p. 100.
19. In this formulation, I have been influenced partially by the work of Boyer, *op. cit.* In a paper entitled "Staples and the Formation of the Working Class", I try to explain how the different labour markets affected the formation of the working class. For historical data on wages, consult *Select Documents in Canadian Economic History, 1497-1783*, H.A. Innis and A.R.M. Lower eds., Toronto, 1929. As well see D. McCaullum, on the disparity between English Canadian and French wage rates in *Unequal Beginnings*, Toronto, 1980.
20. S. Ryerson, *Unequal Union: Confederation and the Roots of Conflict in the Canadas, 1815-1873*, Toronto, 1968.
21. R.T. Naylor, *The History of Canadian Business, 1867-1914*, Toronto, 1975.
22. *Ibid.*
23. Glen Williams, "Canadian industrialization: We ain't Growin' "Nowhere," *This Magazine*, 9: 1 (March-April, 1975).
24. H.G. Aitken, "A note on the Capital Resources of Upper Canada," *CJEPS*, 18:4 (November, 1952). H.C. Pentland, "The Role of Capital in Canadian Economic Development before 1875," *CJEPS*, 16:3 (November, 1950). For additional information, consult Kari Levitt, *Silent Surrender. The Multinational Corporation in Canada*, Toronto, 1970.
25. Frank Underhill, *In Search of Canadian Liberalism*, Toronto, 1960, analyzes the evolution of Canada's colonial condition and the impact of Canada's colonial ties on the formation of the party system.
26. See Underhill's analysis of these events, *op. cit.*
27. W.A. Mackintosh, *Economic Background to Dominion Provincial Relations*, reprinted in McClelland and Stewart, Carleton Library, N° 13, 1964.
28. Ryerson, *Unequal Union: Confederation and the Roots of Conflict in the Canadas, 1815-1873*. For a powerful critique of Ryerson's analysis of 1837, consult Roch Denis, *Luttes de classes et Question Nationale au Québec. 1948-1968*, Montréal 1979, particularly Chapter I.
29. This is a work Naylor completed over two years ago. Despite its breadth and originality, it has been rejected for a publishing grant from the SSHRC. This rejection is both scandalous and unwarranted and has resulted in blocking its publication.
30. Relatively little work has been done on the transformation of ideologies in English Canada. However, this is not the case in Quebec. See for instance, Denis Monière, *Ideologies in Quebec: the Historical Development*, Toronto, 1981.
31. Pentland, *op. cit.* "In terms of ideology and attitudes, the broader "rural" population is perhaps more significant than the "farm" population. Over half the Canadian population was classified as "rural" up to 1921, and the proportion had only declined to 43% in 1941. (Emphasis added D.D.); p. 21.
32. In *The Break-up of Britain*, 1973, Tom Nairn has made an outstanding contribution to "rethinking" regionalism and nationalism in a Marxist perspective. In the Canadian context, two works deserve special mention: Paul Philips, *Regional Disparities*, rev. ed., Toronto, 1982 and Garth Stevenson, *Unfulfilled Union: Canadian Federalism and National Unity*, 2nd edition, Toronto, 1982.

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33. It is an interesting commentary on Canadian Marxism that there was a general consensus following the publication of Miliband's *State and Capitalist Society*, that his principal concept of autonomy would apply here. However, despite an abundance of articles, there has been little primary research on the foundation and evolution of the Canadian state which would examine the Milibandian or any other hypothesis in a Canadian setting!! Indeed, much of the theorizing on the Canadian state is based on a rather modest amount of empirical evidence. An exception is David Wolfe's thesis and articles on the evolution of state economic policy since 1945.
34. This privilege of "home rule" and "representative democracy" is one of the distinguishing features of "white" dominion colonies. Certainly after the American revolution all of the remaining colonies did in fact "negotiate" albeit within a narrow framework their colonial status. It is this aspect of imperialism which Lower idealized and celebrated in his book *From Colony to Nation*.
35. In Quebec, there is a spate of articles, books and monographs on class and the national question. Among others, see, Nicole Laurin-Frenette, *Production de l'État et Formes de la Nation*, Montréal, 1978; Gilles Bourque, et G. Dostaler, *Socialisme et Indépendance*, Montréal, 1980. In English Canada, by contrast, we have yet to scratch the surface of this central question. N. Penner, *The Canadian Left: A critical Analysis*, Toronto, 1977, analyzes the twists and turns of the Canadian CP vis-à-vis its perception of the national question. In a forthcoming article, Daniel Latouche details the vacillation and confusion of English Canadian intellectuals with regard Quebec's demands for a new political status.
36. H.C. Pentland, *Labour and The Development of Industrial Capitalism in Canada*, Toronto, 1981.
37. H.C. Pentland, op. cit. See particularly, Chaps. 1-3.
38. S. Ryerson, *Unequal Union: Confederation and the Costs of Conflict in the Canadas, 1815-1873*.
39. Roch Denis, *Luttes de classes et Question nationale au Québec, 1948-1968*.
40. Wallace Clement, *Continental Corporate Power: Economic Linkages between Canada and the United States*, Toronto, 1977.
41. For Watkin's original and classic defence of the staple theory, see "A Staple Theory of Economic Growth" reprinted in *Approaches to Canadian Economic History*, eds. W.T. Easterbrook and Mel Watkins. For this more recent view consult his "The Staple Theory Revisited", *Journal of Canadian Studies*, 12: 5, 1977 and "Innis and Political Economy", *CJPST*, 6: 1-2, 1982.
42. Kari Levitt, *Silent Surrender: the Multinational Corporation in Canada*, Toronto, 1970.
43. R.T. Naylor, *The History of Canadian Business 1867-1914*, 2 vol., Toronto, 1975.
44. In "Harold Innis and Canadian Capitalist Development", I have tried to show that the staple is not the most important aspect of Innis' theoretical framework. Rather, his theory of disequilibrium and rigidities is the most original and lasting part of the Innis legacy.
45. Normally, the national question is defined too narrowly as being principally external between Canada and the United States or by contrast, largely internal between Quebec and English-speaking Canada. But this conventional approach hardly begins to do justice to its complexity. What we need to consider is a different way of understanding the national question as consisting of three related facets: the external including how Canada's colonial relationship was reproduced internally, the bi-national, English Canada's refusal to recognize Quebec's national status in the Confederation settlement; the regional aspects, the uneven and unequal development promoted by the state and elites. Usually these three issues are thought to be unrelated and separate but what I am suggesting is that these major co-ordinates are in their origin and in their modern guise aspects of colonialism and uneven development. On this key question, we would do well to pay heed to Ryerson's "Postscript" found in the French edition of *Unequal Union*. Even he underestimated "the importance of the national factor in the historical

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process". *Le Capitalisme et la Confédération*, pp. 508-509.

46. See note 35.
47. European Marxist studies of class and national formation provide the base for the more general theoretical writing on different aspects of capitalism and capitalist development. This has long been the tradition in Europe dating from Marx's own writings on class and national formation. Recent contributors include E.P. Thompson, *The Making of the English Working Class*, London, 1968; Tom Nairn, *The Break-up of Britain*, 1977; André Gorz, *Adieu au Proletariat*, Paris, 1981.
48. The English-Canadian Left has not placed much importance on coming to terms with this issue theoretically or politically. Evidence of this can be seen in the fact that despite an excellent series of books sponsored by (SPEC) Studies in Political Economy of Canada, there has been no initiative to develop a collection articles on this central issue.
49. A sampling of their views is found in the collection of essays edited by Lee Panitch, *Canadian State: Political Economy and Political Power*, Toronto, 1977.
50. Larry Pratt and John Richards, *Prairie Capitalism*, Toronto, 1979.
51. J. Niosi, *La Bourgeoisie Canadienne*, Montréal, 1980.
52. G. Kealey, *Toronto Workers Respond to Industrial Capitalism*, Toronto, 1980; Bryan Palmer, *A Culture in Conflict*, Montréal, 1979. Much of the new labour history appears in *Labour/Le travailleur*. For two opposing evaluations of the new labour history, see G. Kealey, "Labour and Working Class History in Canada". Prospects in the 1980s," *Labour/Le travailleur*, 7, 1981, and David Bercuson, "Through the Looking Glass of Culture," *Labour/Le travailleur*, 7, 1981.
53. The most widely used text in Canadian political science by Richard Van Loon and Michael Wittington, *The Canadian Political System*, is a case in point. However, in a revised edition, they have thought it prudent to include some of the new work in political economy on dependency, the state, uneven development, etc. . . The "grafting process" doesn't take and even with an expanded bibliography these minor concessions do not alter their theoretical framework of regarding Canada as a variant of advanced capitalism.
54. See, for instance, Ralph Miliband's classic study. *The State and Capitalist Society*, in which he basically minimizes the cultural, historical and economic differences affecting the role and function of the state in different European countries. But are these differences as insignificant as he alleges? In their exchange in the *New Left Review*, Poulantzas takes Miliband to task for his "one-worldism" and the ahistorical character of this sort of analysis. Needless to say, Marxism of the Milibandian variety, while allowing us to see important long-run similarities, nonetheless, is seriously compromised by its European ethno-centricity.
55. This question of conventional Marxism and the problem of specificity is not a new issue for European Marxists. As the growing body of literature amply shows there is no *a priori* reason why the Marxist tradition need trade in stereotypes or adopt rigid theoretical views.
56. T.B. Bottomore, *Marxist Sociology*, London: 1963, p. 56-7.
57. See, for instance, Emmanuel Wallerstein, *The Modern System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth century*, New York, 1974; Christiane André et Robert Delorme, *L'État et l'Économie*, Paris, 1982; Roger Boyer et J. Mistral *Accumulation, Inflation, Crises*, Paris, 1978; Michel Aglietta, *Régulation et Crises du Capitalisme*, Paris, 1976.
58. While the Innis tradition has, what could be called, a "competitive advantage" historically and sociologically, it is not in itself sufficient to sustain and indigenous Marxist tradition. Indeed, here as elsewhere Marxists need to be open to a variety of Marxist and non-Marxist sources for research and theoretical work.

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59. This theme/observation appears in a number of Innis' articles written in the thirties and forties. See his essays in *Canadian Economic History*, ed. Mary Q. Innis, Toronto, 1956.
60. *The Canadian Left. A Critical Analysis*, Toronto, 1977.
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