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THE CANADIAN BOURGEOISIE: TOWARDS A SYNTHETICAL APPROACH

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Socialist scholars disagree with one another on the principal characteristics of the Canadian capitalist class. This disagreement is based on a broader one namely on the nature of the Canadian economy and its place in the international division of labour.

The most important cleavage among Canadian socialists is the one between Nationalists and Internationalists. The Nationalist perspective took shape fifteen years ago, after the publication of the Watkins' *Report of the Task Force on the Structure of Canadian Industries*. In succeeding years socialist scholars developed, and adopted almost unanimously, a particular perspective on Canadian economy and society. Theoretically left wing Nationalism was nourished by Latin American dependency perspectives either reformist (of the R. Prebisch and C. Furtado variety) or Marxist (in the P. Baran, P. Sweezy or A.G. Frank tradition). Politically these theories were influenced by the more respectable Nationalism of the Walter Gordon type, which emerged in Ottawa in the period between 1963-68. Left Nationalists emphasized the dependent character of the Canadian economy — its technological underdevelopment, its heavy commercial links to the U.S. economy as a raw materials exporter and a capital goods importer, and the predominant role of foreign (mainly American) capital in the manufacturing and mining industries. Canadian Nationalists concluded that the Canadian bourgeoisie was mainly a comprador one, and that the indigenous capitalist class was either too small, narrow and powerless or a purely financial-commercial one, not interested in industry and fairly accommodating to its dependent status.[1]

During the seventies, while a majority of Canadian socialist scholars adopted Nationalism, a small but increasing minority distanced themselves from this current of thought. I will call them the Internationalists. This group is more firmly entrenched in Marxism, espousing a theoretical approach close to some Left Nationalists. Internationalists see the world capitalist economy thoroughly divided into an industrialized core and a dependent periphery, but they include Canada among advanced countries instead of dependent societies. They maintain that Canada is a very important foreign investor, with huge Canadian-owned multinationals, not only in banking and finance, but also in manufacturing and mining. They add that foreign control has been steadily falling since 1970, and that the analysis of the Canadian State (i.e. Canadian economic policy, Canadian Crown Corporations and regulatory agencies) show the major and increasing influence of the Canadian indigenous bourgeoisie.[2] The deindustrialization debate is a major element in the Nationalist/Internationalist cleavage. Most Nationalists underline the small and declining percentage of the country's labour force involved in manufacturing, the increasing trade deficit in high technology products, little innovation due to branch plant manufacturing and a general decline of Canadian industry following rising American protectionism and the end of U.S. world industrial domination. Internationalists respond that manufacturing is falling as a percentage of Gross Domestic Product in every industrial country and that Canadian industrial production is growing at a regular pace, comparable to the other advanced nations.

The finance capital contention is another important issue in this cleavage. Most Nationalists assert the dominance of a strong financial fraction over a weak industrial bourgeoisie, while most Internationalists argue that the Canadian capitalist class is a well-balanced financial-industrial group.[3]

During the seventies the Nationalist approach came under attack through a second front. This second cleavage concerns the interpretation of provincialism and regionalism. Most Nationalists argue that regionalism and provincialism are the political effects of foreign capital on Canadian society. They see the provinces scrambling among themselves to attract international investors and fighting against the Canadian State, which represents national unity. Conversely several major studies in the late seventies interpreted provincialism as the cradle of regional bourgeoisies. Provincial governments, through their taxing and provincially oriented buying policies, were viewed as nurturing the development of regional groups in the Canadian bourgeoisie. The Alberta and Quebec and perhaps soon Nova Scotia and Newfoundland situations were considered to be representative of this trend. [4]

A third line of cleavage among Canadian Socialists concerns the ethnic composition of the Canadian capitalist class. Once again this cleavage only partially overlaps with the first one. Most Nationalists, mainly in Quebec but also in English Canada, see the country's capitalist class (either comprador or indigenous) as predominantly Anglo-Saxon. In Quebec this is the prevailing view, not only among the Parti Québécois left-wingers, but also in the emerging Socialist Movement. More simply I could say that most Nationalists view Quebeckers as an ethnic class of proletarians. On the opposite side, new studies agree on the emergence not only of a French-speaking bourgeoisie, but also of other ethnic groups in the formerly homogeneous Anglo-Saxon establishment.[5] A further cleavage within Quebec scholars divides those who interpret the rising francophone bourgeoisie as the driving force in the P.Q. government and those who see it as simply the francophone counterpart of the Canadian bourgeoisie, almost an ethnic group among others.[6]

In this presentation I would like to go beyond these cleavages and propose a unifying, coherent approach combining the stronger dimensions of each contending thesis. I will argue that most of the opposing perspectives just sketched overemphasize some real element in the Canadian social structure or some particular characteristic of the country's capitalist class. I will also maintain that several approaches simply overlook some major changes in the Canadian economy and society which are taking place since the late sixties. In short, I will propose that each polar position is part of, or presents, an incomplete, fragmentary perspective of the Canadian bourgeoisie and the underlying social and economic structure. My position tries to eliminate some quick extrapolations to build a unitary descriptive and explanatory scheme of the internal composition, rivalries and changes within the Canadian bourgeoisie.

Underlying my synthetical perspective is a critique of the core-periphery dichotomy. Since Confederation, Canada has occupied an intermediary position in the world system, exhibiting some traits both of advanced and dependent societies. But during the last fifteen years Canada has been moving towards an increasingly independent position, pushed both by internal and international forces. I will first analyse these changes before turning to a more detailed discussion of the cleavage just outlined.

I

The International Economy of the 1960's and 1970's

Since the mid-sixties several major changes took place in the international economy which heavily affected Canada. The most important of them was the decline of the American leadership in the capitalist world. Europe and Japan imported, applied and modified American technologies in the 1950's and 1960's, bringing their economies closer to the United States position. Productivity growth was far higher in Western Europe and Japan than in the U.S. and the American multinational corporations began to face fierce competition from European and Japanese giants both in foreign countries and in their domestic market. From textiles to television sets, from steel to automobiles, U.S. competitiveness was losing ground and the American Government had to intervene to prevent massive layoffs and plant closings.[7] Many U.S. corporations established in Canada started to sell their Canadian subsidiaries to reinforce their domestic operations facing tough foreign competition.

The second major change in the international economy was the relative strengthening of mineral and oil producing countries. With OPEC, CIPEC and several other cartels the prices of energy and, though less dramatically, mineral resources increased very rapidly during the seventies. As a large producer of most kinds of energy and mineral products, Canadian international position was improved. Economic rent rised sharply and several provincial governments, together with the federal government, engineered different economic policies in order to capture these rents or to keep them in Canadian hands. Also, American corporations were willing to sell some of their foreign subsidiaries, and Canadian companies were able to buy them. These basic trends contribute to explain the relative decline of American investment in Canada.

A third important development in the world economy was the decline of tariff protectionism between industrialized countries following the GATT rounds. Canadian tariffs were significantly lowered since the sixties and some American corporations preferred to serve their Canadian customers from their home operations. Some of the decline of the American control of Canadian manufacturing industry was simply due to the closing of unprofitable branch plants. Tables I and II show the decline in foreign control of the Canadian economy since the 1970 all-times peak.

Since 1970, under this favourable environment, Canadian nationalism, which had known a slow start in the early sixties, grew at a rapid pace. The Foreign Investment Review Agency, the Canada Development Corporation, Petro-Canada and the National Energy Program were the cornerstones of the new nationalism. Energy and mineral prices seemed to skyrocket. Canada's megaprojects — Alberta's tar sands, the Arctic region, the eastern Coast and Quebec hydro-electricity — were supposed to be the locomotives of the country's growth till the end of the century.

And then came the crisis, the stabilisation and decline in world oil and gas prices, and the dramatic fall in mineral prices. Following the 1981 economic stagnation, Canada experienced a 5% decline in its GDP in 1982. The provincial governments, which had imitated the federal nationalist policies in the seventies (taking over half of the potash industry in Saskatchewan, most of the coal industry in British Columbia, 40% of the asbestos industry in Quebec, and several oil and gas facilities in Alberta and Ontario) returned to their more traditional attitude of appealing to foreign investors to foster their development. But in the eighties, Canadian resources are less indispensable, because of the diffusion of technologies saving both energy and raw materials, because of the American economic decline, and because of the world crisis. After fifteen years of nationalism and increasing economic independence, Canada's ailing economy is once again at the crossroads: either it furthers its autonomy through a national industrial policy or it comes back to a more dependent status vis-à-vis the declining American economy.

The Nationalist approach of the left appeared thus at the 1970 peak of the foreign control on the Canadian economy. Contending theses were born in the seventies, while the economic prospects seemed brilliant to Canada and while the state seemed to be able to easily repatriate control from foreign hands.

II

A comprador or a national bourgeoisie?

The "exclusively dependent" perspective of Canada goes along with the thesis of an "exclusively comprador" bourgeoisie. More sophisticated presentations of the Nationalist thesis argue that the Canadian capitalist class is not merely comprador, but also includes some fragments of an indigenous bourgeoisie. This position as I see it, is based on the overwhelming evidence on the technological, financial and commercial dependence of the Canadian economy on the U.S.. A first major problem with this approach is that it overlooks the study of the 70% of the economy which is not foreign controlled. I have elsewhere tried to focus the analysis on this 70% of Canadian-owned and controlled capitalism, in order to demonstrate the existence of a very vigorous Canadian bourgeoisie, running large autochtonous corporations. Not only are large Canadian-owned firms numerous; they can compete with foreign firms in many industries. The Canadian bourgeoisie now has flesh and bones and is no longer considered as a residual category.[8]

But what about Canadian dependency and the crushing presence of foreign multinationals in Canada? The Science Council of Canada has published many impressive monographs on Canadian technological underdevelopment, based on solid data about the lack of domestic innovation, the high percentage of patents obtained by non-residents and our massive trade deficit in capital goods. However, international discussions concerning technological transfers and dependence focus increasingly on the problems of *mastering* technology and less on the *origins* of technology. The emphasis is less on what innovations a country produces than on what technology it is able to use. Of course the Japanese experience of rapid growth based on copying technology, buying foreign licenses, and adding minor modifications to existing products, and the NIC's adoption of the Japanese model, are key elements in these new approaches concerning technological dependence. On-going research on Canadian technical policy and innovation, and my own research on Canadian multinationals show that many domestic companies are able to buy foreign technology, master and modify it, and eventually re-export it to other countries with or without foreign direct investment. The Bombardier example is a good case in point. Bombardier, the largest Canadian-owned and controlled transportation equipment producer, manufactures subway cars in the United States using a modified French license, and will soon produce additional cars using a Japanese design. Bombardier also manufactures military trucks in Ireland under an American license, and street tramways in Austria under a German license. This is not the traditional behaviour of an independent capitalist class, but it is a rational and indeed increasingly common way of making profits in a very imperfect technological market. This pattern is essential to the understanding of many Canadian multinationals and of the so-called high performers among domestic enterprises.[9]

As to foreign direct investment in Canada, let me add that while, of course, it is massive, its relative weight is rapidly declining. From 1970 to 1981 foreign control has declined from 36% to 26%, measured by total capital employed in all-non-financial industries, according to very recent estimates by Statistics Canada. Equally important is the change in the Canadian balance of international investment. In 1970 there were 4.6 dollars of foreign direct investment (FDI) in Canada for each dollar of Canadian direct investment abroad. In 1975 this ratio was only 3.6 to 1, and in 1979, based on the latest figures published by Statistics Canada it was only 2.7 to 1. The U.S. link, measured by F.D.I. data is also much looser that it was fifteen years ago. In 1970 there were 6.6 dollars of U.S. F.D.I. in Canada for each dollar of Canadian F.D.I. in the United States. By 1979 the ratio was only 3.5 to 1.[10]

But, the Nationalists argue that two-thirds of Canada's foreign trade is still with the U.S. Consequently, the level of economic activity in this country is dependent on the ups and downs of the American economy. Furthermore, the composition of our foreign trade has not been altered by the decline of the American control over the Canadian economy. Even worse Canadian manufacturers as a whole are losing their share of the domestic market as tariff barriers are lowered between the U.S. and Canada. What kind of Canadian bourgeoisie is it that accepts this dependent and even self-destructive commercial pattern? To this question some Nationalists have responded that the Canadian bourgeoisie is so weak that it is unable to chart an independent course for our economy. Let me suggest another response. The dominant strata of the Canadian capitalist class are so strong (not only in finance, commerce and transportation, but also in several manufacturing industries such as paper, agricultural machinery, distilleries, telecommunications equipment, metal refining, petrochemicals, etc.) that it cannot only challenge foreign competition in Canada, but also export to or invest in the U.S. in order to capture a large portion of the American market. The dominant strata of the Canadian bourgeoisie are not afraid of a continental economy. They have carved narrow but secure niches for themselves in many financial and non-financial industries and are quite able to compete in the North American market. This is not to say that the Canadian capitalist class is dissolving itself within a Continental bourgeoisie. In fact, some level of dependency and Continental integration is a profitable strategy for the dominant strata in Canada, even if it sacrifices many small and medium-sized local manufacturing firms.

The Internationalist case is weaker. They argue first that Canada has large multinational banks and industrial firms. This is true, but let us not forget that many semi-industrial countries (such as Argentina) or newly industrialized countries (such as South Korea) also have MNC of their own, even if they are generally less known. Besides Canadian multinationals present instances of foreign expansion via licensing, or technological absorption through acquisitions. They are the multinationals of an industrial dependent country. More often than not they have their R & D headquarters abroad, they buy foreign firms in order to absorb their know how (as in the Massey-Harris acquisition of Ferguson and Perkins in the 50's) or their trademarks (as Seagram and Hiram Walker have done for fifty years). Canadian MNC are alive and well but their technological pattern is rather unique. This is an aspect that Internationlists have omitted from their analysis.

Another major argument of the Internationalists is the steady decline in foreign control in Canada since 1970. This is a key point, but one should not conclude (as Resnick has recently written in *Our Generation)* that Canada is becoming much more industrialized or independent. Dependency is a multi-dimensional phenomenon. Foreign control is only one, albeit an important, aspect of dependency.

I would like to point out another important dimension of the decline of foreign control. If foreign control is declining, who exactly is "Canadianizing" the economy? Statistics Canada data show that nine-tenths of new Canadian assets are in the Canadian private sector, not in Crown corporations. In other words, the Canadian capitalists class is growing faster than the State (see Table IV).

To summarize my analysis, I argue that the Nationalists are correct in emphasizing different aspects of the country's dependence, but they incorrectly conclude that the Canadian bourgeoisie is weak or non-existent. They erroneously equate technological dependence and technological incompetence. They only see foreign multinationals in Canada and not Canadian multinationals abroad. Some Internationalists rightly observe that Canadian transnationals are strong and growing, but they ignore their technological dependence and their narrow range of products. They correctly point to the decline in foreign control but unjustifiably deduce that Canada has already become an independent industrial country.

My point of view is that most of the decline in foreign control has been in extractive and mineral processing activities in sectors such as oil and gas, metals, potash, coal and asbestos. The Canadian bourgeoisie is consolidating its hold on the Canadian economy, but without changing its semi-industrial character. It is destroying only one dimension of dependence. This domestic bourgeoisie is reaping all the benefits of Canadian nationalism. In his very important book, *What does the Ruling Class do when it Rules?,* Goran Therborn asks the question of how one may recognize a ruling class. He says that a ruling class is one that is able to ensure the enlarged reproduction of its economic base. That is exactly what the Canadian national bourgeoisie is doing: socially reproducing its domination on an extended scale by taking over foreign subsidiaries in Canada.

The deindustrialization cleavage in Canada is a sort of nonexistent debate in which both parties seemed tied. Those arguing deindustrialization maintain that Canada has the smallest percentage of its labour force in industry, the highest proportion of foreign control in manufacturing, increasing trade deficits in high technology industries, and little innovation due to branch plants. They add that the American economic decline and non-tarif protectionism will accelerate Canadian deindustrialization. Tables V and VI support some of these contentions. Opponents to the deindustrialization thesis respond that manufacturing is declining as a proportion of GDP of every industrial country, that employment and industrial production is growing in Canada at a quicker pace than in other advanced countries, and that the Canadian manpower employed in manufacturing is small because of high productivity and modern technology.[11] Again Tables V and VI support some of these points. As a matter of fact from 1973 to 1981 Canadian manufacturing production rose by 14%, as against 26% in Japan, 21% in Italy, 15% in the U.S., 5% in West Germany, and 4% in France; in Great Britain it declined by 18% during the same period.[12] Canada is not deindustrializing in absolute terms, but its manufacturing base is much narrower than that of any advanced country. Also, manufacturing is declining as a proportion of Canadian economic activity.

Another debate among Canadian Socialist scholars takes place between those arguing, as Clement puts it "the dominance of a financial economic elite and the underdevelopment of an indigenous group of industrial and resource entrepreneurs" and those proposing the thesis of a well-integrated indigenous capitalist class.[13]

Supporters of the first thesis have proved the weakness of Canadian manufacturing (accounting for only 20% of the Canadian GDP as against 36% in Germany), the highest level of foreign control in this particular industry (nearly 50% of total assets) and the concentration of multinational foreign companies in large, modern industries. Supporters of the second thesis have focused on the high density of interlocking directorships between financial and industrial corporations (mainly with Canadian-owned ones). They have also criticized the classification of transportation and utilities as outside the industrial sector (Canadian-owned corporations are much stronger in those latter activities), and a general underestimation of Canadian industrial capital.

Once again my position lies somewhere between the two divergent perspectives. On the one hand, the weakness of the country's *manufacturing* industry is evident compared not only with the Canadian financial system, but also with the manufacturing sector of any industrial country. At the end of 1981 for example the aggregate assets of the six largest chartered banks of Canada were $333 billion.[14] At the same time the six largest manufacturing companies had total assets of $32.7 billion, ten times smaller.[15] Even including public utilities, railways, resource companies and manufacturing as industrials, the total assets of the six largest were $85 billion; merely 25% of the six largest banks.[16] Or compare FDI of all non-banking Canadian companies in 1980 ($23 billion) with foreign assets of Canadian chartered banks ($109 billion).[17] The relative weakness of Canadian manufacturing compared to the banks are patently evident. Turning now to international comparisons, the OECD publishes comparative data on industrial employment, where industry includes manufacturing, mining, construction and public utilities. Canada has the smallest percentage of its civilian labour force in industry among the eleven largest partners of the OECD. Germany heads the list with 45% and Canada finishes last with 28.5% (see tables V and VI).

In addition, I am not convinced by the studies of interlocking directorships to prove control or even "fusion" or "interpenetration" of banking and industry. Hilferding meant nothing less than increasing *control,* and *ownership* in industrial firms by banks; Lenin's version is weaker but implies also some level of intercorporate ownership. Nothing of this sort has been demonstrated in Canada where both types of institutions are independent from one another.

On the other hand, some Canadian manufacturing and mining firms are large by world standards, and they are among the dominant multinational oligopolies in the global markets. Corporations like Seagram, Hiram Walker, Alcan, Inco, Northern Telecom, Massey-Ferguson, Polysar or Cominco, are as important in their specific world industries as the Canadian banks are in world banking. In short, all measures of size show a very strong financial sector towering over a smaller and unequally developed industrial one. Ownership and control data show that both sectors are independent, but a solid Canadian bourgeoisie is active in both, with some big capitalists simultaneously controlling industrial and financial institutions.

III

Province-building, provincialism and the regional bourgeoisies

The opposite explanations of "province-building" and "provincialism" have also to be confronted and qualified. Both key concepts, describing the activities of the provincial states have previously to be defined. Authors do not agree on the time limits, the geographical extension or the type of activities they include.

On the time limits the original proponents of the province-building concept saw it as a secular phenomenon.

> "Since 1867 Canadians have been engaged in more than the construction of a new state; they have been building provinces".[18]

More recent analysts of province-building in Alberta and Saskatchewan, on the contrary, understand it as "the entrepreneurial development strategies of the seventies".[19]

On the geographical extension, Left Nationalists such as Stevenson and Levitt see province-building as a general phenomenon, which we could see in every province, while their opponents tend to restrict it to several provinces only.

Finally, what activities should be included in province-building? In a devastating critique of the concept, R. Young, Ph. Faucher and A. Blais have shown that provinces have experienced a secular and smooth growth of revenues and expenditures since confederation, that their main expense fields have always been, by far, in their traditional activities (education, health care, social security), and that the growth of provincial bureaucracies has been a long term process starting from 1867.[20] They have also shown that federal-provincial conflicts are less frequent than Left Nationalists have asserted, because many Provinces, specially the financially dependent Maritimes, have seldom discussed federal jurisdictions, and also because in many fields cooperation or straight acceptance of Ottawa's guidelines have been the rule (including, for example, the Canada Pension Plan, rejected only by Quebec in the early sixties in order to build the huge Caisse de dépôt et placement to finance regional development).

On the basis of this confusing semantic situation I propose a restrictive definition of province-building, and a broad one for provincialism. Close to the Richards and Pratt notion, I understand "province-building" to be a recent phenomenon, started in the 1960s and 1970s, by which provincial governments try to influence their *economic development* by means of *direct intervention* (by planning, nationalization or straight regulation of key industries). This concept excludes simpler, traditional functions of provincial jurisdiction; it also excludes the long term growth of provincial bureaucraties and budgets devoted to those traditional activities such as education, health care, social security or infrastructure. Province-building is a particular variety of provincialism, the entrepreneurial variety. Conversely, provincialism is a normal and permanent activity of provincial governments trying to favour economic development through indirect means and traditional activities (education, transportation facilities, electricity, etc.). Provincialism implies some degree of quarrelling with the federal government on taxation, expenditures and other jurisdictions. But before 1960, provincialism left entrepreneurial decisions to private (often foreign) entreprise. What was new after 1960 was the direct engagement of provincial governments in industrial activites.

A simple indicator of the radical start of province-building in the sixties and seventies is the rapid growth of the provincial crown corporation in those two decades. Table VII shows the assets of provincial and federal crown corporations in 1959 and 1979. While federal state enterprises had annual increase rate of 9.1% during that period, provincial crown corporations grew 13.5% per year. Most interestingly, Ontario had the lowest increase rate (10.1%) while Newfoundland, Quebec and Alberta show the highest growth rates. Table IX shows that provinces are moving out from utilities and into manufacturing, mining and finance. Measured by province, Quebec has shown a remarkable growth, controlling 37% of all assets in 1979, up from 18% in 1959. Alberta and B.C. equally show impressive records, while the Maritimes growth is still concentrated in electricity and other public utilities. All 76% of existing provincial crown corporations were created after 1960.

Once presented a clear definition let us go back to the opposing theories. While not all theories try to explain the same phenomena, some of them find the roots of province-building in the patterns of accumulation and class structure of Canadian regions. Garth Stevenson[21] sees the province as being Canada-wide, comprising all provinces and the whole post-war period. The most outstanding Left-Nationalist writing on this field, he sees province-building as the political expression of the comprador bourgeoisie: foreign resource capital in the West and the East, and foreign manufacturing capital in Central Canada. Kari Levitt has also argued that Balkanization would be the political outcome of Canadian surrender to foreign multinationals.

The problem with these interpretations are many. Since 1970, not only does foreign control of the Canadian economy decline, but province-building increases. Even during their rising years, in the 1945-70 period, American multinationals were active in *several* provinces at the same time, while foreign resource capital (in pulp and paper, oil and gas, non-ferrous metals, etc.) vertically integrated with manufacturing. Already by 1975, in Saskatchewan, Alberta, Newfoundland and P.E.I. primary industry (measured by value added) outpaced manufacturing.[22] Resource taxation is a minor component of province revenues everywhere except in Alberta, with the average being only 10.1%.[23] And it would be awkward to classify as resource-oriented and pro-American the Quebec Quiet Revolution, with its motto "Maîtres chez nous" and its huge nationalizations, Peter Lougheed's Conservative province-building or the Saskatchewan NDP administration of the 70s. Furthermore the Left-Nationalist approach precludes the analysis of present day federal-provincial scramble over future oil rents in Nova Scotia and Newfoundland, as well as the multiplication of provincially-financed industrial development corporations, industrial research centers and manufacturing ventures in several provinces. Instead of letting its population migrate towards industrial Ontario, most provinces prefer to promote industrial activities in their own territory.

It is no accident that the strongest opposition to the Left Nationalist perspective of province-building came from Alberta, British Columbia and Quebec. Richards and Pratt define themselves as:

> "tangentially engaged in intellectual debate with the "left nationalist" perspective on Canadian economic and political development. / ... / "The Left nationalist" version of dependency theory... could not account for the emergence in the 1970's of an ambitions arriviste bourgeoisie in a province such as Alberta. It... generally underestimated the autonomy of the state in Canada, notably in relationship to foreign capital. In Marxist terms it committed the fallacy of reductionism, analysing all events as the intended out come of some dominant class, in this case American capitalists"[24]

While Pratt and Richard's argument against the Left Nationalist seems well-taken, one cannot understand all *provincialism* as the political effect of growing regional bourgeoisies. First of all, Duplessis' Quebec, Manning's Alberta and Bennett's British Columbia correspond more to the type of provincialism described by Stevenson and Levitt; this variety of provincialism favours foreign capital and thus the comprador bourgeoisie.

In my opinion, each contending perspective is argued on the basis of a different period of Canadian capitalism. The Left Nationalist perspective applies relatively well to the 1900-1960 period, during which many provincial governments tried to foster the development of their provinces by inviting foreign capital. Regional parties such as the Union Nationale in Quebec and the

Social Credit in the West were instrumental in this policy. Only Ontario has diverged at the time, through the creation of the Ontario-Hydro and the development of the pulp and paper, steel and non-ferrous metals industries.[25] But, starting in the sixties, the decline of the American economy has rendered the invitation strategy increasingly obsolete. Several provincial government turned to province-building, that is, to promote development through their own entrepreneurial activities. For example, while sending its iron to the U.S. and to Ontario, Quebec tried to build its own steel industry under the Liberal's Quiet Revolution; while fueling Ontario's petrochemical industry, Alberta built its own processing facilities under Peter Lougheed.

The social content of provincialism is changing, but provincialism as such remains. This points out to the common deficiency of both extreme approaches, namely class reductionism. Both try to reduce political phenomena to the activity of an economic class. On this point I agree with Theda Skocpol in thinking that "no existing Neo-marxist approach affords sufficient weight to state and party organisations as independent determinants of political conflicts and outcomes".[26] Provincialism is first of all a *political* fact, the policy of state provincial apparatus against the centralfederal state. Provincialism is written in the Canadian constitution, in terms of federal/provincial jurisdiction over taxation and expenditures. All provincial governments want to broaden their tax base. For more than half a century they have tried to achieve this goal by inviting foreign capital to exploit local resources. This strategy generated high economic rents in the postwar period, and the growth of regional capital and provincial bureaucracies eager (and more and more capable) of capturing these rents. Thus we have Quebec's Quiet Revolution and Alberta and Saskatchewan province-building of the 70's. This policy now seems less effective because of the present crisis, the American economic decline, and stiffer competition from less developed countries which offer cheaper resources. With economic rents falling, many provinces (including the nationalist Quebec government) prefer to return to the traditional policy of inviting foreign investors to foster development.

In short, provincialism is a constant element in Canadian politics, but its class contents varies: not all provincialism is province-building, neither is it always a political reflection of foreign investment. Only detailed political, economic and social analysis can say which groups are benefiting in the federal/provincial struggles for economic rents and manufacturing development. As to the near future, I personally feel much less optimistic about the chances of success of province-building strategies than I was four years ago when I wrote *Canadian Capitalism*. But I am also less optimistic about the invitation strategy. Both development policies are based on a strong reliance on resource exportation, and Canada is losing markets and competitiveness in many extractive industries. With the eventual exception of Alberta, Canada's regional bourgoisies will probably weaken in a near future.

IV

The Ethnic Composition of the Canadian Bourgeoisie

Let me analyze now the debates concerning the ethnic and national character of the Canadian bourgeoisie. I believe that the approach arguing the Anglo-saxon ethnic unity of the Canadian capitalist class is simply outdated.[27] The French-Canadian, Jewish and Eastern European elements are not only well represented, but able to take over some of the major traditional Anglo-Canadian corporations, such as Power Corp, Brascan, Abitibi Price or Imperial Life. There is a steady rise of non-Anglo groups in the Canadian capitalist class during the postwar period. Let me compare some figures. In his well known book *The Vertical Mosaic,* Porter asserted that in 1951 only 6.7% of the members of the economic elite were French Canadians and only .78% were Jewish (as opposed to respectively 33% and 1.4% in the general population).[28] For 1972 Wallace Clement found 8.4% of French Canadians and 4.1% of Jewish in this economic elite.[29] With 1975 data, I found that 10% of the larger Canadian companies are owned and controlled by French-Canadians, and another 10% by Jewish.[30] Even if the definitions and the samples are not the same, the trend is clear.

The francophone bourgeoisie is also the object of a particular debate in Quebec. Some authors believe that this French-speaking bourgeoisie is the driving force behind the P.Q. government.[31] The problem with this point of view is that the Francophone capitalists of Quebec were conspicuously financing and backing the Liberal Party and federalist forces during the referendum campaign. In addition, they are increasingly investing in English Canada and even in the United States and beyond: Provigo, La Laurentienne, Bombardier, the National Bank of Canada, the Power conglomerate and other firms are becoming pan-Canadian and even multinational corporations.[32] Against these arguments Bourque, Fournier and Légaré maintain that a class has not necessarily a political consciousness of its real interests and that only the capitalist state is the bearer of the long term projects of the ruling class. The argument is in the Poulantzas tradition: a ruling class does not rule, a position ably criticized by, among others, G.W. Domhoff in the United States.[39] At least important groups within the ruling class are politically conscious, and are able to create or join profitable political alliances. But this is not the case in Quebec, where the francophone bourgeoisie remains as Liberal as before. If the P.Q. government has tried to attract its main political enemy, it does not seem to have succeeded.

The opposite approach sees the French-speaking bourgeoisie as a new federalist fraction.[34] As Garth Stevenson has correctly stated "the no longer negligible francophone bourgeoisie... is in many ways more dependent on a strong federal State than its counterpart in the West or even in Ontario". But we have wrongly predicted that the P.Q. government would act according to the class origins of its membership, and its financial and electoral supporters. The P.Q. is mainly composed of white collar employees, civil servants, teachers, etc.

It is financed and voted for by the same groups. In fact the Quebec government has followed a middle-of-the road strategy in order to attract the French-speaking capitalists toward a separatist coalition. This strategy was defeated during the referendum, and the economic crisis is widening the gap between the government and its electoral and financial supporters.

Conclusion

The Canadian economy has undergone major changes in the post-war period, partially as an adaptive response to corresponding changes in the world economy. The two decades following World War II were those of American hegemony, both in Canada and in the capitalist world. The Canadian state (at the federal and provincial levels) moved back to a passive strategy of growth by invitation, leaving all entrepreneurial initiatives to foreign multinationals. The Left Nationalist perspective was born in this context.

In the seventies, however, the American economic decline became evident to the most acute observers of the international economy, including in Canada, Stephen Hymer.[35] American multinationals were losing ground to European and Japanese competitors, while oil and mineral producing countries successfully raised the prices of resources. As several U.S. giants were interested in selling foreign subsidiaries, Canada's position improved. The federal and provincial governments tried to capture the economic rents windfalling to Canada, and nationalism gained momentum. As the foreign control of the Canadian economy declined, the Left-Nationalist perspective came under fire from several different positions. The Canadian state, both federal and provincial, became more entrepreneurial, trying to substitute for retreating American entreprise. Canadian-owned multinational corporations in mining, oil and gas, and manufacturing became more conspicious and difficult to understand in the Left-Nationalist scheme.

From a theoretical point of view, the core-periphery dichotomy which pervades the Socialist debate, mainly in the Nationalist approach, is in my view an overly simplistic scheme for classifying societies in the present world system. With the dissolution of colonial empires and zones of influence in the post-war period and the rise of the New Industrialized countries in the last twenty years, more and more countries find themselves in some intermediary category between the two poles. Owing to Canada's narrow manufacturing base, the huge development of its resource industries, finance and transportation, high foreign control, lack of spheres of influence, existence of large Canadian MNC mainly in low technology industries, I would personally prefer the semi-industrial label as the most adequate to describe the Canadian role in the international division of labour.[36] In any case what seems to me indisputable is Canada's intermediate position in the modern world system.

My contention is that, as a consequence of this intermediate position the Canadian bourgeoisie is a fragmented class. First of all there are two major fractions, one linked to foreign capital (the comprador bourgeoisie) the other to domestic capital (the national or autochtonous bourgeoisie). I believe the second is and has always been the dominant element in the power bloc in Canada. During the seventies the domestic capitalist class has been solidly strengthening its hold on the Canadian economy. This domestic bourgeoisie is mainly (but not solely) interested in finance, commerce, resource extraction, transportation and services. Its secondary interest is in manufacturing, where it controls some major industries.

Another line of fragmentation in the Canadian capitalist class is the ethnic one. The traditional bourgeoisie is Anglo-saxon, but new ethnic groups have emerged in the postwar period, mainly French-Canadian and Jewish. This cleavage partially overlaps the first one: foreign subsidiaries hire almost exclusively Anglo-saxon managers. Thus the ethnic bourgeoisie is mostly national, and Anglo-Saxons are fairly divided into a comprador and a domestic fraction.

On the political level these two cleavages have important effects: the Liberal Party of Canada (representing French-Canadian and Jewish capital plus several nationalistically-minded WASP mavericks) is much more nationally oriented than the purely Anglo-Saxon Conservative Party, in which comprador bourgeoisie is very well represented.

The debate around provincialism and the regional bourgeoisies would be much clearer if we agreed on the fact that provincialism is a political phenomenon with solid roots in the Canadian constitution. Provincialism can be conservative when oriented to or by the comprador bourgeoisie and foreign capital, but it can also be of the "province-building" type when directed to the development of regional indigenous capital. My guess is that this second type has replaced the first as the most common variety, as foreign control declined in the 70's.

Once we accept the complex structure of the Canadian capitalist class one can see that the opposing points of view have made important contributions, but have over-emphasized one particular dimension. A better understanding of this country's ruling class can be derived from an acknowledgement of the existence of a fragmented bourgeoisie with a solid autochtonous fraction as the hegemonic partner. I call the development strategy of this hegemonic fraction "continental or rentier nationalism". This type of nationalism is concerned more with changing the ownership and control pattern of the Canadian economy than on altering its industrial structure. Present-day nationalism is only buying back foreign subsidiaries in the resource and resource-related industries without destroying dependency.

My approach is thus a synthesis of contending positions, a synthesis that tries to eliminate some contradictory statements and fill some gaps. Most of the elements necessary for an understanding of the puzzle of the Canadian bourgeoisie are now in hand. The task remains to put these pieces of the puzzle together into a general historical perspective.

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TABLE I

Foreign Assets in Canada

% of total assets by industrial sector
1970 and 1980

	1970	1980	Difference
Agriculture	13%	4%	— 9%
Mines	69%	45%	— 24%
Manufacturing	58%	48%	— 10%
Construction	16%	10%	— 6%
Public Utilities	8%	5%	— 3%
Wholesale Trade	27%	24%	— 3%
Retail Trade	22%	13%	— 9%
Services	22%	15%	— 7%
Total, non financial industries	36%	27%	— 9%

Source: Statistics Canada, Cat. 61-210, CALURA Reports for 1970 and 1980, Ottawa, 1973 and 1982.

TABLE II

Foreign Manufacturing Assets in Canada

% of total assets, by industry group
1970 and 1980

	1970	1980	Difference
Petroleum and Coal Products	100%	70%	— 30%
Primary Metals	43%	13%	— 30%
Machinery	75%	52%	— 23%
Transportation Equipment	85%	71%	— 14%
Wood Products	33%	20%	— 13%
Metal Fabricating	47%	34%	— 13%
Electrical Products	65%	54%	— 11%
Furniture	21%	12%	— 9%
Food	37%	29%	— 8%
Miscellaneous Manufacturing	51%	43%	— 8%
Leather Products	30%	23%	— 7%
Paper and Allied Industries	42%	35%	— 7%

TABLE II (continued)

	1970	1980	Difference
Knitting Mills	21%	15%	— 6%
Chemical Products	81%	77%	— 4%
Printing, Publishing	15%	12%	— 3%
Rubber Products	93%	91%	— 2%
Clothing Industries	13%	14%	+ 1%
Textile Mills	52%	54%	+ 2%
Non Metallic Mineral Products	63%	70%	+ 7%
Beverages	20%	32%	+ 12%
Tobacco Products	84%	100%	+ 16%

Source: Statistics Canada, Cat. 61-210, CALURA Reports for 1970 and 1980, Ottawa 1973 and 1982.

TABLE III

Foreign Assets in Canada

% of total assets, 1970 and 1980

U.S. Assets in Canada

	1970	1980	Difference
Mining	58%	36%	— 22%
Manufacturing	45%	35%	— 10%
Total, non financial industries	28%	20%	— 8%

Non-U.S. Assets in Canada

	1970	1980	Difference
Mining	10%	10%	— —
Manufacturing	14%	13%	— 1%
Total, non financial industries	8%	7%	— 1%

Source: Statistics Canada, Cat. 61-210, CALURA Reports for 1970 and 1980, Ottawa, 1973 and 1982.

TABLE IV

Canadian Assets, Private and Government Enterprise

% of total assets, 1970 and 1980

	Canadian Private Enterprise			Canadian Govt. Enterprise		
	1970	1980	Difference	1970	1980	Difference
Agriculture	54%	83%	+ 39%	— —	— —	— —
Mining	30%	51%	+ 21%	1%	4%	+ 3%
Manufacturing	38%	46%	+ 8%	1%	6%	+ 5%
Construction	67%	79%	+ 12%	— —	— —	— —
Public Utilities	33%	37%	+ 4%	58%	58%	— —
Wholesale Trade	54%	67%	+ 13%	10%	6%	— 4%
Retail Trade	56%	74%	+ 18%	2%	2%	— —
Services	52%	68%	+ 16%	?	11%	?
Total, non financial industries	40%	52%	+ 12%	18%	17%	— 1%

Source: Statistics Canada, Cat. 61-210, CALURA Reports for 1970 and 1980, Ottawa, 1973 and 1982.

TABLE V

Industrial Employment in Major OCED Countries

(% of Civilian Labour Force, 1970/1980) (*)

Country	1970	1980
West Germany	50,3%	44,8%
Switzerland	51,4%	39,5%
United Kingdom	46,6%	38,0%
Italy	43,7%	37,8%
France	38,8%	35,9%
Japan	35,7%	35,3%
United States	32,3%	30,6%
Canada	31,4%	28,5%

(*) Industry includes mining, manufacturing, construction and public utilities

Source: OCED: United States, Economic Studies, 1972 and 1982.

TABLE VI

Gross Domestic Product in Manufacturing Industries

Selected countries, 1970/1980, % of GDP

Country	1970	1980
West Germany	42,7%	36,4%
United Kingdom	28,3%	21,4%
Italy	31,7%	35,2%
France	35,5%	26,2%
Japan	36,4%	30,3%
United States	26,0%	24,2%
South Korea	21,7%	30,0%
Canada	20,6%	19,5%

Source: United Nations: *Monthly Bulletin of Statistics*

TABLE VII

Canadian Foreign Trade with the United States

1970-82, % of totals

Year	Imports	Exports
1970	71,1%	64,8%
1971	70,1%	67,5%
1972	69,0%	69,3%
1973	70,7%	67,4%
1974	67,4%	66,0%
1975	68,1%	65,1%
1976	68,8%	67,3%
1977	70,4%	69,8%
1978	70,6%	70,4%
1979	72,5%	67,8%
1980	70,2%	63,3%
1981	68,7%	66,2%

Source: Statistics Canada, Cat. 65-202 and 65-203

TABLE VIII

Provincial Crown Corporations Assets by province, 1959/1979 ($ Millions, %)

	1959 $ (%)	1979 $ (%)	Annual growth rate
Newfoundland	39 (%)	2031 (%)	21.9%
Nova Scotia	77 (2%)	1471 (2%)	15.9%
New Brunswick	108 (2%)	2566 (4%)	17.2%
Quebec	908 (18%)	26321 (37%)	18.3%
Ontario	2515 (49%)	17152 (24%)	10.1%
Manitoba	353 (7%)	4139 (6%)	13.1%
Saskatchewan	376 (7%)	3598 (5%)	12.0%
Alberta	261 (5%)	5561 (8%)	16.5%
British Columbia	486 (9%)	8989 (13%)	15.7%
P.E.I., NWT, Yukon	2 — —	66 — —	
	$5717 (100%)		
Federal crown	$71894 (100%)		
Corporations	$7394	$41988	9.1%

Sources: Stat. Canada, Cat. 61-203 and 61-204, Ottawa, 1960 and 1982

TABLE IX

Provincial Crown Corporation Assets by industry, 1959/1979 ($ Millions and %)

	1959 $ (%)	1979 $ (%)	Annual growth rate
Electricity	46553 (65%)	4653 (65%)	12.5%
Finance	318 (6%)	15065 (21%)	21.3%
Communications	356 (6%)	2918 (4%)	11.1%
Transportation	479 (8%)	2268 (3%)	8.1%
Manufacturing	3 —	2078 (3%)	38.7%
Services	— —	1236 (2%)	—
Mining, oil, gas	2 —	1234 (2%)	37.9%
Commerce	89 (2%)	611 (1%)	10.1%
Other	30 —	47 —	—
	$5717 (100%)	$72011 (100%)	13.5%

Sources: Stat. Canada, Cat. 61-203 and 61-204, Ottawa, 1960 and 1982

Notes

1. T. Naylor, *The History of Canadian Business*, Toronto: Lorimer, 1975. K. Levitt: *Silent Surrender*, Toronto, Macmillan, 1970; J. Hutcheson: *Dominance and Dependence*, Toronto, McClelland and Stewart, 1978; R.M. Laxer (ed): *Canada Ltd — The Political Economy of Dependency*, Toronto, McClelland and Stewart, 1973.

2. Cf S. Moore and D. Wells, *Imperialism and the National Question in Canada*, Toronto, 1975; P. Resnick: "The Maturing of Canadian Capitalism", in *Our Generation*, vol. 15, no. 3, Fall 1982; M. Ormstein, et al.: "The Network of Directory Interlocks among the Canadian Largest Firms" in *Canadian Review of Sociology and Anthropology* 1982, vol. 19. no. 1.

3. For the deindustrialization debate see J. Laxer: "Canadian Manufacturing and U.S. Trade Policy" in R.M. Laxer (ed), *Canada Ltd*. op. cit.; and S. Moore and D. Wells, *Imperialism and the National Question in Canada*, op. cit.
In the finance capital debate W. Carroll ("The Canadian Capitalist Class: Financiers of Finance Capitalists" in *Studies in Political Economy*, Ottawa, No. 8), F. and L. Park (*Anatomy of Big Business*, Toronto: Lorimer, 1973) represent the financial-industrial approach, while T. Naylor (*The History of Canadian Business*, op. cit.), K. Levitt (*Silent Surrender*, op. cit.) or W. Clement (*The Canadian Corporate Elite*, Toronto: McClelland and Stewart, 1975) defend the opposite.

4. See the Nationalist case in T. Naylor, op. cit., K. Levitt op. cit.; the province-building interpretation is in J. Richards and L. Pratt, *Prairie Capitalism*, Toronto: McClelland and Stewart, 1979; P. Fournier (ed), *Le capitalisme au Québec*, Montréal: A. St -Martin, 1979.

5. J. Porter. *The Vertical Mosaic*, The University of Toronto Press, 1965: W. Clement, *The Canadian Corporate Elite*, op. cit.; H. and S. Milner: *The Decolonization of Quebec*, Toronto, McLelland and Stewart, 1973. The opposite point of view is represented by P. Fournier, op. cit.; G. Bourque and A. Légaré, *Québec, la question nationale*, Paris: Maspéro, 1978; J. Niosi, "The New French Canadian Bourgeoisie", *Studies in Political Economy*, No. 1, 1979.

6. This debate opposes Fournier and Bourque on the one hand and A. Sales (*La bourgeoisie industrielle au Québec*, Presses de l'Université de Montréal, 1979) and myself on the other.

7. L. Francko, "The End of US Dominance", *Harvard Business Review*, Nov-Dec. 1978; B. Bluestone and B. Harrison, *The Deindustrialization of America*, New York: Basic Books, 1982; I.C. Magaziner and R. Reich, *Minding America's Business*, New York: Vintage, 1982; N. Rosenberg, *Inside the Black Box — Technology and Economics*, Cambridge University Press, 1982, Chap. 12.

8. J. Niosi, *The Economy of Canada*, Montreal: Black Rose Books, 1979 and 1982. J. Niosi, *Canadian Capitalism*, Toronto: Lorimer, 1981.

9. J. Niosi, *Les multinationales canadiennes*, Montréal, Boréal-Express, 1983; G. Boismenu and G. Ducatenzeiler: "Le Canada dans la circulation internationale de technologie". Paper presented to the Conference on the International Division of Labour, Ottawa, 1983.

10. Statistics Canada, Cat. 11-001 (Jan. 26, 1983; Feb. 1, 1983 and Nov. 18, 1982).

11. J. Laxer, op. cit.; S. Moore and D. Wells, op. cit.; S. Langdom, "Thoughts on Canadian Dependency", *This Magazine*, Nov./Dec. 1975.

12. Calculated from United Nations: *Monthly Bulletin of Statistics*, 1982 (several issues).

13. W. Clement, *Continental Corporate Power*, Toronto: McClelland and Stewart, 1977, p. 8; see also K. Levitt, op. cit., T. Naylor, op. cit. For the opposite point of view see W. Carroll, op. cit., F. and L. Park, op, cit. and M. Ornstein et al., op. cit.

14. Royal Bank, Bank of Montreal, Canadian Imperial Bank of Commerce, Toronto-Dominion Bank, Bank of Nova Scotia and National Bank of Canada.

15. Alcan, Seagram, C.D.C., Hiram-Walker, Massey-Ferguson and Stelco.

16. CP Ltd, Hydro-Québec, Ontario-Hydro, Bell Canada, Dome Petroleum and Alcan.

17. Statistics Canada and Review of Bank of Canada figures.

18. E.R. Black and A.C. Cairns, "A different perspective on Canadian federalism", in *Canadian Public Administration*, Vol. 9, 1966, p. 27.

19. J. Richards and L. Pratt, *Prairie Capitalism*, op. cit., p. 11.

20. R. Young et al., "The Concept of Province-Building: A Critique", Paper presented to the Annual conference, Canadian Political Science Association, Vancouver, June 1983.

21. G. Stevenson, *Unfulfilled Union*, Toronto: Macmillan of Canada, 1979.

22. M. Jenkin, "The Prospects for a New National Policy", in *Journal of Canadian Studies*, Vol. 14, no. 3, Fall 1979, p. 131.

23. R. Young, et al., "The concept of province-building", op. cit., p. 29.

24. J. Richards and L. Pratt, op. cit., p. VIII.

25. H.V. Nelles, *The Politics of Development*, Toronto, Macmillan, 1974.

26. T. Skocpol, "Political Response to Capitalist Crises", University of Toronto, Dept. of Sociology, Working Paper Series no. 8, July 1979, p. 1.

27. S. and H. Milner, op. cit., chap. 2.

28. M. Porter, *The Vertical Mosaic*, University of Toronto Press, 1965, p. 286.

29. W. Clement, *The Canadian Corporate Elite*, op. cit., pp. 235 and 237.

30. J. Niosi, *The Economy of Canada*, op. cit.

31. See Bourque and Légaré, op. cit., and Fournier, op. cit.

32. J. Niosi, "La multinationalisation des firmes canadiennes-françaises" in *Recherches Sociographiques*, Quebec, Vol. XXIV, No. 1, 1983.

33. G.W. Domhoff, *The Powers that Be*, New York: Random House, 1979.

34. S. Ryerson, "After the Quebec Referendum: A Comment", in *Studies in Political Economy*, no. 4, Autumn 1980.

35. S. Hymer and R. Rowthorn, "Multinational Corporations and International Oligopoly: The non-American Challenge", in C.P. Kindleberger: *The International Corporation*, Cambridge: MIT Press, 1970.

36. My position is close to P. Ehrensaft and W. Armstrong, "Le Capitalisme des Dominions", in *Cahiers du socialisme*, no 3, (printemps) 1979, Montréal.

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