

# Remapping Canada:

## The State in the Era of Globalization

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The turbulence of the late twentieth century has wrought major alterations in the structure and policies of the Canadian state. The state's role in economic regulation has changed dramatically. Rather than promoting national markets, the federal government has pursued elimination of borders between the Canadian economy and the rest of the world and made the country's competitive position in global markets the privileged barometer of well-being. Attention to trade is, of course, not new. The Canadian state has long had a development strategy founded on the comparative trade advantage derived from abundant natural resources. It promoted mining, forestry, intensive agriculture, and gas and oil drilling, while also financing the railways, roads, and pipelines that sent the products to market. Now the ecological scars of overexploitation of the Atlantic fishery and Pacific forests are only the most striking signals that the traditional role of the Canadian state in promoting resource-based development is in jeopardy. Indeed, the opposition of a large number of Canadians—and non-Canadians—to resource-driven development means that debate about the state's ecological responsibilities will be as fierce in the future as they have been recently.

The long-sought alternative to reliance on resource exports was the hope of transforming Canada into a major manufacturing economy. Many political economists, including some located throughout the federal and provincial levels of

the state, have advocated a state strategy to foster modern, technologically advanced manufacturing production that would transform Canada into a country of high value-added exports (beyond autos and resources). The establishment of a continental free-trade area and a division of labour in which Canada continues to be most prized as a source of primary resources could well mark the eclipse of that aspiration.

Along with the economic restructuring of the last two decades, there has been divisive political turbulence and change, which have moved Canadian politics far away from the familiar postwar patterns. There are ongoing conflicts over the legitimacy of a unitary 'Canadian' state, with nationalist movements in Quebec and among Aboriginal peoples seeking to redefine the country's boundaries and remake several of its major institutions. But the recent period has also brought redefinition of the proper relationship between state and citizens. There has been fervent struggle over whether the state should even minimally promote social equality or whether everyone must accept 'the discipline of the market', no matter the social costs. Social programs that often served, since the 1940s, to define the essence of Canadian distinctiveness within North America are seeing reduced expenditures and being redesigned to increase market-based incentives. The postwar promise of a 'just society' seems an increasingly distant utopia amid widening social polarization and inequalities. The way in which the 're-engineering' of state policy is being done, as the federal government transfers responsibilities for social programs and other spending to the provinces, means that ties binding Canadians through country-wide institutions are being weakened if not completely severed. In effect, the

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Canadian state is dismantling itself, in terms of redistributive policies, while strengthening its capacity to regulate in favour of the priorities of the market.

The Canadian nation-state is not alone, of course, in confronting the strains and questions of its future under the conditions of 'globalization'. If few of the certainties that guided Canada's advance to capitalist modernity through the twentieth century remain intact, the same is true almost everywhere. The years from 1945 to 1974 are sometimes termed those of Fordism and described as a 'golden age' for national production structures and the interstate system of the capitalist world. The combination of mass production for mass consumption that dominated the Western European and North American economies after 1945 produced rapid growth, rising productivity, and higher wages for workers. The reconstruction of the interstate system after 1945 reinforced, albeit only modestly and somewhat contradictorily, the economic autonomy and sovereignty of nation-states. The postwar Keynesian welfare state presumed that national borders were also the primary boundaries for economic exchange and for political community. The autonomous national regimes establishing social and economic rights of citizenship depended on states controlling access of persons to their national territory and to their social programs.

Since the mid-1970s, however, such assumptions have been difficult to sustain as the crisis of Fordism has unfolded. Canadian families seek live-in nannies from the Philippines so that mothers are able to fly to business meetings in Paris. Population flows have multiplied, and countries try to cope with more immigrants and temporary workers in labour markets, which are, paradoxically, both more spatially fluid and stagnant. Economic instability is endemic as the borders of all states become increasingly permeable. The New York bond market's assessment of the Canadian government's deficit has almost as much influence on budgetary policy as does the

Toronto Stock Exchange. Economic crisis and the loss of national autonomy in directing the future have marked even the postwar miracle communities of (West) Germany, Japan, and Sweden. Indeed, the Europeans are voluntarily transferring sovereignty to the supranational European Union in the hope that a remapping of economic and political space will ward off the worst effects of globalization.

The current malaise about the role of the Canadian state is still a result, however, of the specific history of Canada's position within the advanced capitalist group of countries and its relationship with the international economy. As other countries moved towards full employment during the postwar 'golden age', Canadian unemployment rates had already begun the climb that produced today's double-digit figures. As European and Japanese growth and productivity rates accelerated, they surpassed Canadian output levels. As recognition of the effects of globalization rose in the 1980s, Canada had the weakest and most foreign-dominated industrial structure among OECD countries, and this had long been the case.<sup>1</sup> The arrival of the 'new world order' seems to offer only further decline. The first task of this chapter is to explain the social and political origins of Canada's trajectory towards decline, via an assessment of the economic development strategies of the Canadian state in earlier economic regimes.

In order to do so, we must assess the capacity of the state to act, both in the past and in this era of globalization. A steady process of trade liberalization, winding down of capital controls, and internationalizing of production has undermined the state's capacity to regulate the entire country as one economic unit. The decision to move towards free trade through the Canada-United States Free Trade Agreement (FTA) of 1989, for example, signalled that the state was willing to move its regulatory powers elsewhere—in this case, to an international treaty that set limits on state actions.

In recent years, too, regional and even local economies have forged new ties beyond national borders and begun to rely more on their local states, either provincial or municipal, to promote their own interests.<sup>2</sup> The restructuring of global economic relations and the transformation of Canada's production structures have only intensified the 'spatial centrifugalism' already provoked by the uneven and disarticulated development of the national economy, which has always characterized Canada and profoundly shaped state institutions.<sup>3</sup>

Nor has this erosion of state autonomy simply evolved. Political actors, taking advantage of the restructuring of production and trade and of the interstate system, have pressed for decentralization, if not dismantling, of Canada's national institutions. This is partly because conflicts embedded in constitutional politics since Confederation provoked demands from Quebec for new state powers. Recognizing Aboriginal peoples' right to self-government also requires a certain devolutionist reordering of state institutions and constitutional power. Demands to alter the division of powers between levels of government continues, then, to be associated with economic restructuring, thereby creating the new spaces in which state action occurs.<sup>4</sup>

These are not the only efforts to shift the way the state regulates the national space, however. Within the federal government promoters of the new right agenda, who seek to reduce the role of the state in the economy and give free play to market forces, have undertaken a significant redistribution of responsibility for social programs and economic development. In tandem with severe program reductions, Ottawa has turned over responsibility to the provinces for providing those that remain. In this way, the federal level has effectively abrogated the responsibility that it assumed at the beginning of the 'golden age' for overseeing country-wide social and labour-market institutions and for setting standards for equitable treatment of all Canadians. An analysis of these

spatial shifts—and the economics, politics, and ideas that underpin them—is also a central task of this chapter.

### Canadian Development and the State

It is commonplace that a unique element of Canadian history is the leading role played by the state in economic development since the nineteenth century. The history of railway building, of Ontario Hydro, and of public health care are frequently evoked to show that Canadians do not 'fear' state intervention and that it has contributed to national well-being. Political economists, from both the staples and the Marxist traditions, share an interest in the formation of the Canadian state, even if they have not agreed on how to understand its relationship to civil society. Nor have such theoretical disputes lost their political urgency today. It is not simply of 'academic' interest whether economic conditions in Canada are interpreted as only a temporary adjustment, as a cumulative process of economic failure specific to Canada, as a mere regional effect of a general crisis of capitalism, or a decline whose institutional origins need to be traced to earlier historical processes. Historical disputes about Canada's early formation shape individuals' positions within the field of political economy and within current political debates about the country's future in an era of globalization.

If there is disagreement about how to characterize the present, there is wider agreement among political economists that its roots reside in history.<sup>5</sup> An understanding of the forces shaping the current trajectory of the Canadian economy and the role of the state must seek their lineage in the legacies of the country's transition to capitalism in the mid-nineteenth century. Canada was both a late follower and a post-colonial state. Britain undertook a transition to capitalism and industrialization first; all other countries were 'followers' of one sort or another, with Canada



falling within the group of late followers, whose transition occurred in the second half of the nineteenth century. The Canadian colonies and the post-1867 dominion were, moreover, a 'white-settler' extension of the British Empire, occupying a geographical space in competition with a powerful and expansionist southern neighbour. These political and spatial constraints gave a particular cast to Canada's transition to capitalism. Wedged between a dominant imperial power, which continued to maintain economic ties with its former colonies, and the rising industrial power of the United States, the Canadian colonies confronted an increasingly open and competitive international economy for their exports. The economic task of the late-follower transition to capitalism was either to 'catch up' industrially or to be marginalized as a periphery of a larger, imperial power. Originating as a white-settler colony, Canada never had to break the grip of a feudal aristocracy, as so many European countries did. The political task of the transition was to consolidate the geographical space of Canada politically for European settlement and a national market. Canada's capitalist transition and initial industrialization emerged thus, in a social structure comprised of agrarian small property-holders, large mercantile and financial interests, and an Aboriginal population still occupying much of the territory.

This history has set the parameters of the new Canadian political economy's debates about models of development and state formation. Analyses seek the imprint left on the state from the transition to capitalism, and vice versa. As well, they track the formation of capitalism's classes, particularly the industrial bourgeoisie and proletariat, in relation to other classes and to Aboriginal peoples living on the margins of the capitalist economy. Finally, political economists have tried to assess the effect of the balance between internal development and external dependence that characterizes Canada's insertion into the world economy.

### The Canadian Transition: From One Staple to Another

The staples thesis of Canadian history provides perhaps the most common interpretation of Canada's economic development. Drawing on Adam Smith's *Wealth of Nations* (1776), it describes Canada's transition to capitalism as a successful extension across time and space of exchange relations and state-building.<sup>6</sup> In the work that laid the foundation of Canadian political economy, Mackintosh and Innis present Canadian development as a continuing search for natural resources—that is, staples—to exploit. Fish, fur, timber, and minerals all propelled development forward in time and westward through space. Despite much historical debate and varying emphases in details, all adherents of the staples approach agree that the pace and form of development were determined by geographical possibilities and limitations, technological improvements, the division of labour, and, most crucially, the economic surplus generated by foreign demand for 'resource-extensive exports'.<sup>7</sup>

In Mackintosh's view, for example, industrialization passed through stages. Looking at Canada as an ex-colony of Britain, he said, '[R]apid progress in . . . new countries . . . [is] dependent upon the discovery of cheap supplies of raw materials by the export of which to the markets of the world the new country may purchase the products which it cannot produce economically at this stage of its development.'<sup>8</sup> Innis had a darker vision of the exchange relationship between imperial centre and colonial periphery. He warned repeatedly of the rigidity of overhead costs and the instability of external demand, which could produce 'disturbances incidental to dependence on staples', thereby cumulatively upsetting the development of the periphery.<sup>9</sup> None the less, both authors attributed a successful capitalist transition in mid-nineteenth-century Canada to an export staple that quickly propelled it, as a late industrializer, from the



commercial-agriculture to the industrial stage of development.

Despite focusing on economic, technological, and geographical factors, staples theorists did not ignore the state. Indeed they produced two important and varying accounts of the economic and social relations that underpinned Canadian state-building. At the centre of the dispute was the nature of the social projects, especially Confederation and the first National Policy of the 1870s, which generated regional tensions over the unequal terms of exchange of the newly formed national market. Writing from the perspective of central Canada, Creighton identified the commercial élite engaged in the staples trade, and concentrated in the commercial centres of Montreal and Toronto, with the national interest: 'In the commercial group was concentrated a great proportion of economic power—the wealth, the energy and ability of the colony . . . It was a re-enactment . . . of the classic West-European struggle—the struggle between insurgent commercial capitalism and a desperately resisting feudal and absolutist state.'<sup>10</sup> From the vantage point of the West, Fowke documented both that the links provided by its wheat exports were crucial to successful industrialization and that the National Policy exacerbated regional tensions. The unequal exchange relation that fuelled such tensions arose in large part because the Canadian state acted as—indeed was created to be—'an agent within the first national policy . . . [of] its original principals, the commercial, financial, and manufacturing interests of the central provinces.'<sup>11</sup>

When staples theorists analysed state actions they most often described them as direct responses to needs generated by the staples trade.<sup>12</sup> For some theorists, still writing from a Smithian perspective of trade as spur to development, the 'entrepreneurial capacity' of the Canadian state in the National Policy set this country apart from both the British and the American market-led capitalist transitions. Aitken, for example, forcefully argued that the 'defensive expansionism' of the

Canadian state was a strategy for territorial integrity. It involved the state in 'facilitating the production and export of staple products . . . to forestall, counteract, or restrain the northward extension of American economic and political influence.'<sup>13</sup> Thus the central responsibility of the state was management of exchange flows between Canada and the world economy.

### An Exceptional Failure

The defensive-expansionism thesis, developed after 1945, was an optimistic reading of the way the Canadian state had managed trade relations and the contribution of resource exports to state-building and economic progress. In later years, some political actors and academics became uneasy about the increasing ties between Canada and the United States. These ties were both economic—as continental trading relationships took precedence over the remnants of the post-colonial link with Britain—and political. In the Cold War interstate system Canada was not only clearly in the Western camp, in which the United States had replaced Britain as the world hegemonic power. Its territorial integrity and sovereignty were also weakened by common North American defence systems and increasing integration of its international actions with those of its southern neighbour.<sup>14</sup> By the early 1960s concerns about economic as well as political sovereignty were emerging.<sup>15</sup>

This was the context in which the nationalist tendency within the new Canadian political economy first began to work. This position can be considered neo-Innisian, as it continued to share the focus of the staples thesis on resources and exchange relations. The traditional staples analysis was supplemented, however, with a dependency approach to the power relations that were formed by unequal exchange between a dominant manufacturing-based centre and a resource-exporting periphery. Where Innis saw constraints resulting from Canada's location on the margins of

Western civilization, the neo-Innisians detected the blockages to development of a periphery.<sup>16</sup> Signs of dependence, which Canada shared with Latin America, were truncated industrial development in manufacturing branch plants that lacked export capacity, reliance on resource exports, and a state that lacked sufficient effective autonomy to direct the country's economy. As Levitt, one of the originators of this approach, summarized, the 'new mercantilism of multinational corporations' prevented formation of a technologically advanced manufacturing sector, and this situation led to the 'silent surrender' of sovereignty through the postwar period.<sup>17</sup>

These political economists sought the economic and social sources, internal as well as external, of Canada's failure to make a successful transition to an autonomous manufacturing economy. One root was clearly external, located in the pattern of trade relations between a resource periphery and manufacturing centre. 'Canada was to be understood as an "effect" of these ongoing and changing relationships with the two great imperial powers of modern capitalism.'<sup>18</sup> The problem, however, was not just international trade patterns. Internal structures forged in a staples-dominated economy had a fundamental effect. The economic surplus earned in the staples trade opened a number of potential alternative paths to development: industrial diversification through import substitution, a switch to a new resource export staple, or a 'staples trap' of continued reliance on a declining resource base. The choice of path depended on entrepreneurial capacity to convert the economic surplus generated by resource exports into economic linkages with other nationally controlled industries. Entrepreneurship, for the neo-Innisians, pivoted around the characteristics of Canada's capitalist class, which controlled the surplus and the staples trade. The new Canadian political economy revealed a Canadian capitalist class comprised of persistently strong mercantile and financial interests, dating back to a commercially based transi-

tion to capitalism. Industrial interests, moreover, were stunted, foreign-owned, and technologically backward.<sup>19</sup> It was these interests and class alliances that had kept Canada in a 'staples trap', predisposed to 'development of inefficient non-innovative and backward industrial structures with a penchant for dependence on foreign technology, foreign capital and state assistance.'<sup>20</sup>

In these formulations, mercantile capitalism had been replaced in the nineteenth century not by powerful industrialists but by a 'financial-staples oligarchy', the precursor of the power of today's banks and multinational corporations, which themselves remain dependent on an imperialist centre within the world economy. In these histories the industrial development fostered by the National Policy brought stunted industrialization and loss of economic sovereignty, as American industrialists were induced to jump tariff walls or to buy Canadian firms to create branch plants to serve the Canadian market.

The state had a role to play in this story. It was, however, a different one from that recounted by the early staples theorists. Whereas for the latter the entrepreneurial capacity of the state had helped build the state and forge an autonomous economy, for the nationalist new political economists the Canadian state was foremost a subservient extension of Canada's commercial and financial capitalism.<sup>21</sup> The dominance of financial, commercial, and foreign manufacturing capital in Canadian society translated into a weak state, uninterested in fostering development or sustaining national sovereignty. In this formulation, the root of Canada's development impasse is social: the state was simply an instrument of the powerful élites in a truncated transition to capitalism. It was little wonder, then, that the state had failed to arrest dependence or to respond adequately to the signs of economic weakness and decline becoming visible in the 1970s. As Drache put it, Canada could not 'transcend its commercial status as a supplier of resources and a market for manufactured goods . . . [I]t could not acquire the



capability to revolutionize its own mode of production.<sup>22</sup> The state was, in the vision of the new political economy, neither able nor willing to halt the reconfiguration of economic space in the direction of continentalism.

### Less Exceptional than Different

For the new Canadian political economy heirs of Innis, Canada's capitalist transition was one of exceptional failure. Accordingly, Canada was 'the world's richest underdeveloped country'<sup>23</sup> and had an economy that had failed to follow the normal development phases to an industrial society with an autonomous economy and state. Marxists and political economists influenced by class analysis provided a quite different reading of the same history.<sup>24</sup> Notably, they dismissed the idea that the country's development was stuck in a merchant capitalist phase or that Canada's major characteristic was its 'exceptionalism'.

These political economists argued instead that Canada had passed through the usual stages of capitalist development. Pentland, for instance, traced the transition from pre-capitalist 'personal' and feudal relations of exploitation to capitalist social relations at mid-nineteenth century. Confederation and the National Policy signified a successful bourgeois revolution, reflecting the material interests of industrial capitalists facing monopolistic competition from the United States. Their state-building and spatial extension yielded 'an undivided protectionist voice'.<sup>25</sup> In Ryerson's view, the 'unequal union' of Confederation—of colonial Canada and imperial Britain, Quebec and Canada, Aborigines and Europeans—reflected the growing strength of industrial capitalists, who required 'a state of their own, under their control, capable of providing a favourable framework for the home market'.<sup>26</sup> Labour historians, too, dissented from the picture of an exceptionalism in Canadian society. They focused on the growing strength of the working class and its institutions as industrial capitalism spread.<sup>27</sup>

Despite the similarities between Canada's history and the emergence of capitalism and state-building in other countries, there were particularities to the Canadian story that received the attention they deserve only in later studies. As Panitch noted, political economists could not ignore the fact that Canada was 'distinguished from other advanced capitalist societies in terms of its dependent industrialism'.<sup>28</sup> Such observations call for a historicist method capable of exposing the ways abstract categories take on historical content as the result of the actions of social forces making their own history and thereby becoming the specific structures of Canadian capitalism.

The years of state-building at the end of the nineteenth century and the first National Policy formed again the terrain worked over in three studies that sought to depict the origins and nature of the structural-institutional fusion between internal conservatism and external dependence that had perpetuated a model of development leading to 'technological entropy'. In Williams's view, the import-substitution strategy promoted by the National Policy had been a logical choice for state and business élites in a resource-endowed regional periphery. The process of 'arrested industrialization' that took hold was increasingly difficult to overcome, because makers of state policy were 'loath to disturb the investment climate' that recasting a non-innovative, branch-plant economy would entail.<sup>29</sup> It is with a similar sense of the failed 'historical possibilities' that Laxer located Canada's 'aborted industrialization'. For him, in Canada, in contrast to all other late-follower countries, agrarian producers had not penetrated the power bloc and had never therefore forged the class alliances necessary 'to take a leading role in creating the state and transforming the economy'.<sup>30</sup> Without a national-popular movement to deter them, dominant élites maintained a crippling allegiance to the British (and then American) empire and state policies that sustained 'foreign ownership and a truncated manufacturing sector'.<sup>31</sup> For Mahon, the



hegemony of the staples fraction of Canadian capital meant that 'industrialization remained a secondary objective.'<sup>32</sup> Even though it perceived the threat of deindustrialization, a marginalized nationalist manufacturing fraction and working class lacked enough power within an unequal structure of representation to force elaboration of an industrial policy.<sup>33</sup> In sum, for these authors, with their focus on either business élites or subordinate classes, the specificity of Canada's transition to industrial capitalism was the pattern of class power and the resulting alliances (or failed alliances)—weak national manufacturers (Williams), weak agrarians (Laxer), weak workers (Mahon).<sup>34</sup> The frail manufacturing class, in conjunction with other marginalized groups and classes, could never exercise sufficient political power to provoke normal development of an export manufacturing capacity. The institutional and policy legacies were the growing spectre of deindustrialization in an increasingly open and competitive world economy after 1945.

Building on such class-oriented and institutional studies, without ever ignoring the insight that Canada's dependent capitalism must be explained, it is possible to retell the story of these years of transition and spatial reconfiguration. We now see that the particular character of the Canadian transition lay in the combination of intensive and extensive forms of accumulation, which generated quite impressive productivity advances through the nineteenth century and moved Canada into the upper rank of capitalist countries.<sup>35</sup> Extensive accumulation was made possible by territorial expansion and absorption of new workers.<sup>36</sup> The state's territorial reach extended westward and northward. Territories that had been incorporated into the trading networks of imperialism were directly appropriated. Aboriginal lands were seized, and their pre-capitalist mode of production was liquidated.<sup>37</sup> As well, the labour supply was highly elastic for immigrants from Europe, who brought skills that Canada did not have to pay to develop, at the going wage.<sup>38</sup> Exten-

sive accumulation did not prevent, and indeed encouraged, intensive accumulation by providing the surplus to pay for investment in capital goods (using foreign funds and technology) in both the agricultural and resource sectors. The growth of incomes also provided the inducement for mass-market industries—textiles, shoes, dry goods—to develop. The story told about Canada's economic transition is thus not one of merchant trade preserving pre-capitalist commercial and financial activities. Rather it is the creation of industrialism out of that combination of intensive and extensive accumulation that also implanted capitalist relations of production throughout the territory that became modern Canada.

This model of capitalist development also implied a certain specificity to the Canadian state structure.<sup>39</sup> The country created in 1867 was a liberal democracy, but one whose sovereignty was divided and parcelled. An ex-colony but still a 'dominion' without recognition as a fully independent nation-state, it was also internally divided by competing nationalist claims arising in French and English Canada and the unresolved history of the subjugation of Aboriginal nations. State structures were constructed in response to competing drives. Strong and centralized powers were sought by those whose goal was to create a single socio-economic space and to facilitate development of infrastructure to smooth the transition to industrialism. At the same time there were social forces that would accept only state structures sufficiently decentralized to accommodate the diversity of two nations in a single state and of regionally differentiated, unevenly developed economies. The result was the divided sovereignty of Canadian federalism and a 'place-sensitive societal paradigm'.<sup>40</sup>

These state structures would subsequently be forced to accept the consequences of divided sovereignty as well as the absence of a strong sense of pan-Canadian allegiance. At each moment of economic and political turbulence, the legitimacy of basic state institutions was called into question, so that Canadian history seemed to lurch from

'constitutional crisis' to 'constitutional crisis'. The delicate elite negotiations that generated the new dominion underlined 'the primacy attached to the preservation of property and the prerequisites of the accumulation process'.<sup>41</sup> Popular democratic forces were weak, and the fact that institutions of federalism were privileged as the locale for conflict resolution between political and bureaucratic elites made it even more difficult for them to gain access. The unequal structures of representation of class-divided societies became even murkier in a situation in which the institutional routes to representation were varied and not always open.<sup>42</sup> Such a state did bring in a transition to capitalism based in both extensive and intensive forms of accumulation, but its limited capacity to sustain industrial or labour-market policies hindered Canada's emergence as a major industrial power in its own right.

Throughout this section we have seen that quite different readings of Canada's nineteenth century exist. While everyone agrees that in the last decades of the century Canada set out on a trajectory that shaped the crisis of the late twentieth century, there is much less agreement about the parts played by the state, social actors, and institutions of these years. Some have seen the state as little more than the handmaiden of large historical forces. For others the state was captured by the dominant class forces and did nothing to divert the country from a road of failure, directed towards a 'staples trap' of dependence. For yet others, the pre-capitalist ruling class was displaced in the thoroughgoing capitalist project that was Confederation. This project, led by powerful social forces, created an influential state not simply in their own image but one that reflected and perpetuated the unequal structures of representation and power in Canadian society.

These alternate explanations of Canada's capitalist transition are central to much more than theoretical academic disputes. Many political economists seek to understand the history of their present circumstances as part of the effort to

change them. Their attention turned, therefore, even as they struggled to discern the role of the state in those crucial decades of the nineteenth century, to another matter: how can we comprehend Canada's current economic malaise, and what contribution has the state made to it?

## Postwar Canada and the Long Decline

Just as the forces restructuring Europe and North America in the late nineteenth century provided foreign demand for Canada's primary commodity exports, the post-1945 golden age of Fordism similarly furnished buoyant foreign markets for Canada's primary commodities of hydroelectricity, oil and gas, and metals. The United States had displaced Britain as the undisputed economic centre of the world economy during the war, and as a result Canada's 'permeable Fordism' was profoundly shaped by American technology and manufacturing branch plants.<sup>43</sup>

There were, however, already disconcerting signs of a developing economic malaise during the postwar boom, despite impressive gains in productive capacity. Except in natural resources and a few manufacturing sectors, domestic industry did not fare well when confronted by international competition. A number of trends stood out. The manufacturing sector ranked as one of the West's weakest in output and employment shares of the national economy. Levels of foreign direct investment were at new highs, bringing the expected liabilities for exports and innovation. Exports were concentrated in resources and semi-processed goods, while imports were primarily high-end manufactured goods. Firms undertook only minimal research and development; there were shortages of skilled workers even though substantial unemployment had appeared. All of this combined to produce Canadian productivity and growth rates chronically below the rest of the Western economies, while much of the growth was simply the extensive employment growth of an enlarging market.

The emerging picture was one of relative economic decline. While the roots of this decline might be identified by the various approaches to the new Canadian political economy in the formative processes of the capitalist transition, it was still necessary to trace the history from the nineteenth century to the present. Moreover, the contribution of the postwar state to the patterns of economic development and state-building had to be assessed. Here, again, different approaches emerged.

The Smithian heirs of the original staples theory dominated postwar economic thinking in Canada, within the state and among neoclassical economists. They saw few problems with the patterns of trade and ownership. In their eyes, foreign investment helped address what they saw as capital shortages; resource exports were Canada's natural comparative advantage.<sup>44</sup> None the less, there were some concerns about industrial production. Apprehensions began to mount as early as the Royal Commission on Canada's Prospects (Gordon Commission) in 1957. The Economic Council of Canada's reports of the 1970s picked up this theme, and the Royal Commission on the Economic Union and Canada's Development Prospects (Macdonald Commission) in the mid-1980s sounded an alarm as well. The underlying premise was that the absence of economies of scale prevented full productivity increases and stunted export trade in high value-added goods. This analysis gained the support of both foreign and domestically controlled capital, which also weighed in behind the solution proposed by these reports to the state. This was to foster further continental integration through creation of a common economic space. Indeed, the central recommendation of the Macdonald Report was that Canada seek a free-trade arrangement with the United States. Such an accord would reconfigure economic space by expanding the single market and by harmonizing a broad range of economic policies. The federal government pursued this recommendation, negotiating and then implementing the

Canada-United States Free Trade Agreement (FTA) of 1989. In effect, just as political institutions and state power had been crucial after 1867 in the creation of a single economic space from east to west, state institutions in the mid-1980s led the move to redesign this economic space by lifting the barriers that partly separated the two largest North American economies. Extension of the trade pact by inclusion of Mexico within the North American Free Trade Agreement (NAFTA) of 1992 continued this remapping of economic space.

Not surprisingly, the neo-Innisian nationalist tendency within the new Canadian political economy was not enthusiastic about this prescription. Its diagnosis of the economic impasse since the 1970s had focused on political dependence and economic decline.<sup>45</sup> From within the state sector the alarm was sounded by the Science Council of Canada, which warned that Canada's branch-plant model of development was causing technological entropy through 'truncated industries with a low technological capability becoming cumulatively dependent upon foreign industries.'<sup>46</sup> The proposed corrective was a national industrial strategy that could foster 'technological sovereignty' and generate an export-oriented manufacturing sector. This prescription received short shrift, however, as the state definitively moved towards the FTA. Indeed, anything resembling an industrial policy was ruled out of bounds by the prevailing *laissez-faire* policy, which characterized such activity as an inappropriate intervention by the state in the economy that would cause inefficiencies and as an unacceptable restraint on free trade.

Therefore the run-up to the FTA and the state's increasing enthusiasm for a continentalist strategy forced political economists to seek other strategies for reversing economic decline and to begin to treat the whole of North America as a potential space for political action. The particularities of Canadian economic decline had to be assessed relative to the restructuring occurring across the



advanced capitalist countries. Because the internationalization of production was generalized, it was also necessary to reconsider the balance among national, continental, and international strategies as a potential space for political action. Niosi, Resnick, and Carroll, for example, examined the impact of the new conditions for the international economy on the characteristics of Canadian capital, including its ties to foreign capital. They contended that high levels of 'foreign investment' characterized late capitalism as a whole: Canada was not exceptional. Carroll, for example, argued that foreign ownership and its consequences were simply part of a universal 'world-wide process of capitalist internationalization'.<sup>47</sup> Foreign investment in Canada had been declining since the early 1970s, so that the largest portion of assets remained under domestic control.<sup>48</sup> Such patterns belied any notion of a continuous regression to dependence. Canadian businesses were, moreover, investing abroad, while interlocking corporate ties had created a small monopoly of finance capitalists active in both manufacturing and financial sectors. For Resnick, such trends represented a maturing of Canadian capitalism 'over the postwar period, with Canadian banks and corporations increasingly in control of leading sectors of the Canadian economy and better able to project their influence abroad. The Canadian state has played a crucial role in furthering this process'.<sup>49</sup> Bellon and Niosi argued, too, that the 'continental and rentier nationalism' fostered by the state had 'its logical outcome . . . [in] growing integration into the North American market'.<sup>50</sup>

In the view of these authors, 'Canada simply presents the first case of a more *general* phenomenon' that has emerged in this age of globalization.<sup>51</sup> This rejection of Canada as an exceptional, failed late-follower and its reclassification as one of several countries sharing a generalized experience of crisis and globalization elide the unique features of Canada's dependent capitalism. Ob-

servers of a more historicist position have sought not only economic but also political particularities of the 'Canadian case', precisely because it is these specificities that set the constraints for action in the context of free trade and globalization.

In some cases their search led to development of new concepts. Indeed, the major theme of a recent collection is that the central concepts of the first generation of the new Canadian political economy—dependence, class, and state—have been supplanted by three others—production, space, and identity.<sup>52</sup>

À propos of the first concept, the implication is that the focus on the dependent status of Canada's production relations has given way to analyses that identify their specific historical forms, as well as their links to social classes. Such studies clarify the ways in which Canada's Fordism continued to depend on extensive accumulation. In postwar Canada, the 'super-profits' that drive capital accumulation came in large part from economic rents from primary commodity production, employment rents generated by forgoing the training costs required for technologically leading production, and absolute growth in the market from immigration.<sup>53</sup> In addition, the pre-1940 politics of post-colonialism and the nascent manufacturing branch plants formed during the National Policy period sent Canada into the Fordist years highly permeable to foreign influences. Previous state policies as well as those promoted in the late 1940s meant that intensive accumulation relied on second-best technology adapted from the US economy, whose capitalists were attracted to the vibrant Canadian economy. The result was a national system of innovation in which minimal research and development occurred, techniques were imported, and education and training structures remained underdeveloped. This industrial structure, with its adaptation of US technology, became increasingly a barrier as the American technological edge in the formation of Fordism declined relative to the

later-formed flexible-production techniques of Japan and West Germany.

In other words, earlier state decisions, whether in the late nineteenth century or after 1945, set up the later economic weaknesses. They also shaped the constraints and choices for the 1980s and 1990s. Indeed, it is possible to see the move towards a continent-wide economic space as the most recent effort to build on Canada's strengths in primary products and to 'cut the losses' of earlier hopes to advance a country-wide autonomous industrial economy. Thus NAFTA creates not only a new economic space but a particular division of labour. Canada provides resources, financial input, and some manufacturing, Mexico furnishes cheap labour, and the United States provides technology and representation of the regional bloc in the interstate system.

Second, recognition of the extent to which states as well as other institutions are crucial to the creation of economic and political space is the reason that political economists now pay attention to this concept. The break-up of Fordism has forced us to recognize that the correspondence between nation-states and the capitalist economy can take on new configurations. National states, for instance, are having greater difficulty in regulating their own economies at the same time as they are participating in the redrawing of borders. The free-trade agreements that the federal government signed are potent symbols that nation-states, and the powerful social classes represented in their structures, may choose to limit their own sovereignty.

This lesson is not lost on other social forces and political actors. It was noted above that the political practices of the Fordist period marginalized subordinate classes, particularly the labour movement. This marginalization allowed the state to enter into the free-trade agreements, despite the likely costs to manufacturing and other workers. Indeed, the job losses in the resulting restructuring have driven unemployment and

welfare rates to postwar highs. Deregulation of national financial markets, moreover, repeats a historic pattern of capital mobility that is 'dangerously unstable and ultimately economically inefficient'.<sup>54</sup>

Political mobilization against the negative effects of free trade has been difficult to sustain. The political party traditionally associated with the labour movement—the New Democratic Party—structured much of its identity around the processes of national regulation of postwar Keynesianism, and it has not been able to abandon these commitments without consequences. The bourgeois parties have been less encumbered with the legacies of the past. Even the Liberal Party, which constructed Canada's welfare state, has joined the Reform and Progressive Conservative parties in pursuit of the neo-conservative project of globalization. The provincial states controlled by the NDP have had little success in finding a 'progressive competitiveness' option of empowering subordinate groups and protecting them from the adverse winds blowing through the global economy. The crisis has ripped apart the NDP and the labour movement, which now appear to support neither the old economic policies of national regulation nor a new economic project capable of accomplishing egalitarian or redistributive objectives.<sup>55</sup>

Nor have the disputes over regionalism and federalism that had characterized Canada's Fordism been overcome. Constitutional conflict both drove and was exacerbated by economic crisis. The Macdonald Commission itself was established in the early 1980s to inquire into both economic and constitutional restructuring. The existence of the Canadian state itself has been placed in question by the political fragmentation that has been encouraged by economic globalization and continentalism. There has in effect been a 'double shift' away from the national state of the postwar years. The free-trade agreements, as well as the strengthening of the supervisory authority

of the International Monetary Fund and the World Trade Organization, cede national sovereignty to opaque international institutions with few democratic credentials. The politics of Québécois and Aboriginal nationalisms seek not only a redefinition of state powers but also a reconfiguration of national political space. The sovereigntist movement in Quebec would redraw the formal borders of Canada, while both Québécois federalist nationalists and Aboriginal nationalists seek to realign the effective borders of political power via a process of devolution.<sup>56</sup>

Third, these movements have made it clear that the identity of Canadians is being altered in these years of crisis and change. The state has a central role to play here because it is the state that recognizes citizens, both those who have the right to call themselves citizens and the rights that citizens obtain. Both these aspects of inclusion are in dispute, and both are linked directly to current politics. Neither Québécois separatists nor Aboriginal nationalists aspire to 'Canadian' citizenship. The former want to realize their own national identities in an independent state, while Aboriginal peoples claim the collective rights of nations within Canada (as do many Québécois nationalists who wish to remain in Canada).

Many more Canadians than these are asking about the content of national identity. Immigrant flows around the globe are one important characteristic of globalization, and they are changing the racial, ethnic, and national composition of the country's population. These changes make any identity as an ex-colony of Britain—or France—very difficult to sustain. The ethnic and racial mix of the population means that Canadians have a multiplicity of links with a wide variety of countries and a political interest in seeing state policies in the realm of human rights, refugee policy, and international military action represent those links. It also means that anti-progressive politics must be combated by, for example, demonstration that an inclusive citizenship policy has been and con-

tinues to be central to the country's well-being, rather than contrary to it.

Citizenship is not simply about the borders between us and others, about the inside and outside. It is also about the rights of citizens within the country.<sup>57</sup> Here the Canadian state has been challenging and changing the postwar social identity of citizenship. The citizenship of Fordism was one that established and extended economic and social rights. There were two dimensions to this notion. First was the idea that the costs and consequences of life's hazards—unemployment, accident, sickness—as well as life's needs—education, and childbearing—should be shared, if not equally, with at least minimal standards of equity. Citizens were not considered to live as isolated individuals facing the risks and costs of everyday life alone. Social solidarity was a 'public good' to be set against the insecurities of the capitalist market. Second, the Keynesian welfare state was organized around the idea that the state would extend and regulate national institutions such as labour markets, health care, and education to provide at least a minimal level of provision regardless of individuals' economic circumstance. Everyone had the right to unemployment insurance, to universal health care, and to access to educational institutions, no matter where she or he lived in the country. In a federal system such as Canada's, 'portability' and 'national standards' were crucial manifestations of the rights of national citizenship.

In the current political situation of post-Fordism, these citizenship rights have been called into question, and with them the political and social identities of Canadians. Citizens are being told that they alone, or with their families, have responsibility for their futures. The market and their own worthiness will determine not only whether they succeed or fail but whether they will live their lives with dignity or in fear of poverty and the other inherent risks of capitalist society. It is not by chance that one of the major fears of opponents of the FTA and NAFTA was that their cit-



izenship right to universal health care would be threatened by the state's decision to break down trade borders. Indeed, in recent years we have been treated to a panoply of arguments emanating from the state and business élites to explain why the era of global competition has rendered the old programs outdated. The question for the future is

whether the Canadian state will be forced, by democratic mobilization of its citizens, to find new versions of these programs that retain the same commitment to solidarity and equity or whether it will preside over the breaking of the ties that have bound the country together—and therefore over the dismantling of the country itself.

## Notes

1. On the economic crisis in Canada, see J. Jenson, R. Mahon, and M. Bienefeld, eds, *Production, Space, Identity: Political Economy Faces the 21st Century* (Toronto: Canadian Scholars' Press, 1993); C. Gonick, *The Great Economic Debate* (Toronto: Lorimer, 1987); and S. McBride, *Not Working: State, Unemployment, and Neo-Conservatism in Canada* (Toronto: University of Toronto Press, 1992).
2. R. Cox, 'Global Perestroika', in R. Miliband and L. Panitch, eds, *Socialist Register 1992: New World Order?* (London: Merlin, 1992), 31; J. Loxley, 'Regional Trading Blocks', in Jenson, Mahon, and Bienefeld, eds, *Production, Space, Identity*, 305–26.
3. Jane Jenson, 'Mapping, Naming and Remembering: Globalization at the end of the twentieth century', *Review of International Political Economy* 2, 1 (Spring 1995): 96–116.
4. This has been a consistent theme of Canadian political science. See: J. Brodie, *The Political Economy of Canadian Regionalism* (Toronto: Harcourt Brace Jovanovich, 1990); G. Stevenson, *Unfulfilled Union* (Toronto: Macmillan, 1979); R. Whitaker, *A Sovereign Idea* (Montreal and Kingston: McGill-Queen's University Press, 1992); Jane Jenson, "Different" but not "Exceptional": Canada's Permeable Fordism', *Canadian Review of Sociology and Anthropology* 26, 1 (1989).
5. Neoclassical economists, in contrast, display a preference for ahistorical and monocausal explanations of the Canadian economic impasse. They identify either the 'small size' of the national market or 'over-governance' as producing market rigidities. These analyses do not adequately address the empirical situation, however. Extending exchange relations through continental free trade has compounded Canada's economic crisis. Reducing the public sector—already one of the most impoverished in the advanced capitalist zone—has resulted in further disintegration of the national state.
6. Another way of describing the process is as one of 'nation-building'. We prefer to label it 'state-building' because it was a state and its institutions that were being built. The question of whether a 'nation' was being forged continues to plague us today. Our term reminds us of Charles Tilly's observation that histories of the transition to capitalism and its development trajectories are closely linked to histories of state-building. See C. Tilly, *Coercion, Capital and European States* (Oxford: Basil Blackwell, 1990).
7. M. Watkins, 'A Staple Theory of Economic Growth', *Canadian Journal of Economics and Political Science* 29, 2 (1963). For the relationship between Smith and Innis, see W.T. Easterbrook, 'Innis and Economics', *Canadian Journal of Economics and Political Science* 19, 3 (1953). For a thorough neoclassical account of this period that discounts the role of staples industries, and much else, see I. Drummond, *Progress without Planning: Ontario's Economic Development, 1867–1941* (Toronto: University of Toronto Press, 1987).
8. W.A. Mackintosh, *The Economic Background of Dominion-Provincial Relations* (Toronto: McClelland & Stewart, 1964), 13. For essays surveying this theme, see D. Cameron, ed., *Explorations in Canadian Economic History* (Ottawa: University of Ottawa Press, 1985); D. Platt and G. Di Tella, eds, *Argentina, Australia and Canada Compared: Studies in Comparative Development, 1870–1965* (New York: St Martin's Press, 1985).
9. H. Innis, *Essays in Canadian Economic History* (Toronto: University of Toronto Press, 1956), 381–2. The most important synthesis of this view

- of Innis is the insightful paper of D. Drache, 'Harold Innis and Canadian Capitalist Development', *Canadian Journal of Political and Social Theory* 6, 1-2 (1982).
10. D. Creighton, *The Empire of the St. Lawrence* (Toronto: Macmillan, 1956), 40.
  11. V.C. Fowke, *The National Policy and the Wheat Economy* (Toronto: University of Toronto Press, 1957), 276. See also K. Buckley, 'The Role of Staple Industries in Canada's Economic Development', *Journal of Economic History* 28 (1958).
  12. For a detailed discussion of staples and the state, see G. Albo and J. Jenson, 'The Relative Autonomy of the State', in W. Clement and G. Williams, eds, *The New Canadian Political Economy* (Montreal and Kingston: McGill-Queen's University Press, 1989), 183-7.
  13. H. Aitken, 'Defensive Expansionism: The State and Economic Growth in Canada', in W.T. Easterbrook and M. Watkins, eds, *Approaches to Canadian Economic History* (Toronto: McClelland & Stewart, 1967), 220-1. Easterbrook also noted with resignation that in Canada 'centrally directed, "induced" entrepreneurship established a pattern which remains largely intact.' See his 'Long-Period Comparative Study: Some Historical Cases', *Journal of Economic History* 17 (1957): 576.
  14. M. Clark-Jones, *A Staple State: Canadian Industrial Resources in Cold War* (Toronto: University of Toronto Press, 1987); E. Regehr, *Arms Canada: The Deadly Business of Military Exports* (Toronto: Lorimer, 1987).
  15. See H. Aitken, *American Capital and Canadian Resources* (Cambridge, Mass.: Harvard University Press, 1961); W. Axline et al., eds, *Continental Community? Independence and Integration in North America* (Toronto: McClelland & Stewart, 1974).
  16. G. Williams, 'Canada in the International Political Economy,' in W. Clement and G. Williams, eds, *The New Canadian Political Economy* (Montreal and Kingston: McGill-Queen's University Press, 1989), 116-37.
  17. K. Levitt, *Silent Surrender* (Toronto: Macmillan, 1970).
  18. J. Myles, 'Understanding Canada: Comparative Political Economy Perspectives', *Canadian Review of Sociology and Anthropology* 26, 1 (1989): 1.
  19. Levitt, *Silent Surrender*; T. Naylor, 'Dominion of Capital: Canada and International Investment', in A. Kontos, ed., *Domination* (Toronto: University of Toronto Press, 1975); W. Clement, *Continental Corporate Power* (Toronto: McClelland & Stewart, 1977).
  20. Naylor, 'Dominion of Capital', 52.
  21. For a more detailed presentation of state theory in this approach, see Albo and Jenson, 'Relative Autonomy', 187-93.
  22. D. Drache, 'Harold Innis and Canadian Capitalist Development', *Canadian Journal of Political and Social Theory* 6, 1-2 (1982): 42.
  23. Levitt, *Silent Surrender*, 24-5.
  24. For a detailed consideration of class theorists' view of state power, see Albo and Jenson, 'Relative Autonomy', 193-200.
  25. H.C. Pentland, *Labour and Capital in Canada, 1650-1860* (Toronto: James Lorimer, 1981), 173. See also P. Phillips, 'Unequal Exchange, Surplus Production and the Commercial-Industrial Question', in D. Cameron, ed., *Explorations in Canadian Political Economy* (Ottawa: University of Ottawa Press, 1984). Though Pentland was far from an orthodox Marxist, his study was influenced by the transition debate sparked by Dobb's *Development of Capitalism*.
  26. S. Ryerson, *Unequal Union: Confederation and the Roots of the Conflict in the Canadas, 1815-1873* (Toronto: Progress Books, 1968), 310.
  27. See especially G. Kealey, *Toronto Workers Respond to Industrial Capitalism, 1867-1892* (Toronto: University of Toronto Press, 1980); M. Cohen, *Women's Work: Markets and Economic Development in Nineteenth Century Ontario* (Toronto: University of Toronto Press, 1988).
  28. L. Panitch, 'Dependency and Class in Canadian Political Economy', *Studies in Political Economy* 6 (1981): 23. This more historicist Marxist theoretical tendency was associated with the formation of the journal *Studies in Political Economy*, which followed on the heels of L. Panitch, ed., *The Canadian State* (Toronto: University of Toronto Press, 1977).
  29. G. Williams, *Not for Export* (Toronto: McClelland & Stewart, 1983), 130.
  30. G. Laxer, *Open for Business* (Toronto: Oxford University Press, 1989), 151.

50. B. Bellon and J. Niosi, *The Decline of the American Economy* (Montreal: Black Rose, 1988), 153.
51. Carroll, *Corporate Power*, 200, emphasis added.
52. Mahon, 'The "New Canadian Political Economy" Revisited'.
53. This interpretation can be gleaned from the data presented in M. Porter, *Canada at the Crossroads* (Ottawa: Supply and Services, 1991), ch. 2; and Royal Commission on the Economic Union and Development Prospects for Canada, *Report*, Vol. I (Ottawa: Supply and Services, 1985), ch. 2.
54. M. Bienefeld, 'Capitalism and the Nation State in the Dog Days of the Twentieth Century', in R. Miliband and L. Panitch, eds, *Socialist Register 1994: Between Globalism and Nationalism* (London: Merlin, 1994), 112.
55. G. Albo, 'Competitive Austerity and the Impasse of Capitalist Employment Policy', in Miliband and Panitch, eds, *Socialist Register 1994*.
56. Jenson, 'Mapping'.
57. See J. Jenson, 'Citizenship and Equity: Variations across Time and in Space', in J. Hiebert, ed., *Political Ethics: A Canadian Perspective*, Vol. 12 of the Research Studies of the Royal Commission on Electoral Reform and Party Financing (Toronto: Dundurn Press, 1991); G. Albo, D. Langille, and L. Panitch, eds, *A Different Kind of State? Popular Power and Democratic Administration* (Toronto: Oxford University Press, 1993); S. Phillips, ed., *How Ottawa Spends 1993-94: A More Democratic Canada?* (Ottawa: Carleton University Press, 1993).



31. Ibid.
32. R. Mahon, *The Politics of Industrial Restructuring* (Toronto: University of Toronto Press, 1984), 14. This is a theme widely shared in Panitch, ed., *The Canadian State*.
33. Mahon, *Industrial Restructuring*, 3. This is a theme Mahon has reiterated: 'The "New" Canadian Political Economy Revisited', in Jenson, Mahon, and Bienefeld, eds, *Production, Space, Identity*, 2-3.
34. On the continuing political blockages to a rearrangement of class power relations, see J. Brodie and J. Jenson, *Crisis, Challenge and Change: Party and Class in Canada* (Toronto: Methuen, 1980).
35. On some of these issues, see M. Abramovitz, 'Catching Up, Forging Ahead, and Falling Behind', *Journal of Economic History* 46, 2 (1986); A. Maddison, *Phases of Capitalist Development* (New York: Oxford University Press, 1982); R. Pomfret, *The Economic Development of Canada* (Toronto: Methuen, 1981), ch. 4.
36. Extensive accumulation can be defined as capital accumulation via an extension of the scale of production, achieved without altering production techniques. This involves drawing on new sectors, workers, land, or a larger portion of the day, or using the same with greater intensity. Intensive accumulation applies science and technology, embodied in skills and machines, so that productivity advances rapidly. No regime of accumulation is exclusively intensive or extensive in specific historical conditions or institutions. It is the mix of forms of accumulation that defines the specificity of a regime.
37. F. Abele and D. Stasiulus, 'Canada as a "White-Settler Colony": What about Natives and Immigrants?', in Clement and Williams, eds, *The New Canadian Political Economy*. The poisonous dynamic of this internal colonialism remains imprinted in the Canadian state structure, just as extensive accumulation via geographical extension of the market remains part of Canada's development model. The westward territorial expansion of North America ran parallel to Europe's classic age of imperialism.
38. These wages were, moreover, relatively high, considering the productivity levels of North America, low living costs, and the possibility of independent commodity production. Panitch, 'Dependency and Class'.
39. For recent, creative efforts to rethink this process of state formation, see G. Bernier and D. Salée, *The Shaping of Quebec Politics: Colonialism, Power and the Transition to Capitalism in the 19th Century* (Washington: Crave Russak, 1992); A. Greer and I. Radforth, eds, *Colonial Leviathan: State Formation in Mid-Nineteenth Century Canada* (Toronto: University of Toronto Press, 1992).
40. J. Jenson, 'Representations in Crisis: The Roots of Canada's Permeable Fordism,' *Canadian Journal of Political Science* 23, 4 (1990): 672.
41. D. Wolfe, 'The Canadian State in Comparative Perspective', *Canadian Review of Sociology and Anthropology* 26, 1 (1989): 107; P. Resnick, *The Masks of Proteus: Canadian Reflections of the State* (Montreal and Kingston: McGill-Queen's University Press, 1990), 43-5.
42. On the unequal structures of representation of class-divided societies, see R. Mahon, 'Canadian Public Policy: The Unequal Structure of Representation', in Panitch, ed., *The Canadian State*, 165-98.
43. Jenson, "Different".
44. This has been most forcefully stressed by Harry Johnson, *The Canadian Quandary* (Toronto: McClelland & Stewart, 1977).
45. See, for example, J. Laxer, 'Canadian Manufacturing and U.S. Trade Policy', in R. Laxer, ed., *Canada, Ltd.: The Political Economy of Dependency* (Toronto: McClelland & Stewart, 1973), 127-52; D. Drache, 'Re-discovering Canadian Political Economy', in W. Clement and D. Drache, eds, *A Practical Guide to Canadian Political Economy* (Toronto: Lorimer, 1978); C. Gonick, *Inflation or Depression* (Toronto: Lorimer, 1975).
46. J. Britton and J. Gilmour, *The Weakest Link* (Ottawa: Supply and Services, 1978), 141.
47. Carroll, *Corporate Power*, 187.
48. J. Niosi, *Canadian Capitalism* (Toronto: James Lorimer, 1981) and *Canadian Multinationals* (Toronto: Garamond Press, 1985); Resnick, *Masks of Proteus*; W. Carroll, *Corporate Power and Canadian Capitalism* (Vancouver: University of British Columbia Press, 1986) and 'Neoliberalism and the Recomposition of Finance Capital in Canada', *Capital and Class* 38 (1989): 81-112.
49. Resnick, *Masks of Proteus*, 187.