

*A Contested Concept:
The Relative Autonomy of the State*

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The relationship between “the state and society” in Canada has been closely observed. Many commentators have suggested that much of Canada’s uniqueness resides with the leading role that the state has taken in promoting economic development. Writing in 1929, Frank Underhill went so far as to describe “statism” as a cultural trait: “If we are to look for anything distinctively Canadian then, it must be found in the way in which we have handled social and economic questions which arise in the process of exploiting the resources on our half of the continent . . . One of the hopeful things about Canada is that we have not yet come to this complete despair about our politics, and that enterprises like Ontario Hydro and the National Railways show that we are still capable of using our political machinery for constructive purposes.”¹ More recently, Leo Panitch argued that “the Canadian state was never a laissez-faire state and . . . Canadian economists and historians have well recorded this function.”²

Several distinguishing features are generally invoked to account for the close integration of state and society.³ The state has been crucial for regulation of trade and production in a dependent economy of production concentrated in export-sensitive sectors. Moreover, since Canadian geography creates great distances between production sites and markets, the state has provided commercial infrastructure and facilitated the financing of large overhead costs. Partly in consequence, there have been close ties between the state and the capitalist class. The state has underwritten the major institutions of capitalism: the capital market, through loans, subsidies, and depreciation allowances; and the market for labour power, through land, immigration, mobility, and education policies. The combined effects of federalism and uneven development have encouraged regional blocs of capital to cluster around the provincial states, thus creating competition in development strategies between the federal and provincial governments. The effect

Finally, although in the post-war period the overall size of the state sector has been restrained compared to European states (reflecting the under-developed welfare state in Canada), new interventions into social and economic policy have occurred.

NEW PERSPECTIVES ON THE STATE

Modern political economy has, in a sense, "caught up" with this long-standing Canadian analytical tradition. The interpenetration of state and economic structures across the advanced capitalist countries, as a result of the extension of welfare and Keynesian policies, has made analysis of the dynamics of the state and state policy a key area of debate for political economists. Any sophisticated understanding of advanced capitalism requires an investigation of the state as well as the class structures comprising civil society.

But to accomplish this, political economists have had to retrieve the concept of "the state", which had previously been associated with the legal-formal study of constitutions, and to combat pluralism's hegemony in so much of post-war social science.⁴ In the pluralist account of politics, the task of government was simply to reflect an evolving consensus among social groups in its authoritative allocation of policy outputs. Rejecting pluralism and its notion of a neutral state, political economists returned to some of the classical concerns of analyses of liberal democracy. Two questions in particular dominated.⁵ How was the continuing gap between the formal political equality of democratic institutions and the massive social inequalities of capitalist society to be understood and resolved? How do the institutions and power structures that comprise the apparatuses of the state – ranging from the government to the judiciary, Parliament, police, bureaucracy, and educational institutions – shape the structures of civil society, and how are they shaped by it? In response to these questions, the concept of the relative autonomy of the state emerged as a core theoretical premise.

The Marxist tradition contributes this concept. Early Marxist writings often described the state as a by-product of the class divisions of capitalist society. The ruling classes controlled the state and used it as an instrument to realize their common political and economic interests. The concept of the "relative autonomy of the state" was developed later to overcome this tendency to reduce the state to an instrument of domination, by granting it some independence from direct class control and economic determinants. Two major books in particular are often associated with this newer conception of politics and the state.

The State in Capitalist Society, by Ralph Miliband, has become the classic statement of what has been termed "instrumentalism." Miliband claimed that in capitalist society it was necessary to distinguish between the ruling

class of civil society and the governing class which held positions in the institutions of the state.⁶ In this way he mapped a real gap between the state and society, but one that was almost inevitably closed through the direct social and economic links of state personnel to the capitalist class. In his account, moreover, the possibility of democratic control of the state was limited further by the economic constraints of private ownership and ideological processes that produced popular consent to the class-based rule of capital. In this way the institutions of the state met the instrumental needs of capital, even when the state was relatively autonomous from the capitalist class.

The second book, which can be read as a clear statement of structuralist understandings of the state, is *Political Power and Social Classes*, by Nicos Poulantzas. Poulantzas was less concerned to establish direct links between the state and capital, arguing instead for objective structural relations that linked the state to class struggle. For Poulantzas, the relative autonomy of the state in the capitalist mode of production was due to a spatial separation of the juridico-political level from the economic level. In addition, in concrete historical conjunctures, the state had an autonomy from the power bloc (the political expression of the capitalist class) that meant that it "by its very structure, gives to the economic interests of certain dominated classes guarantees which may even be contrary to the short-term economic interests of the dominant classes, but which are compatible with their political interests and hegemonic domination."⁷ The state, then, was not an isolated set of institutions, but a site of class struggles and political compromises, which, in turn, shaped the structure of the economy. In this way Poulantzas granted a critical role to politics but also made visible the structural constraints of reform within capitalist society. The concept of relative autonomy thus became a forceful explanation of both the gains made by social democratic reformers as they expanded social policy and the equally evident failure of such reformers to overturn the political and economic inequalities produced by capitalist social relations.

The concept of relative autonomy was, however, widely disputed. A first set of questions was raised: If the state is autonomous, from what is it autonomous – classes, the economy, the international system, organized interests? How important are concrete linkages between the state and capital? The second set of questions asked how the state actually operated. How do political compromises within the state occur? Does the state sometimes have more or less autonomy, and how do the pressures from civil society register in state policy? These issues are crucial to knowing how states vary across space, over time, and in institutional form.

In attempting to delimit the specific causal patterns of how states in fact intervene, concern with the concept's functionalism dominated discussion. In many theories of the state that used the concept of relative autonomy, there

was an a priori assumption that the state's existence and actions were necessary to the continued functioning of the capitalist system. This assumption of an inherent functionality to the results of state interventions, no matter the precise nature of the relationship between state and capital or the class compromises within the state, was criticized extensively for explaining state policy only in terms of its results. Critics claimed that state theorists needed to specify the causal mechanisms that could lead to either positive or negative outcomes from specific state actions.⁸

The most prevalent line of criticism was that the concept of relative autonomy made state policy a reflection of societal structures and thus denied the state any responsibility for its own actions. For these critics, following Max Weber, the state has a "real autonomy" as an organizational structure with its own logic, internal dynamics, and processes.⁹ States are autonomous actors in capitalist societies, having capacities to implement policy preferences and shape the structure of society according to their own interests. In stressing the salience of state structures and capacities, this statist approach looked to the policy legacies, institutions, and managers of the state to explain historical processes and national variations.

Neo-institutionalist criticisms of Marxism's concept of relative autonomy have, however, created their own set of theoretical problems. In advancing a state-centric perspective, they ignore any systematic connection between state interventions and the relations of production and, therefore, overstate the ability of the state to direct accumulation. Moreover, instead of being power struggles between social forces within civil society, "politics," for them, is dominated by the processes of bureaucratic conflict within the state. Only in returning to these larger social processes can one explain the differential forms and historical transformations of the institutions of the state, however.

The following pages trace the way political economy in Canada has grappled with the relationship between state, economy, and class. Its analytic trajectories have followed paths similar to those observed elsewhere, moving from varied types of instrumentalism toward both structuralist and neo-institutionalist analyses.¹⁰ Yet throughout this evolution the central role of the state in Canadian history has remained an organizing theme.

STAPLES AND THE STATE

In developing the staples thesis, political economists opposed the prevailing constitutionalist bias of Canadian history. In suggesting that "history is emphatically not 'past politics,'" ¹¹ W.A. Mackintosh's seminal 1922 essay argued that economic, technological, and geographical factors explained the historical trajectory. For the staples theorists, basic commodities (fish, fur, timber, minerals), and the associated commercial trade relations and techni-

cal conditions of production, provided the central dynamic of Canadian history.

Despite the state's considerable role, staples theorists did not isolate the state as a field of study.¹² This is not to say they ignored the state, but in the staples thesis, state actions followed from their functional role in facilitating the staples trade. The nature of the state – and the particular functions it performed in specific spatial and temporal locations – were *derived* from the needs of the staple commodity. The functions of the state included provision of transportation infrastructure for the export of staples; underwriting monetary obligations through the provision of credit guarantees and liquidity; and, as export demand altered, aiding adjustment from declining to rising staple sectors.¹³ The special kinds of market structures and institutions imposed by staples directed the state's economic role.

Donald Creighton's *The Commercial Empire of the St. Lawrence* best illustrates the classic staples interpretation of Canadian political history. Despite recognizing conflict among elites, the text stressed the unmediated identification of the commercial state with the mercantile elite. For Creighton, then, western trade

largely determined the style of Canadian politics. Transcontinentalism, the westward drive of corporations encouraged and followed by the supercorporation of the state, is the major theme in Canadian political life; and it was stated, in its first simplicity, by the fur trade. The trade enforced commitments and determined policies. The state was based upon it: it was anterior to the state . . . From the first, the government was committed to the programme of western exploitation by the river system. The St. Lawrence was an expensive monopoly; and its imperious demands could be met – and even then inadequately – only by the corporate effort of the northern society.¹⁴

If the staples thesis defined the state in terms of its functions, there was no uniform assessment of what these functions were. Just as Mackintosh and Harold Innis diverged in their conception of staples accumulation, so they assessed the modern role of the state differently. Mackintosh's notions of market equilibration suggested only a management role, a view that made him well suited to write the modest 1945 White Paper on Employment and Income, which laid the policy basis for the post-war state in Canada by oddly combining the staples thesis with Keynesian policies.¹⁵ Intervening via sound techniques of economic management to smooth market processes, the state was to act as a rational balance-wheel easing the economy along a stable growth path.

In contrast, Innis was hesitant about endorsing the new economics. He remained sceptical of the narrow Keynesian view that adjusting nominal aggregate measures by fiscal and monetary policy could resolve real imbalances of industrial and spatial structures. For Innis, Keynesianism was too

specific, too blunt, and too optimistic about the intelligence of the state.¹⁶

Innis's scattered comments on the state were simultaneously confounding and complex. While recognizing that the institutions of liberal democracy shaped political choices, his work gave little attention to the relation between the state and social classes. Instead, his analytic focus was on the pattern of exchange relations between centre and margin in the historical long run. For Innis, the state acted at the edges of staples extraction; its elasticity of adjustment was measured in relation to the central dynamic of external demand interacting with domestic technology and geography. The state was limited by the character of the staple, structurally bounded by the rigidities of overhead costs and external demand vulnerability on the liquidity side. Moreover, by adding to these institutional rigidities, the state played a contradictory role, since it was also an agency of adjustment to the altering price system. Innis expressed only studied ambiguity as to whether the state was a political agent or an institutional rigidity. As a result, his analysis clarified only that exchange relations within empire were primary. For Innis, the colonies, facing a problem in the staples trade, "began to concentrate on machinery designed to meet internal problems, ranging through Confederation to protection and construction of transcontinental railways. The political machinery was closely adapted to meet the severe economic demands of dependence on staples with their sharp changes in prices and income. Governmental devices stabilized in part and accentuated in part the fluctuations . . . The disturbances incidental to dependence on staples, including the essential importance of governmental support, created difficulties within Canada and without."¹⁷

Innis's critical pessimism about the role of the Canadian state remained unique. The principal legacy of the staples thesis came from other writers who embraced a more favourable view of the positive state. The functional promotion of a staples-led economy still explained state actions for them, but attention turned to the institutional and policy structures of the state. One direction, in the work of J.A. Corry and Alexander Brady, was explicitly statist, stressing the institutional and legal structures shaping "economic life." Corry's studies for the 1939 Rowell-Sirois Commission traced the interventionist history of the state, noting the juridical difficulties imposed by a disunified state structure.¹⁸ Brady contended, after noting that capitalism had failed to maintain its self-adjusting character, that additional centralized economic planning was needed for "expert and dispassionate guidance to the Canadian democracy."¹⁹

The theme of reform from the top achieved its most forceful expression, however, in the social democratic tradition, notably in the collaborative *Social Planning for Canada*. After carefully analysing the staples economy and the class structure, the book outlined an alternative program of reforms to redistribute income and power. Social democracy would be built gradu-

ally by slowly expanding the state's functions with piecemeal reforms, pushed forward by pragmatic parliamentarians educated to support new policies. The state stayed above the fray of class conflict, being a neutral instrument capable of remedying the worst distributive defects of capitalism.²⁰

Vernon Fowke and Hugh Aitken provided arguments even more influential for subsequent analysis of the state and helped shape mainstream understandings. Both posited the unifying role of the state at Confederation in securing the economic territory of Canada and the expanded role of the state for the modern period. In these two historical periods the state's role still followed from the requisites of staples exports, but Fowke and Aitken now conceived of it as part of a nation-building strategy.

Following many themes first presented by Innis, Fowke argued that the National Policy – a series of tariff, railway, and land settlement policies to promote economic development – followed the collapse of earlier strategies of imperial or continental economic integration. The state had to transform the “British North American Territories of the mid-nineteenth century into a political and economic unit”²¹ and in doing so made itself the most prominent instrument for the creation of a national economy. The British North America Act was, for Fowke, as much an economic planning document as a political constitution: “the federal government was created an agent within the framework of the first national policy and continued to act as an agent until, with the attainment of the objectives of the national policy, it had exhausted its usefulness to its original principals, the commercial, financial, and manufacturing interests of the central provinces.”²² These state actions united the various fractions of capital around development and exploitation of the wheat staple of the western hinterlands as an investment frontier. They established, in Fowke's estimation, imbalanced internal exchange relations between regions, with the areas of concentrated wheat production facing a competitive market structure subordinate to the monopolistic interests of central Canada which backed the national policy.

Aitken's similar interpretation of the national policy was wrapped in the theme of “defensive expansionism.” Here the state was paramount in inducing economic growth and defending Canada's economic space so as to contain the “imperialist” American economy. In promoting either the old staples or the new staples of hydroelectricity, pulp and paper, or oil and natural gas, the functions of the state were consistent:

The role of the state in Canadian development has been that of facilitating the production and export of these staple products. This has involved two major functions: planning and to some extent financing the improvement of the internal transport system; and maintaining pressure on other governments to secure more favourable terms for the marketing of Canadian exports . . . Each phase of expansion

in Canada has been a tactical move designed to forestall, counteract, or restrain the northward extension of American economic and political influence. Primary responsibility for maintaining and strengthening this policy of defensive expansionism has fallen on the state.²³

Aitken's essays were a fitting conclusion to the classical staples era. Defensive expansionism provided an integrated and linear account of Canadian political and economic history, describing it as a succession of staples for the purposes of nation-building. The interests of business and government elites were coterminous in this project. The state served a functional role by acting in the interest of the dominant elites to build a "new nation" within the shifting conditions of imperial relations. These themes would return in the 1960s, supplemented by a critique of pluralism and a growing query about the limits of the state's ability to construct an independent place for Canada in the modern world.

DEPENDENCY, CLASS, AND THE STATE

The staples theory collapsed with the fracturing of political economy at the end of the Second World War. The new economics focused more narrowly on formalistic explanations of incremental and equilibrating growth, isolated from the issues of class and power.²⁴ Remarkably, political science too turned away from these latter concerns. Study of the formal institutions of government declined, and the concept of the state disappeared altogether in a pluralist account of political processes in which the government was a neutral forum that adjudicated and reconciled the interests of competing groups. Departing from his earlier statist views, Corry captured the new consensus: "Genuine freedom bears its fruit in diversity of aim and interest. Individuals and groups will try to do what they find good, and the pursuit brings them into collision and struggle. Liberal democratic government exists to compromise these clashes without civil war and not to infuse us all with a sense of national purpose."²⁵

One line of dissent to the separation of studies of politics and the economy continued in the Marxist tradition, however. Although only a small body of work, the writings of C.B. Macpherson, H.C. Pentland, and Stanley Ryerson carefully delineated the role that social classes played in mediating economic and state structures. While some of the themes of the staples thesis continued – notably that Canada's industrial structure was skewed toward resource production – the three authors emphasized the specifically capitalist form of accumulation based on free waged labour and the spread of industrial capital. The state, in this view, was not neutral or simply responding to the functional needs of the staples economy. Rather, it supported the interests of the ruling capitalist class. By making this connection between

class and state structures, the Marxists could begin to explore areas the staples thesis had ignored.

Macpherson's study of what he called Alberta's quasi-colonial economy demonstrated the way that instabilities in the class structure dominated by the petite bourgeoisie led to oscillations in the politics of agrarian protest.²⁶ Pentland's studies traced over time the processes that structured the capitalist labour market in Canada, including the role of the state in shaping the institutional structure of the labour market via industrial relations law, employment policy, and immigration.²⁷ The classical Marxist treatment of the state dominated Ryerson's work, in which he depicted the class structure of the Canadian state as the "unequal union" of Confederation, which 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 and for securing advantageous terms for borrowing abroad."²⁸ Yet the Canadian state was still too weak to break from the imperial dominance of Britain. Moreover, since the new state structure failed to address the internal national question, the Quebec nation was incorporated on unequal political and economic terms into Canada. By identifying Canada as "two nations in a single state," Ryerson delineated the complex interaction of nation and class that traversed the Canadian state structure. Although a divergence between class struggles and national struggles was evident, a popular unity could be found across these divisions to oppose the capitalist social bloc that dominated the state.²⁹

When the new political economy appeared in the late 1960s it also questioned the theoretical partition of economics and politics into separate spheres. Both neo-classical economics and the pluralism of political science failed to deliver convincing accounts of the systematic class and regional inequalities of Canadian society which shaped politics in the late 1950s and the 1960s, despite the redistributive efforts of the welfare state. Moreover, both paradigms were silent on the foreign domination of the economy. The new political economy built on the insights of the staples thesis but adapted it to a more critical understanding of the political and economic bases of Canadian society. The staples thesis's explanation of persistent resource dependence, truncated manufacturing and technology sectors, and reliance on foreign capital was coupled with Latin American dependency theory's emphasis on a pattern of exchange relations between centre and margin which locked the subordinate region into a process of underdevelopment. From this pairing, the core problematic of the new Canadian political economy emerged: the apparent paradox of a rich dependency with levels of socioeconomic development comparable to other advanced capitalist countries but imbedded in an industrial structure similar to peripheral societies. Kari Levitt set out this guiding thesis in terms of the new mercantilism of the multinational corporation and the fragmentation of institutions and pro-

cesses of modern society. This fragmentation had evolved to the point that "present-day Canada may be described as the world's richest underdeveloped country."³⁰

In taking up the staples thesis, the dependency school did more than simply radicalize the thesis by drawing out implications that the earlier liberalism of Innis and the rest had ignored. The new political economy subtly transformed the staples theory from an account of Canada's industrial development to an interpretation of how Canada had failed to develop industrially and, indeed, showed that the regression to dependency was a cumulative process.³¹ By making the place of staples in the world system the logical starting point of analysis, the new political economy dissented from Marxism's stress on domestic relations between classes. Yet it also displaced the classical staples thesis – that interaction between technique, the character of the staple, and external exchange determined social structures. Instead, the extent and form of metropolitan penetration of peripheral economies became the primary causal factor, with dependency varying with the degree of integration into the international economy.

Given the importance of the world system, it was the "nature of capital," or more precisely the nature of the Canadian capitalist class, that maintained dependency. Lacking industrial entrepreneurship, dominated by commercial-financial elites, servile to American imperialism, contented as managers of branch plants, Canadian capitalists overdeveloped the resource and service sectors and failed in the difficult task of developing manufacturing. Indeed, antagonism of the commercial-financial fractions of Canadian capital to industrial capital blocked the internal development of Canadian manufacturing.³² Moreover, commercial exchange solidified "an alliance between the leading elements of Canadian and U.S. capital that reinforces mutually the power and advantage of each."³³ Trade in staples had moved Canadian capital to adopt continentalism and to press continually for free trade.

What role could the peripheral Canadian state play between the faultlines of a stunted domestic social structure and the world system? Here too the new political economy overturned the classic staples thesis. The new political economy asked both who controlled the Canadian state and whether state managers would counter dependency. The response to these questions constituted a basic discontinuity in Canadian political economy. Whereas the earlier school had described the functional role of the state, it had also emphasized the capacity of the state to form the Canadian economy via the National Policy. The dependency school, in contrast, pointed to the weakness of the Canadian state resulting from its subservience to financial and foreign capital. Mel Watkins summarized the new stance: "The state itself is almost a by-product of the exigencies of staple production . . . Confederation and the National Policy [reflect] a state and a state-policy created by the mer-

chant class in its own image. If anything of analytic substance remains to be said on this matter, it may be that more attention should be devoted to the process by which the Canadian state successively suppressed re-emerging domestic capital within the staple sector itself, and within the manufacturing sector, in the interest of foreign capital."³⁴

As this statement makes clear, the state had to play an instrumental role vis-à-vis the dominant capitalist elites of the periphery. In this sense, the state had virtually no autonomy from particular capitalists, whether national or foreign. And since the structure of the capitalist elites was determined by the contribution and place of the staples trade in the world system, the degree of autonomy of the state was ordained by the amount of sovereignty the national economy had from foreign penetration. In this way, analysts did not ask about the relative autonomy of the state from national social classes but rather about the extent to which the dependent state could gain autonomy not only from foreign capital but from the structure of the world system itself.

In the essays of Levitt and Watkins, the nature of multinational capital inhibited the decisional autonomy of the nation state. For Levitt, foreign penetration blocked the normal evolution of an indigenous entrepreneurial class in Canada. Multinationals controlled the economic surplus internally and prevented domestic entrepreneurs from developing a national technological capacity. Where public-sector assumption of the entrepreneurial role might be an alternative, the conservative rentier-staples status of Canadian business stifled it. The dilemma, Levitt asserted, was that dependency structured weak political institutions: "Sovereignty is not compatible with branch-plant status; the greater the degree of foreign ownership and control of Canadian industry, the narrower the freedom of choice in economic as well as political matters."³⁵ The steady transfer of the locus of decision-making to the American metropole threatened to balkanize Canada.

Nevertheless, a window of opportunity remained for a nationalist project. The nation state might be diverted from its continentalist drift, the weak peripheral state replaced by a strong state capable of deepening domestic development and renegotiating autonomy vis-à-vis the metropole economy. In setting an agenda for the 1970s, Watkins affirmed the need for a new national (industrial) policy that would consolidate the capitalist class. In expounding the need for Canadian entrepreneurship, fostered by state interventions, he remained within the statist tradition: "The most important political dimension of a new National Policy would be the simple need to assume the burden of the old National Policy of 'defensive expansionism' vis-à-vis the United States."³⁶

Most of the new political economy was far less sanguine, however, about the possibility of transforming the Canadian state from an instrument of American capital and Canadian financial capital to an agent for domestic

industrial capital. The constraint came not from the lack of potential entrepreneurial capacity in the state, or from the links between agents at the head of capital and agents in the state – even though evident. The problem was that the character of capital formed by staples dependency spawned a state complicit in maintaining dependency. The most formidable expression of this view was Tom Naylor's description of mercantile-financial suppression of industrial capital. In a watershed essay for the new political economy, Naylor suggested that the socioeconomic structure of the periphery was the result of "internal changes in the metropole."³⁷ This tied the ruling merchant elites of the periphery to the metropole through a common interest in expanding commercial trade and opposing peripheral industrial capitalism. Tariff walls erected by the Canadian state were crucial to this logic of accumulation, because they encouraged American branch plants to move to Canada and thus discouraged nascent industrial entrepreneurs. With the relationship between the periphery and centre the key determining structure, the state had only an instrumental role to play, acting at the behest of the commercial-financial elite to mediate the relationship to the imperialist centre. Naylor anticipated that no strong state could break with the long nightmare of Canadian dependency. For him, in contrast to Levitt: "The contradiction of continuity in change resolves itself in disintegration. A Canadian capitalist state cannot survive because it has neither the material base nor the will to survive, the former contributing substantially to the latter."³⁸

It was only a short distance from Naylor's position to a declaration that the peripheral Canadian state was an instrument of foreign capital itself. John Huthcheson took up the theme that the steady "sell-outs" to American capital – from Defence Sharing Agreements to the Autopact – had demonstrated that the "Canadian state was now in the control of the dominant section of the ruling class in Canada – the U.S. corporations."³⁹ After studying the integration of post-war Canadian and American resource policies, Melissa Clark-Jones argued that the lesson to be learned was that the multinational corporations and the internationalization of capital had so severely limited the sovereignty of the Canadian state that it openly fostered foreign access to public resources in the imperial interest.⁴⁰

In these works, the concept of relative autonomy of the state was, in effect, being cast as the sovereignty of the peripheral social formation from the economy and elites of the centre. The failure of industrial capital to develop as an autonomous force meant that the Canadian state lacked an autonomous capacity. To the extent that resource dependence continued to predominate, an autonomous capacity of the Canadian state would be obstructed, thereby perpetuating the vicious circle of dependency.

Political economists concerned with the structure of power detailed more carefully the connections among the elites composing the peripheral ruling

class. By demonstrating the links among the occupants of elite positions of power within a dependent capitalist society, they both mapped Canada's stunted economic structure and rebutted pluralism's claim that all social groups had similar access to public and private power.⁴¹

Wallace Clement's two studies closely examined the types of corporate elite linkages that locked Canada into its dependent position. In *The Canadian Corporate Elite* Clement argued that through the multinational corporation American economic elites penetrated the Canadian power structure and produced a distorted elite formation. Canada's power structure was unevenly fragmented into an indigenous elite dominant in circulation and finance, a comprador elite of Canadian managers of branch plants in manufacturing and resources, and a parasitic elite that headed multinationals. The interlocking elite structure hindered smaller Canadian entrepreneurs from expanding. Moreover, the indigenous commercial elite and foreign industrial elite reinforced one another and dominated the state. "Indeed, it appears the alliance between business and government is not an alliance of equals but one dominated by the interests of corporate capitalism."⁴²

The insight that these instrumental ties between the state and the corporate world might be understood best in a continental context served as the basis for *Continental Corporate Power*. Here Clement demonstrated forcefully that the unequal alliance between Canadian and American capital formed a continental elite, albeit with a section of Canadian capital being a dynamic component within the continental context. Within the world system, however, Canada had only an intermediary role, being a "supplementary structure of the United States."⁴³ This formulation established tensions between the Canadian state and the continental economy. On the one hand, the autonomy of the state was relative to Canada's place in the world system. Because the Canadian state did not control the decisions of corporations and allowed high levels of foreign investment there was "erosion of the autonomy of the state itself." On the other hand, the Canadian state operated in a liberal democracy and thus could "make decisions about the very existence of private power." Yet this potential autonomy was not realized because state elites depended on corporate elites for revenues, and both considered "corporate capitalism as the way to attain this goal."⁴⁴ Because of this dilemma, the continental capitalist elite ruled the Canadian periphery as part of a continental economy.

Clement's two studies represent a high point for the new political economy. Nevertheless, these elite-theoretical studies remained caught in the instrumentalist logic of focusing on the decision-making capacity of elites and on the direct ties between the state and capital. Other authors within the dependency school remained similarly tied to instrumentalism. For them, the world system was a constraint on the economic sovereignty of the periphery and, hence, on the autonomy of the Canadian state. In contrast to

the earlier staples thesis, the new political economy did explore the relationship between the state and capitalist elites and the limits of private accumulation. Yet the conception of power remained monolithic and positional: powerful elites cut the path of Canadian dependency. Indeed, Daniel Drache, speaking for the school as a whole, was determined to turn the instrumentalist impasse of the new political economy into an axiomatic feature of a Canadian staples society: "In economic matters, the Canadian state is autonomous neither in a relative nor an absolute sense; rather as the creation of the imperial state, it functions as the instrument of foreign capital, and by direct intervention in the economy underwrites the strategies of accumulation and legitimation . . . The resource/financial/transportation bourgeoisie are the 'dynamic' and dominant ruling class formation in this mode of development."⁴⁵

CLASS RELATIONS AND STATE POWER

The dependency school located its analysis of the state almost exclusively by reference to the capitalist class's place in external exchange relationships. As a result, the complexity of both inter-class and intra-class relations were ignored: the specificity of Canada is the result of the economic and class relations characteristic of the centre of the world system. Recognizing the limits of an analysis that dismissed internal social forces, many political economists advanced a class-theoretic analysis that focused on domestic social relations within the bourgeoisie and among the dominant and subordinate classes.⁴⁶

The interest in the state by class theorists, particularly Marxists, was part of the international trend in political economy to rehabilitate the concept of the state. But Canadian writers responded also to their own national situation, which in the late 1960s brought radicalism, mobilized into nationalist movements in Quebec and English-Canada.⁴⁷ Therefore, new analyses of the class nature of the Canadian state and its role in the reproduction of unequal power relations appeared in a political context heavily influenced by nationalist projects. In English Canada, in particular, the nationalist movement settled on a strategy of cross-class alliances, defining the future of the subordinate classes as dependent upon an improvement in the conditions of indigenous Canadian capitalism. Faced with this political project, Marxists immediately had to assess the viability of a strategy that promoted state-led Canadianization of capitalism. Clearly dissenting from the dependency theorists, who accepted as the immediate task the nationalist project of breaking Canada out of the American orbit, class theorists asserted that the struggle against capitalism was the fundamental objective. Not surprisingly, then, the relations between the state and capital and relations among classes were of important theoretical and strategic concern for class theorists. The

social and political limits of a nationalist project centred on an alliance of Canadian capital and subordinate classes against the interests of foreign capital had to be assessed.

With this political agenda, class-theoretical perspectives used the concept of the relative autonomy of the state as a framework for assessing both the limits of political strategy in the struggles with capital to democratize economic relations and the limits to anti-capitalist social reforms in a period of deepening economic crisis. This definition of the concept shifted attention from the structure of the international economy to domestic social relations. The first goal was to map the class structure of Canadian society and to demonstrate the patterns of class conflict that shaped political struggles. This concern produced a relational analysis, in which the unequal relations of class power provided the key dynamic to Canadian society.

Relational analyses looked at the ways structures of conflict between classes shaped state policy. They argued that capital was not an organic whole but was composed of various fractions and that the struggles of subordinate classes influenced state policy. There were, however, several interpretations of what these notions meant for the relative autonomy of the state, ranging from instrumentalism to structuralism. But they all located the explanation of state policies in the contradiction between the formal equality of the political sphere and the class divisions of the economic realm.

As a result, two foci organized class-theoretic analyses. The first was a demonstration of the means by which the class power of capital translated into state power, with the struggle between class actors being decisive. Differing conceptions of this process informed the varied interpretations of the relative autonomy of the state. The second focus has been reform of the Canadian welfare state in response to the needs of capital or the demands of labour.

A first version of class-theoretic studies was instrumentalist, differing from dependency only in its insistence on the internal class sources of state intervention. The most consistently instrumentalist study was Alvin Finkel's *Business and Social Reform in the Thirties*, which helped to dispel the notion that business systematically opposed state reforms during the Depression. Nonetheless, this revisionist insight was diminished by an insistence that the state had no autonomy from the capitalist class and that all its actions were the direct result of business lobbying and preference: while working-class militancy in the 1930s may have frightened the bourgeoisie into action, clear-thinking capitalists, acting through a captive state, designed the social programs that became the welfare state.⁴⁸

More nuanced instrumentalist versions recognized the relative autonomy of the state and historical studies of business-government relations placed such links within a more sophisticated theory of state-society relations. Tom Traves, for example, in *The State and Enterprise*, delineated the state agen-

cies that arose to maintain the stability of production relations as industrialization proceeded in the first three decades of the twentieth century. Capitalists turned to the state because “in Canada, as in other developing capitalist societies, the unlimited pursuit of private capital accumulation necessitated the development of a political structure that would protect growing property only by growing more powerful itself.”⁴⁹

While Traves never posited a straightforward translation of economic power into political power, from his perspective the state acted as an instrument of class power to perpetuate the long-run stability of the capitalist system.⁵⁰ A similar analysis by Paul Craven examined the role of the Department of Labour in stabilizing class relations in the same period. Faced with widespread industrial conflict, the federal state moved to limit juridically and structure conflict in Canadian industrial relations, through compulsory conciliation and statutory prerogatives designating essential industries. In doing so, the state was meeting its responsibility for accumulation and legitimation of the system as a whole.⁵¹

Leo Panitch’s introduction to *The Canadian State* has helped set the agenda for studies of the state in Canada. Panitch combined, in a nuanced instrumentalist analysis, the theoretical perspectives of Ralph Miliband and James O’Connor. Panitch first clarified the distinction between a state that acts simply at the behest of the capitalist class – as a simple instrument – and a state that acts at a distance on behalf of that class to maintain the capitalist system. Such distance provided, Panitch suggested, the state with relative autonomy from particular capitalists, enabling it to intervene on behalf of the long-run interests of the capitalist system; some decisions generated objections from capitalists and their organizations.⁵²

If the relative autonomy of the state was a general characteristic of capitalist societies, the degree of autonomy depended upon specific conditions. The particularity of the Canadian state was unusually close links to the capitalist class and deep interpenetration of state and society. Relying on studies done by elite theorists, Panitch suggested that the “degree of co-optation from business to government and of exit from cabinet to business makes the very concept of an autonomous political elite in Canada a highly tenuous one.”⁵³ With this historical overview, Panitch demonstrated how Miliband’s approach helped direct empirical analysis and establish the parameters of autonomy.

Behind the empirical openness of the approach, however, were fundamental assumptions about structural relationships that rendered explanations of state actions functionalist. Panitch insisted that any adequate theorization would specify the state’s functions in the capitalist mode of production.⁵⁴ He assumed that requisite functions of accumulation, legitimation, and coercion were always performed in order to maintain capitalist social relations and thereby embedded functionalism within the theory.⁵⁵

Empirical analysis then explicated performance of the various functions. So, for example, Panitch found that the Canadian state, acting on behalf of the capitalist class, put more resources into accumulation and coercion while neglecting welfare spending for purposes of legitimation.⁵⁶ By the mid-1970s, a potential legitimation crisis occurred, as accumulation faltered and unemployment climbed. Without the political support that a well-oiled welfare state might bring, the Canadian state was casting about for ways of resolving the developing economic crisis, attempting to institute a form of corporatism that would bind the trade unions to the state, capping wage pressures, and redistributing income to capital for industrial restructuring.⁵⁷

The presumption in this early article was that the state must perform specific functions and would do so, whether it was relatively autonomous or completely entwined with the capitalist class.⁵⁸ The analytical task became, then, to label state actions as implementing primarily accumulation, legitimation, or coercion functions of the state. In later work, however, Panitch relied less on a three-function argument. His analysis provided a sustained critique of the new political economy's failure to pay sufficient attention to the social relations within Canada that have sustained the country's dependent status, and the argument took on a more structuralist cast.⁵⁹ Rejecting a focus on the ties between capitalists and the state, Panitch looked instead at relations between classes, arguing that the state became one of the terrains on which class struggle was played out. "If this has meant that our development has been based on the shifting sands of foreign investment, it has as much to do with the strength of the subordinate classes as with strategies imposed on the state by the bourgeoisie."⁶⁰ Panitch also took the dependency approach to task for its failure to recognize the importance of liberal democratic state forms for the balance of forces in Canadian society. The ability of the working class to mobilize in representative institutions has helped it gain collective power within the structures of contradictory class relations.

This shift from nuanced instrumentalism to a more structuralist analysis did not, however, eliminate the functionalism within the argument. Instead of performing three requisite functions, the state primarily facilitated accumulation: "To speak of the state as a capitalist state does not mean that certain or all capitalists rule directly at the political level. It means rather that the state's role primarily entails maintaining the social conditions for economic growth and the reproduction of classes in a way consistent with the dynamics of the capitalist economy. This means promoting capital accumulation, but within the framework of containing and mediating relations among the various fractions of capital and between the subordinate and dominant classes."⁶¹ Thus the state continued to be directed in its actions by the functional necessity of preserving capitalist social relations.

Also following Poulantzas, Carl Cuneo's analysis of the development of

unemployment insurance emphasized the organizational expression of working-class politics as well as divisions within the capitalist class. Thus, in the design of unemployment insurance programs in the 1930s, the Canadian state was relatively autonomous from the capitalist class because a "series of class contradictions and internal splits among class factions gave Bennett a 'relative autonomy' to intervene with his contributory plan."⁶² In other words, state autonomy resulted from the structure of class conflicts and the advantages of autonomy as a mechanism of conflict-resolution.

With this understanding of relative autonomy, Cuneo was, of course, dismissive of Finkel's description of the development of social policy. Where Finkel could see only the influence of capitalists, Cuneo saw the effects of class struggle in the compromise legislation worked out first by Bennett (and declared unconstitutional) and subsequently by Mackenzie King. But this compromise, designed to avoid an escalation of conflict, had a cost. It fragmented working-class unity, by favouring the most moderate elements, and forced all capitalists to accept limits on their actions which only the most enlightened among them recognized as necessary to re-establish stability.

Despite the important role of class actors and the independent mediating role of the state, Cuneo still adopted functionalist categories to explicate the state's formation of the compromise. Thus the proposed insurance program "took the form of coercive tactics aimed at the most militant and unemployed sections of the working class, and legitimating (or conciliatory) tactics in dealing with the stably employed workers and business."⁶³ Cuneo concluded that it was, ultimately, the opposition of capitalists to a non-contributory unemployment insurance scheme, plus a split within the labour movement between the more radical demands of the Communist Party and the demands of the mainstream union organizations, that allowed the state to identify a path of mediation. Since Bennett and King remained relatively autonomous from direct influence by the capitalist class, they could perform the necessary mediating role among the class actors, and existing social relations were reproduced via a mixture of coercion and legitimation.⁶⁴

Thus, for Cuneo, the state remained primarily a mediating institution, balancing the needs of capital and the demands of labour, yet ultimately favouring capital and the stability of the system. While the struggle between classes set the political agenda, as in Panitch's article in *The Canadian State*, its legitimation function compelled the state to locate a mediating point. The state, as an institution performing various functions, remained only relatively autonomous from the pressures of class conflict.

The role of the state in reproducing social relations was also important in Rianne Mahon's version of structuralist analysis. Mahon argued that the capitalist state reproduced the existing unequal structure of power by organizing an equilibrium, albeit unstable, of political compromise among the

social classes.⁶⁵ The state helped construct a political hegemony within a social formation so that consent was forthcoming for the hegemonic project of the leading fractions of the capitalist class. The hegemonic bloc in Canada had been an alliance of staples and financial capital, though consent was obtained from both industrial capital and the working class through the incorporation of subordinate demands within the hegemonic project. Therefore, for Mahon, the state was not simply a set of institutions that existed in capitalist society to mediate among classes; nor could state interventions be categorized as contributing to the functions of accumulation, legitimation, or coercion. Rather, state interventions were a set of compromises, reflecting the unequal representation of social forces within the state itself.⁶⁶

According to Mahon's structuralist logic, the welfare state existed as the product of the post-war construction of an unstable equilibrium of compromise. It met the requirements of the dominant and subordinate class, addressing simultaneously the capitalist system's needs for accumulation and the maintenance of social cohesion. The welfare state was more than the sum of social programs to maintain social order; it was the very condition, in a particular historical conjuncture, for both the disorganization of subordinate classes into their identities as individual "citizens" and the organization of the capitalist class into the ruling hegemonic bloc.

In determining how the state would respond to specific political issues, Mahon analysed the way unequal structures of power were inscribed within the state. Representation was constituted in such a way that the working class, represented by the Department of Labour, had a position in the structures of the state inferior to that of the dominant fractions of the power bloc, represented by the most powerful branches of the state, such as Finance. Mahon's *The Politics of Industrial Restructuring* argued, for example, that capitalist hegemony was reconstituted over time by state adjustment policies for the textile industry to prevent its deindustrialization. This compromise "cost" the state and the leading fractions of capital in the staples alliance, but it also thwarted a possible political threat to the continentalist strategy.⁶⁷

Mahon's analysis met many of the criticisms made of earlier class-theoretic approaches. By being explicitly historical, it gave empirical content to the often abstract categories of structuralism. But it moved much beyond this. In recognizing the competitive structure of capital between various fractions, it also demonstrated how this structure was reproduced in the internal workings of the state, resulting in conflict among branches.⁶⁸ And, in contrast to instrumentalism, the unequal structure of representation reproduced class relations regardless of specific linkages between the state and capital elites. For example, the welfare state was not the result of direction by elites or of the functional needs of legitimation. Rather, it depended on post-war conditions, which made necessary an equilibrium of

compromises incorporating some of the political demands of labour within the hegemonic project of the staples alliance.⁶⁹ In other words, the welfare state was simultaneously part of accumulation and part of legitimation; the two were inseparable, and it was no longer necessary to label any policy as primarily one or the other.⁷⁰

Despite the advance of making the state a site of struggle between classes and the fractions of capital, Mahon's work retained a strongly functionalist explanation of the outcomes of specific state interventions. Studies based on Poulantzian structuralism were functionalist because all state policies by definition contributed to the overall reproduction of class relations as a result of the state's necessary and primary role as guarantor of the capitalist system. In other words, the particular structures linking the state and classes, including representation inside the state, could only help capitalism as a whole. All compromises were necessary compromises, following from the overall structure of class relations. Thus even when Mahon identified differing class bases in any state interventions – and granted the working class a central role – the accommodations remained functional to the continued hegemonic domination of the leading sections of the power bloc.

While functionalism was a general failing of class-theoretical approaches, two other widespread critiques have come from divergent directions. They were, paradoxically, either that class theorists were not statist enough or that they were too statist. The first criticism was that class-theoretical approaches, by deriving state policy always from the needs of classes, ultimately collapsed state actions into the relations of civil society. Whether the state was staffed by agents of the capitalist class, mediated the conflict between classes, or reproduced class relations by unequal representation within the state, the autonomy of the state was sacrificed to direction from the conflicts of civil society. In the last instance, it was argued, the state was only relatively autonomous: specific state interventions were always "read off" the balance of class forces.⁷¹ Thus, while rejecting pluralism for its simplistic assumption that the state neutrally represented all social groups, class-theoretical explanations maintained a similarly society-centric stance in their conception of power. Therefore, for these critics, the state was not independent enough. They felt that greater explanatory space should be available for autonomous choices made by states and state managers.

It was a paradox, then, that the second criticism argued that class-theoretical analysis focused too exclusively on the existing form and policies of the state, paying too little attention to the ways in which new patterns of class relations might emerge and alter the behaviour of the state. While accounting for state interventions in terms of the contests and composition of civil society, actual studies looked at the ways state policy helped to reproduce capitalist social relations. Critics argued that this interpretation understated the capacity and role of the political and economic organizations represent-

ing the working class and of new social movements to mobilize opposition and affect the direction of state policy.⁷²

All these criticisms were, in the end, directed against the legacies of functionalism in class-theoretical approaches. Whether claiming that the state was strong or that civil society was dense with organized interests, the critics rejected the notion that the state inevitably behaved in ways necessary for the maintenance of capitalist class relations. The lack of open-ended outcomes was troubling to some, who saw even in Mahon's hegemonic structure of representation, for example, the formulation of a research problem that could be explored only within the analytic grid laid over state and society. Inside the grid, only reproduction of the hegemonic domination of the power bloc, albeit in ways that alter historically, was possible. The lack of detailed consideration of the space for change within these class-theoretical analyses, it has been argued, represents the a priori definition of the role of the state as the reflection and reproduction of capitalist social relations. Breaking with this definition has been, therefore, the point of departure for treating the state as an actor in its own right or for deepening the analysis of civil society to account for the complexity of power relations, whose multiple forms of domination cross the categories of class and alter the inscription of social struggles within the state.

AUTONOMOUS STATE OR CIVIL SOCIETY?

The limits to the class-analytical approach provoked two divergent responses. One stressed the capacity of states to undertake autonomous actions, making choices in accordance with their own institutional needs. Hence the primary attention that class analysts gave to the relations of state and civil society disappeared. Instead, there was greater stress on the interests of the state itself and on conflicts within its internal bureaucratic and political institutions. This line of analysis can be called neo-institutionalism. The other response attempted to rethink how human agency shapes state actions, primarily by stressing the importance of struggles over ideology and meaning systems in determining the structures of power relations within civil society. In these studies, the relationship between state and civil society was still central, but the mapping of civil society into multiple forms of domination, based on social relations such as gender and race, reduced the focus on the role of class in the formation of social identities.

Neo-institutionalism within political economy should be distinguished from institutionalism within political science. For political economy, institutions and organizations have explanatory importance, but they are bounded – at least in general – by the processes of capital accumulation. The traditional political science use of institutionalism tended to examine institutions per se, in isolation from social processes. Neo-institutionalism analyses, in

contrast, continued to stress that a country's social and economic conditions and international setting acted as constraints on the state. Yet they also argued that wide areas for autonomous activity were available to the state and state managers. Robert Brym, for example, has proposed a state-centric understanding of what he calls, in an odd usage, "relative autonomy." He found the space for autonomous action in "the mundane fact that state officials want to keep their jobs" (and therefore would not act to jeopardize them) and that state institutions reflected the crystallization of earlier struggles for political power.⁷³ These two reasons suggest that no a priori relationship existed between the state and civil society and, in particular, that the autonomy of the state was not the result of the state mediating current conflicts between classes. If the power of subordinate classes had been mobilized in the past, it would appear crystallized in the institutional structures of both state and society.⁷⁴ But Brym's neo-institutionalism disclaimed any particular link between state and civil society.

Glen Williams's *Not for Export* asserted the autonomy of the state even more. The history of state industrial policy, which helped fashion a dependent economy in Canada through a series of policy failures, was founded on the ways "political and economic elites chose to emphasize the development of resource extraction and staples trade over manufacturing."⁷⁵ This analysis not only marked a return to the category of "elite," designating state personnel as well as major business figures. It also revived many of the notions of the state from the classical staples thesis, though with a striking emphasis on the real autonomy of the state in making strategic policy choices. In Williams's view, the state mediated among differing interests in the Canadian economy and, though constrained by the accumulation process and liberal democracy, had wide scope for autonomous action based on elite choices.⁷⁶ The results of these decisions had an impact within the state's branches by either increasing capacity to make choices about industrial policy or further constraining freedom of strategic choice. But whatever the outcome, the choices made were a matter for empirical investigation and could not be "read off" the needs of class conflict.

David Wolfe's analysis of the post-war welfare state offered a similar example. Rather than forming part of a response intended to stabilize labour-capital relations, Keynesianism in Canada, according to Wolfe, had primarily an ideological role for political actors: "The postwar Liberal government was interested in the principles of Keynesian economics to the extent that they could be used to justify its policy of rapid economic expansion."⁷⁷ Economic policy resulted from choices made by key policy-makers, who then presented their selection in rationalizing language.

Richards and Pratt's study of prairie development also granted autonomy to state managers to make fundamental choices about the direction of accumulation. *Prairie Capitalism* is predicated on the notion that two differ-

ent types of elites emerged in Alberta and Saskatchewan. These provincial “entrepreneurs” had real autonomy from the bourgeoisie of the resource sector, and, during the 1970s, each group was “capable of effective entrepreneurship within its respective resource sector,” because of its ability to mobilize large economic rents from potash or oil resources.⁷⁸ In each case the established political and institutional structure was crucial to explaining the path chosen. Saskatchewan’s elite was bureaucratic, drawing its support from the “remains of the traditional ‘left populist’ farm-labour constituency.” The Albertan regional bourgeoisie was stronger, but, along with elites in the provincial state, it had a stake in maintaining a viable provincial economy. A break from a dependent development tradition could occur “when provincial governments have determined to exploit the region’s comparative advantage in mineral staples, and have mobilized the requisite domestic entrepreneurial skills to capture the potential benefits from oil, gas and potash development.”⁷⁹ This meant a public-sector strategy in Saskatchewan and private-sector diversification in Alberta. In each case, the political mobilization of elites in the provincial state, following their own strategic trajectory, altered the province’s development path.⁸⁰

Within neo-institutionalist analyses, the state was, of course, influenced by civil society; group conflicts set a series of constraints on strategic choices. The most obvious constraint on state choice – alongside Canada’s international location – was elections. Laux and Molot, for example, claimed that the dual need to cut back the scope of Canada’s state enterprises and to rationalize holdings, instead of undertaking more thorough-going privatization, appeared in the 1980s in large part because a state fiscal crisis made reduction of spending electorally unviable.⁸¹ Similarly, Williams fell back on “electoral fortunes” to explain specific decisions put forward at several crucial moments.⁸²

The attention given to representation in discussions of the state reflected, in fact, a sense even among structuralists of the need for more actor-centred theorizing and concern with human agency. Thus, in the most sophisticated class-theoretical works, too, there was growing recognition that modes of organizational representation of societal actors needed consideration. In *The Canadian State*, Panitch argued that liberal democracy created its specific political sphere, but that text was virtually silent on the role of parties and trade unions. But Panitch’s later analysis of corporatism in Canada, while playing down parties, did examine other forms of representation in the post-war period, when new relations among capital, labour, and the state took shape.⁸³ Mahon’s analysis emphasized the structure of representation of social forces within the various branches of the state, but she ignored other forms of representation, arguing that there was a shift away from Parliament and parties as sites of representation and toward bureaucracy, the executive, and corporatism.⁸⁴ For her, this change marked an actual shift in the struc-

ture of the state in the present period, but the instability in state structures and recomposition of the class structure continued to raise critical questions about the ways the working class and other movements organize within civil society and enter political struggle. In other words, the institutions of representation were important variables in determining the forms of state intervention.

The Gramscian concept of hegemony provided a most promising avenue for investigating representation. Mahon's concluding emphasis on the effects of the revival of popular movements, the breakdown of the post-war consensus, and the growth of neo-conservatism, as well as strategic shifts in the strategy of the trade union movement, provided evidence of the utility of the concept of hegemony for thinking about changing modes of representation.⁸⁵ Gramsci suggested the importance of the ideological and cultural dimensions of politics and the way in which social classes were mobilized. While a political party was fundamental to building a political alternative, construction of a counter-hegemonic political project also encompassed the need to advance democratic institutions throughout civil society. Thus trade unions in the workplace and social movements of peace, women, and ecology were an essential part of an alternative project for the future. Moreover, the importance of such struggles to the determination of the outcomes of these organizational efforts granted more openness to the political process than did the more functionalist accounts, which focused on the reproduction of class domination.

Brodie and Jenson's examination of the history of the party system demonstrated the importance of ideological struggle in forming classes as political actors.⁸⁶ Despite the existence of the social relations of capitalism since the late nineteenth century in most of Canada, there has never been a successful nation-wide organization of the working class into its own partisan formation. Asking why the working class has had such difficulty organizing into a political force, Brodie and Jenson argued that Canadian history has seen a series of crises in which the hegemony of the dominant class to organize politics has been challenged. But at each of these moments of possible change, although for different reasons, the capitalist class has managed to reassert its dominance within the state and the party system. A crucial weapon in its arsenal has been control over the ideological processes by which meaning systems develop. The language of politics in Canada, and thus the political identities with which Canadians approach politics, have been organized in ethnic terms – the ongoing crisis of Canadian unity. Class identities have never become the organizing mechanism, and thus working-class parties have been weaker in Canada than in other advanced capitalist societies. The lesson, in a sense, is straightforward: the political organization of workers is dependent upon class formation, which, in turn, requires building active political and cultural relations expressing a common class solidarity.

Socialist feminists have also stressed the importance of ideology, and the identities which follow from it, in the construction of gender relations in capitalism. Refusing to reduce the situation of women in capitalism to the effects of class relations, they have conceptualized the way the gender division of labour articulates to the overall social division of labour. At first the road to explanation was thought to lie in the labour that women did in the household, because it also structured the place of women in the labour market. But once this explanation was found wanting, attention turned to the role of ideology in giving meaning to the act that most clearly differentiated women and men – childbirth.

Pat and Hugh Armstrong argued that the unequal gender relations structured within capitalism were the result of the split between “the public” and “the private.” In this split, women were confined to the realm of the private, because only they bear children.⁸⁸ Thus biological difference was constituted in capitalism along the dividing line between public (the economy, the state) and private (the family). State actions reproduced this division as they maintained existing structures of class and gender domination.

Jane Ursel, examining nineteenth-century factory legislation and the welfare state, emphasized the state’s role in maintaining the gender division of labour for the benefit of capital accumulation. Fearing that the working class would not reproduce itself if women and children had to labour in the unsanitary and super-exploitive sweatshops of early industrialization, the state instituted restrictions on their labour, thus encouraging women’s confinement to the home.⁸⁹ But socialist feminists have also exposed the ways women themselves – and not only bourgeois women – participated with the state in the maintenance of the traditional division of labour. Early reform movements promoted and participated in the implementation of social policy founded on a maternal feminism that presumed the existence of separate realms of competence and interest between women and men.⁹⁰

If this is a pessimistic reading of the early reform experience and women’s position in capitalist society, socialist feminists have nevertheless taken it as an inducement to understand the extent to which resistance to both gender and class domination can be mobilized in politics.⁹¹ Since patriarchal relations are socially constructed, they can be dislodged through collective action. Yet mobilization requires conscious and organized struggle, based on an understanding of the ways relations of gender and class domination constantly arise, alter, and reproduce in ideology and practice.

The insight of socialist feminism is to re-emphasize the importance of the ways relations of domination are constituted in civil society and to direct questions about the state’s role in structuring a gendered division of labour. Increasingly socialist feminists argue that while the state may currently reproduce patriarchal relations, the state is not compelled to do so. Moreover, they deny that the state is solely an instrument of male power. These

refusals remind all students of the state that political space exists to challenge unequal structures, no matter the length of their existence and the power of those who benefit from them. It is a political lesson well worth remembering.

NEW QUESTIONS, NEW DIRECTIONS

Canadian political economy has travelled some distance from the notions of the state embedded in the classical staples tradition. The importance that neo-institutionalists have attached to the strategic capacity of the state and feminists' insights about the complexity of relations and the plurality of identities within civil society all mark this distance. Yet, if these two ways of theorizing the state broaden the conception of power and the relations of force, they do not challenge the premiss that the contradiction between social classes lies at the heart of capitalist social relations.

Class-theoretical discussions begin from this premiss, maintaining that the state's role in the reproduction of the relations of production provides the first step to understanding capitalist society. The agenda for further theorization about the state and civil society, then, is to acknowledge the insights of neo-institutionalism about the latitude of state autonomy and of feminists about the pluralism of power. Yet critical incorporation of such insights requires that we retain the fundamental propositions of class analysis about the contradictory social relations of capitalist democracies, in which the formal equality of liberal democracy coexists with class inequalities in civil society.

In pursuit of this agenda several issues are likely to emerge as crucial in advancing an understanding of the Canadian state. These issues are forced onto the agenda not simply by intellectual debate, however. Everyday politics has, and will continue to have, a major role in highlighting problems. From the politics of social movements, especially feminism, comes the issue of alliances for change. Feminist analysis insists that multiple identities do form in civil societies. Will these acting subjects mobilize along with or separately from workers? In addition, feminism reasserts the importance of the large theoretical question of the relative autonomy of the state from civil society, in part because it places less stress on the state itself and more on the social relations of civil society. Analyses influenced by feminism's insights tend to arrive "at the state" through considerations of representation and interest formation, rather than taking the state as a starting point. This shift in perspective accounts, in part, for the decline of interest in the state *tout court* within Marxism.

At the same time, the ongoing and rapid restructuring of global capitalism re-poses important questions about Canada's place in the international configuration and inspires state-focused analyses. Canada may be seen as

either a distinct social formation, with unique economic and state structures, or as part of a single, integrated economy in which separate state institutions exist simply as a historical legacy. The last decade of policy efforts – whether to identify an “industrial strategy” or to formalize “free trade” – exemplify the political resonance of this question. The very existence of these pressing issues, on both the political and academic agendas, demonstrates that the traditional dichotomy of “internal” and “external” causes in patterns of Canadian development must be transcended. In a similar way, notions of state capacity – whether the Canadian state is weak or strong vis-à-vis the world system and domestic capital – continue to be useful for clarifying probable outcomes of economic strategies and for formulating political practice. In an international conjuncture with deep linkages between the advanced capitalist countries and in which national policy régimes appear to be diverging, it is all the more important to focus on any comparative institutional differences between the state in Canada and that in other advanced capitalist societies.

It is not surprising, then, to find discussions of the state contributing to the uncertainties and variety of Canadian political economy in the 1980s. Indeed, the new items on the agenda – representation and interest-formation, the relationship between state and civil society in a social formation of multiple identities, the precise institutional structures and strategic capacities of the state, the role of the Canadian state within the North American bloc – promise theoretical variety rather than agreement. Gone are the days when a single thesis – staples, dependency, instrumentalism – could organize all discussion.

Such variety is positive, to the extent that our understandings of Canadian capitalism deepen. However, theoretical diversity must not become an invitation to retreat into “academic” discourse, cut off from the political debates and controversy that form Canadian politics. Just as earlier debates about “theory of the state” arose from and responded to the politics of nationalist and socialist projects, so future scholarship on “the political” depends on continuing, committed opposition to the unequal social relations of the present.

NOTES

- 1 Underhill, “O Canada,” 80.
- 2 Panitch, “The Role and Nature of the Canadian State,” 14.
- 3 See Panitch, “Role and Nature,” and Innis, “Government Ownership.”
- 4 Pluralism’s equation of politics to the competition between fragmented, roughly equal, interest groups in a stable political system was best illustrated in Dahl, *A Preface to Democratic Theory*. The systematic linkages between the state and

particular class interests, suggesting profound flaws in the pluralist conception, was demonstrated in Mills, *The Power Elite*.

- 5 See Hall, "The State in Question."
- 6 See Miliband, *The State in Capitalist Society*, 51.
- 7 Poulantzas, *Political Power and Social Classes*, 190-1.
- 8 This issue has been raised in numerous critiques of Marxist theories of the state; for example Skocpol, "Political Response." For a spirited defence of the utility and epistemological validity of functional explanation see G.A. Cohen, *Karl Marx's Theory of History*.
- 9 See Skocpol, "Bringing the State Back In."
- 10 The institutionalists who were so prominent in post-war Canadian political science were not working within a political economy tradition, as the political economists – represented perhaps best by the Mackintosh quotation given in the next section – well understood.
- 11 Mackintosh, "Economic Factors in Canadian History," 2. Also see C. Berger, *The Writing of Canadian History*, chap. 2.
- 12 One popular text at the time theoretically examined the state: MacIver, *The Modern State*, especially 316 ff.
- 13 The best empirical accounts of the staples role of the Canadian state are in: Mackintosh, *Economic Background*, and Easterbrook and Aitken, *Canadian Economic History*.
- 14 Creighton, *The Empire of the St. Lawrence*, 16-17. Although Creighton discusses in most of this book a pre-capitalist state, his views apply to the capitalist state as well. See Bernier and Salée, "Social Relations," 102-4.
- 15 See Wolfe, "Rise and Demise," and Owram, *The Government Generation*, 261.
- 16 See Innis, *Problems of Staple Production in Canada* and "The Role of Intelligence."
- 17 Innis, *Essays*, 381-2. Also see Easterbrook, "Innis and Economics," 294.
- 18 See Corry, *Difficulties of Divided Jurisdiction and Growth of Government Activities*.
- 19 Brady, "The State and Economic Life in Canada," 440. Also see Brady, "The Constitution and Economic Policy."
- 20 See League for Social Reconstruction, *Social Planning for Canada*; Brady and Scott, eds., *Canada after the War*; and Moscovitch, "Leonard Marsh."
- 21 Fowke, *The National Policy*, 8. Also see Phillip's insightful essay on Fowke: "The Hinterland Perspective."
- 22 Fowke, "The National Policy," 276.
- 23 Aitken, "Defensive Expansionism," 220-1. Also see Aitken, "Government and Business."
- 24 The best example in neo-classical economics remains H.G. Johnson, *The Canadian Quandary*. For the institutional approach in political science see Dawson, *Democratic Government in Canada*.
- 25 Corry, *The Changing Conditions of Politics*, 25.
- 26 See Macpherson, *Democracy in Alberta*.

- 27 See Pentland, *Labour and Capital*.
- 28 Ryerson, *Unequal Union*, 310.
- 29 Ibid., 422–3.
- 30 Levitt, *Silent Surrender*, 24–5. Also see Panitch, “Dependency and Class.”
- 31 See Drache, “Staple-ization,” 16.
- 32 See Naylor, *History of Canadian Business*, 3–4.
- 33 Clement, *Continental Corporate Power*, 6.
- 34 Watkins, “The Staple Theory Revisited,” 89.
- 35 Levitt, *Silent Surrender*, 9.
- 36 Watkins, “A New National Policy,” 163, 174.
- 37 Naylor, “Rise and Fall,” 2.
- 38 Ibid., 36. Also see Naylor, *History*, II, 282–3.
- 39 Hutcheson, “The Capitalist State,” 174. This was a theme throughout this Waffle text: R. Laxer, ed., *(Canada) Ltd*.
- 40 See Clark, “The Canadian State and Staples,” 473.
- 41 John Porter argued that the linkages among Canadian élites were so strong that “there develops a confraternity of power in which the various institutional leaders share attitudes and values.” This power structure, for Porter, did not constitute a ruling class, but the overlap of political and corporate worlds made Canada less than a “thoroughgoing democracy.” See *The Vertical Mosaic*, 522.
- 42 Clement, *The Canadian Corporate Elite*, 117, 350.
- 43 Clement, *Continental Corporate Power*, 129.
- 44 Ibid., 299–301. The dependence of the state elite on corporate capitalism was also observed by Olsen, *The State Elite*.
- 45 Drache, “Harold Innis and Canadian Capitalist Development,” 54.
- 46 This chapter will explore only class-theoretical analyses developed for capitalist societies. Other concepts are necessary for the examination of pre-capitalist formations. For example, Perry Anderson’s concept of the absolutist state has been employed to explore state and society in Lower Canada in Bernier and Salée, “Social Relations and the Exercise of State Power.”
- 47 Brym makes exactly the opposite point: there was “no logical connection between left nationalism *per se* and the left nationalists’ early view regarding the state in capitalist societies.” We disagree with this view. See Brym, “The Canadian Capitalist Class,” 5.
- 48 Finkel, “Origins of the Welfare State,” 345. Also see Finkel, *Business and Social Reform*.
- 49 These agencies were the Canadian Reconstruction Association, the Tariff Board, and the Board of Commerce. See Traves, *The State and Enterprise*. Paul Craven’s examination of the early industrial relations system stresses the state’s responsibility for accumulation and legitimation as well as for the cohesion of the system as a whole. See Craven, “An Impartial Umpire,” 159–61.
- 50 Stevenson, in discussing federalism and federal-provincial relations, makes use of an instrumentalist analysis as well when he claims that each level of govern-

ment “speaks for” different fractions of the bourgeoisie. See “Federalism and the Political Economy,” 76–8, 90–1. Also see Swartz’s study of state health care as a method of social control: “The Politics of Reform.”

51 See Craven, “*An Impartial Umpire*.”

52 See Panitch, “Role and Nature,” 4. For Panitch, the capitalist state acts for capital even when it takes actions that capitalists may oppose. For Finkel, the state acts at the immediate behest of capital.

53 Ibid., 12.

54 Ibid., 5.

55 The major criticisms against functionalism are that it imputes needs to societies as if they were living bodies; it assumes a teleology without demonstrating the existence of goal-oriented planning mechanisms; and it involves circular reasoning, since any policy adopted is, by definition, functional, unless the system collapses. See Brym, “The Canadian Capitalist Class,” 13–14. Brym’s last two criticisms of functionalism – that it sets too strict limits on the possibility of reform and that it leaves no space for resistance via class struggle – are not about functionalism per se; they reflect disputes about the limits of agency. The difficulty lies in adequately specifying causality.

56 See Panitch, “Role and Nature,” 18–19.

57 Ibid., 21–2. The state tried this corporatist initiative, however, without having the requisite conditions of centralized producer groups, a strong labour movement, and uniform labour jurisdictions.

58 “Noting that the legitimization function is relatively underdeveloped in Canada does not imply its total absence – it is a requisite of every state.” Ibid., 19.

59 See Panitch, “Dependency and Class.” Also see Panitch, “Elites, Classes and Power.”

60 Panitch, “Dependency and Class,” 25.

61 Ibid., 26–7.

62 Cuneo, “State Mediation,” 47. Cuneo has the unfortunate instrumentalist habit of personifying the state. This makes unclear the extent to which his analysis has instrumentalist elements and, therefore, depends on the specific actions of state managers favouring capital. A similar “slippage” into instrumentalism is evident in his reply to Pal; see “Comment.”

63 See Cuneo, “State Mediation,” 44 ff.

64 Ibid., 47.

65 See Mahon, “Canadian Textile Policy,” 170, 193 ff, and *The Politics of Industrial Restructuring*, 39.

66 Mahon, “Canadian Textile Policy,” 170, 193ff. See also *The Politics of Industrial Restructuring*, 39.

67 See Mahon, *The Politics of Industrial Restructuring*, chap. 8.

68 Pal took Cuneo’s structuralism to task for neglecting that aspect of the issue. Pal, “Relative Autonomy Revisited,” 71–93, 99–101.

69 See Mahon, *The Politics of Industrial Restructuring*, 15. A similar argument, ex-

- amining cultural policy, is made by Magder, "A 'Featureless' Film Policy."
- 70 David Wolfe pointed out that any policy may, in a contradictory fashion, incorporate both accumulation and legitimation functions. In discussing post-war Keynesianism, Wolfe suggested: "Full employment policy is an essential aspect of the accumulation function of the state because it ensures the high and stable level of demand which is the necessary incentive for sustained investment by private firms. At the same time, full employment policy is an essential aspect of the legitimation function of the state because it removes the most destructive consequences of the market economy." See Wolfe, "The State and Economic Policy," 254.
- 71 One way to avoid deriving the state from relations in civil society is by using the concept of "wage-labour relationship" to incorporate structural factors that shape relations between classes in specific periods. See Houle, "Economic Strategy."
- 72 Panitch, however, pointed out that parties and trade unions are not part of the state and that "class conflict does obtain political and industrial expression through the voluntary organisations of the working class." See "Role and Nature," 7. But in this text he does not analyse these organizations, nor does *The Canadian State* have any chapters on parties or unions. A notable "structuralist" argument has been that state institutions – including political parties in office – become encapsulations of class struggle themselves. See Bourque, "Class, Nation and the Parti Québécois."
- 73 Brym, "Canadian Capitalist Class," 14–15.
- 74 Brym claims (in "Variations") the absence of strong class parties in the 1980s is due to the institutional effects of the electoral system and other checks and balances on the generation of new parties. These limits are, in turn, the residues of past conflicts. He never explores, however, the reasons that earlier class conflicts did not empower the subordinate classes.
- 75 G. Williams, *Not for Export*, 36.
- 76 Ibid., 5–6. Given the importance he attributes to state choices, Williams pays a great deal of attention – appropriately so – to the development by intellectuals of frameworks for choice.
- 77 Wolfe, "Economic Growth," 15. In a later, more functionalist article, Wolfe describes the welfare state as a compromise between capital and labour which sets off contradictory tensions between accumulation and social consumption; see Wolfe, "Mercantilism, Liberalism and Keynesianism," 1–2.
- 78 Richards and Pratt, *Prairie Capitalism*, 10–11 and passim.
- 79 Ibid., 328.
- 80 Of course, the institutions of federalism have absorbed a good deal of the interest in the Canadian state. Garth Stevenson's work has helped set out an agenda of analysis. It ranges over a number of theoretical perspectives, from the quite instrumentalist analysis ("Federalism") in Panitch, *The Canadian State*, to articles that stress areas of independent action for state elites and the existence of a

structured relationship of dominance between the Canadian and American economies, which limits the sovereignty of Canadian state managers. See G. Stevenson, "The Political Economy Tradition."

- 81 Laux and Molot, *State Capitalism*, chap. 8.
- 82 G. Williams, *Not for Export*, 130, 171, for example.
- 83 See Panitch, "Corporatism in Canada" and "The Tripartite Experience."
- 84 See Mahon, *The Politics of Industrial Restructuring*, 39–40. Coleman's overview of the literature of pluralism, clientalism, and corporatism provides a useful introduction to the issues of differing modes of representation within the state. See Coleman, "The Capitalist Class."
- 85 See Mahon, *The Politics of Industrial Restructuring*, 130 ff.
- 86 See Brodie and Jenson, *Crisis, Challenge and Change* and "The Party System."
- 87 This initial effort produced the "domestic labour debate": Fox, ed., *Hidden in the Household*. Also see the discussions in Hamilton and Barrett, eds., *The Politics of Diversity*.
- 88 See P. Armstrong et al., *Feminist Marxism*.
- 89 See Ursel, "The State and the Maintenance of Patriarchy." For another example of the consideration of capitalist states' interest in babies see Jenson, "Gender and Reproduction."
- 90 See Andrew, "Women and the Welfare State," and L. Kealey, ed., *A Not Unreasonable Claim*.
- 91 Of course, some have been quite pessimistic, seeing only the social control aspects of state actions and women's involvement in them. For an instrumentalist view see Burstyn, "Masculine Dominance." For a different perspective see Smith, "Women, Class and Family."