

'Neoliberalism and Canada's Ruling Class'

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Jamie Brownlee

Ruling Canada: Corporate Cohesion and Democracy
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For a discipline explicitly engaged in the study of power, particularly as exercised in liberal democracies, it is striking how little Canadian political science has actually examined the concentration of private economic power, the political organization of the business classes and the extension of that power into the political realm. Indeed, Canadian political science has been principally pre-occupied with power insofar as it pertains to the constitutional distribution of power and the relative access to political power of the multinational and multicultural constituent groups comprising Canada. The enormous concentration of economic power – the top 25 firms accounting for over 40 percent of business assets and the monopolies with over \$100 million in revenue accounting for 80 percent of business assets – has largely been occluded from serious scrutiny. The mythologies of a pluralist Canadian democracy are better preserved in the absence of conceptual and empirical debate about the economic foundations of political power.

This has been a poor conceptual foundation from which to examine the development and consolidation of neoliberalism in Canada over the last two decades. Neoliberalism began as a set of policy propositions in the late 1970s in opposition to the post-war social-democratic welfare state; it then blossomed into the 'new right' political movement from the 1980s on, in Canada led by the Reform and then Alliance parties, but also gaining an important position in both the Progressive Conservative and Liberal parties; and neoliberalism consolidated as the matrix of governmental policy, whatever the political party in power and level of government, from the 1990s on, with the free trade agreements with the U.S. being the critical mechanism for the comprehensive reordering of state administration and policy agendas. Canadian political science, however, has largely focused on neoliberalism as a project of the political right or particular policies meeting normatively determined implementation criteria. Even critical writing has mainly argued for a shift in specific policies, such as a greater emphasis on social policies of inclusion or childcare or more competitive interest and exchange rates, in an effort to modify some of the more egregious of neoliberalism's distributional and accumulation dynamics. These 'alternate' policies are seen as necessary social foundations for Canadian competitiveness that 'pure' neoliberalism breaches at its own peril. Little is said about neoliberalism as a particular form of social rule, enduring across changes in the political regime, or its relationship to the economic dimensions of power.

Jamie Brownlee's study, *Ruling Canada: Corporate Cohe-*



sion and Democracy, takes a quite different approach to the study of power and its exercise in a period of neoliberalism. He begins with the questions: to what extent do Canadian economic elites constitute a unified group and what mechanisms facilitate the unity of this group? In other words: "does Canada have a ruling class? If so, how does it rule?" These questions are, in turn, directed at querying the influence economic elites have had in promoting neoliberalism in Canada. To answer these questions, Brownlee surveys a range of recent studies and data on corporate concentration and interlocking directorships of dominant capitalist groups; the policy advocacy and philanthropy organizations supported principally by business interests, such as the Canadian Council of Chief Executives, the Fraser Institute, the Conference Board of Canada, the RBC Foundation, and so forth; and the financial and social linkages between political parties and business.

In taking this tack, Brownlee follows upon older studies of the composition of Canadian ruling elites, such as those by Frank Park and Libby Park, John Porter, Wallace Clement and Denis Olsen, as well as the more recent popular writings of leading anti-corporate campaigners such as Maude Barlow, Tony Clarke and Murray Dobbin. In particular, he follows on the path-breaking scholarly studies of William Carroll and his book *Corporate Power in a Globalizing World* (2004). Carroll demonstrates how Canadian capital has reorganized and internationalized, with financial capital, particularly Canadian banks, at the centre of dominant industrial-financial groups. He argues that this domestically owned form of 'finance capital' has come to dominate the Canadian ruling bloc and is the critical underpinning of the hegemony of neoliberal policies in Canada. Brownlee's departure is to highlight the particular 'coherence' of ruling elites in Canada, in terms of corporate structures and economic interest, and the mechanisms by which the neoliberal political agenda has been pushed.

Brownlee advances two central theoretical claims and makes several key empirical points. Against pluralist views that political resources are spread equally amongst citizens and that market

processes block elite unity, Brownlee claims that economic resources are highly concentrated, elite cohesion increasingly characterizes corporate actors, and this cohesion allows effective control of the political sphere. Additionally, corporations consciously build policy organizations to help form elite cohesion and advance policy agendas. The main empirical findings are that: corporate concentration and diversification in Canada has been led by financial capital; extensive corporate interlocks amongst nationally-based capital provides the economic foundation for elite cohesion; intersectoral business organizations, business supported policy organizations and free-enterprise foundations play key roles in Canadian elite networks and cohesion; and elite cohesion in Canada has underpinned the advocacy of neoliberalism in Canada.

A few points from Brownlee's account deserve further debate. The first relates to the theoretical emphasis on elite cohesion, as produced by interlocking corporate structures and social ties amongst ruling elites. Integration and monopolisation do not abolish competition between individual units of capital, even within integrated firms. This means that it is not possible to abolish the 'economic-corporate' interests of different fractions of capital and dominant classes. Indeed, in more advanced stages of capitalism where state intervention is fundamental to secure the political and economic conditions necessary for accumulation, the political and policy organization of business groups – and their rivalry – can be expected to increase. Given the specific institutional autonomy of the state, it necessarily becomes the terrain in which compromises are worked out between different interests, policy agendas advanced and capitalist political hegemony over the 'national-popular' constructed. What has been particular about this stage of neoliberalism is how parallel business networks have crosscut the formal organization of the state and played a decisive role in reorganizing state-society relations. Neoliberalism in Canada has been a particularly vivid example of the way rivalry between capitals, both in regional and sectoral terms, has been played out inside, and not apart, from the state.



A second point that requires more careful assessment is the characterization of ruling class alliances. Brownlee examines corporate concentration and corporate interlocks to demonstrate the potential for nationally-based economic structures for elite cohesion. But such a vantage tells us little about the dynamics of ac-

cumulation and the nature of ruling class alliances - and how these have changed with neoliberalism. The postwar period in Canada was anchored in an alliance of industrial and commodity capital, supported by financial capital. Foreign capital largely acted as compradors in providing loans and capital goods for branch plants producing for the domestic market. This ruling alliance served as a "national bourgeoisie." Under neoliberalism, the Canadian ruling bloc has undergone several critical transformations: the massive financialization of the economy has seen the re-emergence of finance capital, with financial monopolies gaining ownership leverage over industrial enterprises; new sectors of export-oriented industrial and commodity capital have grown; and foreign capital has been incorporated as a key element of the ruling bloc as part of international production and financial networks. This ruling alliance entails an "interior bourgeoisie" still located in a national economy, but increasingly dependent upon extending accumulation internationally and transnational linkages via fora such as OECD, the Davos Forum, the WTO and NAFTA. The shift in the dynamics of accumulation needs to be conceptualized and cannot be read off from indices of economic cohesion.

Brownlee's analysis, then, clearly falls into the anti-corporate power politics that has animated the global social justice movement. Hence he sees new political actors emerging in places like the World Social Forum, the Council of Canadians, and other civil society organizations protesting corporate agendas. He notes simply that "a diverse range of community and citizen-based groups have challenged the elite consensus." Here, and this is a third point for further debate, the text's focus on the organization of corporate power is not matched by the same seriousness of analysis of the organization and power of oppositional forces. As economic elites were reorganizing in corporate form and policy agendas, the political forces on the left have been 'disorganizing': in terms of the policy realignment of social democracy and the NDP toward embracing markets, the relative decline of union power and political activism, and the all-but disappearance of wider social coalitions opposing corporate power. The turn toward 'civil society' organization, or the looser networks of the 'multitude' that animated the anti-globalization movement of Seattle and Quebec City, have not proven capable of either sustaining themselves or challenging neoliberalism. Here more serious questions of power and organization, the collective logics of oppositional forces, alternative policy visions and party building need to be taken up.

Such lack of understanding in addressing the organizational foundations for a project for democratization is hardly Brownlee's fault alone. Canadian political science as currently practiced is all but silent on the rupture between existing Canadian political and economic institutions and the democratic aspirations of the majority of the Canadian people. Brownlee at least demonstrates the massive weight of corporate power that goes into sustaining the profoundly anti-democratic political order that is present day Canada. **R**

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