Canada: Imperialist or Imperialized?

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by

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<u>Abstract</u>:

The broad issue of whether capital has become super-national takes a particular form in Canada: Is Canadian capital is strong enough - and sufficient independent of US capital - to project relatively independent Canadian capitalist interests at home and abroad?

This paper first emphasizes that at the macro-economic level, the domestic economic base of Canadian capital expressed by control over corporate assets within Canada is many times greater than that controlled by foreign-controlled corporations in Canada. Like most imperialist countries, Canada also holds more foreign direct investments in other countries than foreign investors hold in within Canada.

The paper then turns to the more complex issue of whether, at the micro-economic level, linkages between individual Canadian and foreign (mainly US) corporations disrupt distinctly 'Canadian' corporate interests. It first highlights the highly concentrated structure of Canadian capital, which reinforces its overall control of the domestic economy despite significant foreign economic penetration. The issue of linkages between foreign and Canadian corporations is then evaluated using a database on the 1200 largest corporations in Canada created by linking corporate ownership data from government agencies with financial data from the business press. .

The results indicate that the characteristic form of finance capital in Canada is groupings of individual financial corporations and industrial corporations under the common control of parent body, often a family-owned enterprise. Ten of the largest 25 of these corporate groups in Canada are family-controlled and two are government enterprises; only three are foreign-controlled.

Canadian capital shares many interests with capital from other imperialist countries, and alliances between corporations take other forms other ownership ties. However, the paper concludes that the pattern of inter-corporate ownership indicates that Canadian capital retains an independent basis for its interests. In addition to strong majority control of corporate assets within Canada and large investments outside Canada, several key features of the structure of Canadian capital reinforce its capacity to project distinctly 'Canadian' capitalist interests at home and abroad.

1. Introduction

Imperialist globalization has challenged traditional assumptions that distinct groups of ‘national’ capitalists exist in each of the various imperialist countries.

The notion of ‘national’ capitalists has also long been questioned in the case of Canada, where the majority progressive opinion is that Canadian capitalists are too weak and too dependent on US capital to predominate within the domestic economy and project independent Canadian interests abroad. Extensive US investment in Canada in the 1960s and 70s, the ‘free’ trade agreements of the 1980s and 90s, and current moves towards ‘deep integration’ with the US regulatory system are seen as reducing Canada into a *near-region of the United States.* It is often assumed that the interests of US capital – *not those of Canadian capital* – motivate Canada’s domestic and international policies.

This paper instead argues that Canadian capital is allied with US capital *on the basis of greater strength and independence* than is generally appreciated.

While the weaker imperialist partner is sometimes bullied by the stronger, this alliance was *chosen* by Canadian capitalists to best serve their interests, it was not imposed.[1] Canada’s economic and political alignment with the US should be understood in terms of the common interests of US imperialism and Canadian imperialism rather than Canadian dependency.

Given the occasion of this paper, a notable example of the independence retained by Canadian capital is that, contrary to US policy, they are able to make profits in Cuba.[2]

The paper will summarize two main areas of evidence against the widespread tendency within Canada (and elsewhere) to *‘underestimate’* the Canadian bourgeoisie.

At the macro-economic scale it will first highlight the extent of *Canadian control over the largest corporations* in Canada and the scale of *Canadian direct investment abroad*. At the micro-economic scale it will then examine the ownership and directorship linkages among large corporations in Canada to oppose traditional claims that *Canadian capital is divided between financial and industrial sectors, and strongly interlinked with US capital* within Canada.[3]

My purpose is to argue that progressive politics in Canada should focus more on the Canadian bourgeoisie (thus ‘blame’ less on the US). More broadly, it is to note the ‘national’ structure of capital that continues to prevail in one of the most ‘globalized’ economies in the world. Humanity’s struggle against imperialism needs to be informed by an accurate perception of the nature of lesser-imperialist states like Canada.

2. The relative strength of Canadian capitalists in the domestic and world economy

It has long been emphasized that Canada is distinguished from imperialist countries by the scale of inward foreign investment, mainly from the US. As one political scientist put it, Canada is marked by “the implantation within the social formation of a powerful fraction of foreign capital on a scale unmatched anywhere in the developed world”[4]. It is therefore often assumed that national economic sovereignty in Canada is an anti-imperialist issue like in Latin America and elsewhere.

Such views partly rely on exaggerating the relative scale of foreign investment, as I will argue in this section. In the following section I will then show that insufficient attention has also been paid to how the Canadian bourgeoisie is structured to predominate within the domestic economy despite significant foreign penetration.

Foreign control of corporate assets
One measure of foreign penetration is the *foreign share of corporate assets*, those ultimately controlled by majority or large minority shareholders whose residence is foreign.[5] For example, a corporation in Canada that is 51% owned by a corporation headquartered in France, that in turn is 51% owned by a family trust in the US is considered by Statistics Canada[6] to be US-controlled. Foreign ownership of a 34% block of shares when the remaining shares are widely dispersed is also designated foreign control.

As illustrated in Figure 1, Statistics Canada reports that 78.1% of all corporate assets in Canada in 2004 were Canadian-controlled. The 13.4% margin of US control is significantly less than widely assumed. I have discussed this Statistics Canada data with dozens of academic and popular audiences in Canada, and, without exception the rates of Canadian control significantly exceed those anticipated by these groups. The typical expectation of the rate of US control is greater by several orders of magnitude.

One reason is that most discussions of foreign control only consider those sectors where foreign investment is greatest. However, the 78.1% rate of overall Canadian control is more representative of the relative power of Canadian capital than the 71.5% over non-financial corporations alone, and especially the 49.7% control over manufacturing (US and Japanese auto companies figure strongly in this sector). Further, if *non-corporate* economic assets were included (residential, farm, institutional and government), the rate of Canadian control over all economic assets in the country would probably exceed 90%.[7]

Foreign control in Canada is rising, e.g., much attention has recently been paid to foreign acquisitions of world-class mining corporations INCO and Falconbridge, and other well-known firms like ATI (computers) and Dofasco (steel). However, a longer-term perspective is appropriate here. Canadian control over non-financial corporate assets rose from its measured all-time low of 67% in 1971 to 76% in 1986, mostly at the expense of US control.[8] Today's rate is still higher than the 1971 low that was clearly not a 'point of no return'.

Inward foreign direct investment (FDI)
Data on control of corporate assets is not available before the mid-1960s, but another indicator of foreign economic penetration is the *stock of inward foreign direct investment (FDI) relative to GDP*. Inward FDI in Canada totalled 33% of GDP in 1926; it is now about 31%.[9] 'In the case of Canada, globalization' via foreign direct investment is hardly new.

The FDI/GDP measure also allows comparisons with other countries. Figure 2 below shows that many other advanced capitalists countries *also* host extensive inward investment. By this measure, there is greater foreign economic penetration of the UK or Sweden than Canada! Rapid FDI growth in Western European countries in recent decades has raised their average FDI/GDP to the levels achieved earlier in Canada.[10]

Outward foreign direct investment
The vulnerability implied by extensive inward investment has received most attention in Canada. Meanwhile, the opposite relationship of power suggested by extensive *outward* direct investment is largely ignored. Figure 2 also reports the ratio of the *stock of outward FDI to home country GDP*. Among G7 countries, only the UK and France have a higher rate of exporting direct investment capital than Canada. Canada is one of the leading foreign investors in the US. In fact, relative to their respective GDPs, Canadian direct investment in the US is sixteen times *greater* than US direct investment in Canada.[11]

In characteristic imperialist fashion, Canada is also a significant foreign investor in 'Third World' countries. Figure 3 shows that Canada is one of the leading foreign direct investors in many countries of the Americas. Relative to GDP, Canada held more direct investments in countries listed in Figure 3 than did the US.

Finally, the cardinal difference between Canada and semi-colonial countries like Brazil, Argentina, Mexico and even south Korea - who also host extensive foreign investment - is easily seen in Figure 2. Canada's rate of outward FDI is not only significantly higher, but like most advanced capitalist countries it now has *more outward FDI than inward FDI*.

In other words, contrary to perceptions of Canada as a semi-colony of the US, the Canadian corporate share of direct control over the economy is several times greater than the foreign or US share, and what most characterizes Canada is not inward foreign investment but outward foreign investment.[12]

The 'imperialist-class' nature of Canadian capital is reasonably apparent from these in these macro-scale measures of its role in the domestic an world economy. However, it is also important to consider how this potential power is qualified by the *relationships among the largest corporations* within Canada. This 'micro-economic' dimension is addressed in the section below.

3. Independent Canadian finance capital: Ownership linkages among the largest corporations in Canada

Canada is one of the most monopolized economies in the world. The head of the Federal Competition Bureau has described this country as a "possibly unique configuration of… high… [economic] concentration".[13] However, the Canadian nationalist pre-occupation with large foreign corporations who dominate important sectors like auto and petroleum has diverted attention from the *predominately Canadian* character of monopoly power in general. This pre-occupation is also linked to a misperception of the relationship between financial and industrial sectors of capital.

<u>No finance capital in Canada?</u>

As is well known, the financial sector in Canada is highly concentrated, e.g., the Canadian-controlled 'Big 5' banks controlled 88% of all banking assets in Canada in 1997.[14] Their control over domestic banking assets is greater than by their banking counterparts in the Netherlands, Switzerland, U.K., US and Germany. However, this relative *strength* of Canadian financial capitalists has been converted into a *weakness* of the Canadian bourgeoisie as a whole by a myth that Canadian financial capitalists are divided and separated from Canadian industrial capitalists.

Early rivalry between these sectors of capital supposedly blocked the emergence of independent Canadian interests at home and abroad.[15] Instead of an alliance between financial and industrial capital to create *Canadian finance capital*, what supposedly emerged was an unequal "alliance between Canadian financial capital and American industrial capital"; the merger of finance and industry "was achieved continentally, not within the nation."[16] According to these accounts, Canada lacks the domestic foundation of independent imperialism.

The main empirical evidence for these claims was the pattern of *shared corporate directorships*, where links between two corporations are inferred from the fact that one individual sits on the Boards of Directors of both corporations. However, more recent and more comprehensive studies refute earlier claims that the pattern of corporate directorships in Canada reveals a divided and dependent bourgeoisie. The pattern of directorship linkages in Canada is, in fact, very consistent with the existence of Canadian finance capital.[17]

However, the *significance* of directorship linkages is open to question, e.g., links may exist *without* directorships, and the presence of a directorship link does not establish the *strength or direction* of influence. Other evidence of the 'coalescence' of capitalist interests across economic sectors is therefore necessary.

<u>Database on largest corporations and enterprises in Canada</u>

It is difficult to obtain the comprehensive information on loans and other forms of financing that would directly depict the interests among corporations.

However, an excellent and under-utilized source of information on *inter-corporate ownership* is maintained by Statistics Canada.[18] This annual survey details the percentage of direct share ownership among all of the approximately 90,000 corporations in Canada.

Statistics Canada does not provide the financial information needed to identify the *size* of these corporations. I therefore matched corporations in this source to those in the annual listings of the largest corporations in Canada by the two main business newspapers in Canada, the Globe and Mail and the National Post.[19] The result is a database that combines *ownership* and other information from the first source with *financial* information from the second source for about *1200 of the largest corporations* in Canada in 2003.[20]

The Statistics Canada data makes clear that one form of corporate ownership that is very characteristic of Canada is what they call an '*enterprise*' – a group of corporations under the common control of a parent corporation or family trust. Enterprises often taken the form of multi-tiered ownership 'pyramids', with the corporations in each tier controlled though majority or large minority shareholding by a higher-tier corporation. Figure 4 depicts the large corporations composing the Desmarais enterprise in 1988. This enterprise also controlled an additional 138 smaller corporations. There were about 300 separate corporations in the EdperBrascan enterprise. Enterprise structures are much more common in Canada than in the US or UK.[21]

Enterprises have also been called "shadow groups", because the association of particular corporations with an enterprise structure or even the existence of that enterprise is sometimes not well-known. For example, the Globe and Mail and National Post neglect to report the ultimate enterprise parent of many reported corporations, e.g., this was true of 52 of the largest 120 corporations listed in 2003. These 120 enterprises controlled 383 of the 1,500 or so largest corporations in Canada, plus six thousand other, smaller corporations.

The most relevant *unit of capital* in Canada is therefore the *enterprise* rather than the corporation. The significance of any given corporation partly depends on whether it belongs to a larger enterprise structure. Further, linkages between corporations in different sectors may not be direct; they may be indirect, though their common membership in an enterprise.[22]

Enterprise organization is one way that Canadian capital retains hegemony within the domestic economy despite extensive foreign investment in particular sectors. One indication of this is that Canadian control is greater among the *very largest* enterprises than in the economy as a whole. Statistics Canada reports that the 25 largest enterprises in Canada in 1988 controlled 41% of the assets of all corporations in the country. As reported in Figure 1, the rate of Canadian control over the assets of this highly strategic group was an impressive 95%. This is significantly higher than the 2003 rate of 78% for all corporations reported above.

Figure 5 lists 25 largest enterprises in Canada in 2003 ranked by the revenues of their large member corporations for which data is available, plus the largest 25 ranked by assets.[23] The predominately Canadian presence among these largest enterprises is clear. 22 of the 25 enterprises ranked by revenues are Canadian-controlled; only 3 are US-controlled.

When the 'top 25' ranking by assets is added to the ranking by revenues, 36 of the 'top 44' enterprises are Canadian-controlled.[24] 90.2% of the revenues in this group are Canadian-controlled; only 8.8% are US-controlled. The 44 enterprises account for 50% of the revenues of the largest 763 enterprises in Canada, and 42% of their assets.[25]

In other words, within the *core group of corporate power* in Canada, Canadians capitalist control is seven or eight or nine times greater than US capitalist control, and this does even include other important points of support like Canadian government policy.

Family capitalism

The number of Canadian enterprises controlled by flesh-and-blood *families* also helps to concretize Canadian capitalist control of the domestic economy.

It is often assumed that contemporary corporations are now under the sway of impersonal managers and institutional investors. However, a study of the largest public corporations in 27 rich countries found that only the US and UK are characterized by the dispersed pattern of shareholding that would make this possible.[26] This study reported that 30% of the largest corporations in these rich countries were family-controlled.

Ten of the largest 25 enterprises in Figure 5 are family-controlled, and 13 of the top 44, according to Statistics Canada or because one or two individuals or families own more than 20% of shares with no rival-sized block of shares. According to another study of the largest publicly traded firms in Canada in 1988, 41% were controlled by individuals or families[27], so family control in Canada probably exceeds the average rate for rich countries.[28] Another indication of family wealth in Canada is that 94% of all business equity in Canada is owned by one-fifth of Canadian families.[29]

Financial-industrial ties

As noted above, the most authoritative studies of inter-corporate *directorships* in Canada confirm there are relatively close links between Canadian financial corporations and Canadian industrial corporations.[30]

However, it is clear from the *ownership* data that finance capital in Canada does not take the classic form of 'bank control of industry'.[31] Few industrial corporations in Canada are owned directly by Canadian banks.[32] Where the banks own equity in industrial corporations, it is usually a minority share, and for short periods while the corporation is being restructured. Instead of borrowing from banks, most capital investment by large industrial corporations is financed from retained earnings or by issuing corporate bonds and securities. The banks are still important, though directorship studies indicate that they hold a *less central* role in the Canadian corporate network than before.[33] For example, each of the big Canadian banks now owns one of the large trust companies in Canada that also have a role in commercial lending, and each bank owns one of the largest investment dealers who manage the public issuing of corporate bonds and shares.

Further, financial and industrial corporations in Canada are often *indirectly* linked by ownership within enterprise structures. As reported in Figure 5, about one-quarter of the largest enterprises own both large financial corporations and industrial corporations (at least one of each). Considering such linkages more broadly, more than 70% of the 763 largest enterprises in Canada that are predominately 'industrial' had at least one 'financial' corporation member, or vice versa, though many of these are small corporations. It should also be noted that the line between financial and industrial activities has grown less distinct, with many corporations active in both spheres.

Inter-corporate ownership: independent Canadian finance capital

The last issue to address is the relative independence of Canadian capital. For example, at the micro-economic scale are Canadian corporations so interlinked with US corporations that they lack *independent* interests in a way that parallels their supposedly dependent alliance with US capital at the macro-economic scale?

The most authoritative studies of *directorship* linkages reveal relatively few linkages between Canadian and foreign corporations, but strong linkages among Canadian corporations.[34]

I reach similar conclusions from the direct *ownership* ties between the largest Canadian and foreign corporations. Among the 44 largest enterprises in Figure 5, only three large US-controlled corporations (Ford, Exxon and Canpotex) had significant share-holdings in a large Canadian-controlled enterprise (Ballard Power, Syncrude and Agrium, respectively). One US investment company, CEDE and Co., owned minority shares in three of the Canadian-controlled 'top 44' enterprises (Alcan, BCE and Nortel). Three Canadian-controlled enterprises had significant shareholdings in a large US-controlled corporation within Canada (GW Schwartz in Ball Packaging, the Government of Quebec in Petromont, and the Desmarais family in AMR Technologies).[35]

The corporations involved in such national cross-ownership are a small fraction of the 270 large corporations controlled by the 'top 44' enterprises. When we shift scale to the largest 763 enterprises in Canada, among the 140 that are US-controlled there were only 21 instances where they held minority shares in a large Canadian-controlled corporation. Of the 519 Canadian-controlled enterprises in this group, only 9 enterprises owned minority shares in a large US-controlled corporation in Canada.[36]

In terms of ownership, the corporate networks defined by nationality are therefore relatively *distinct*, with most foreign enterprises in Canada relatively isolated from other enterprises in Canada.

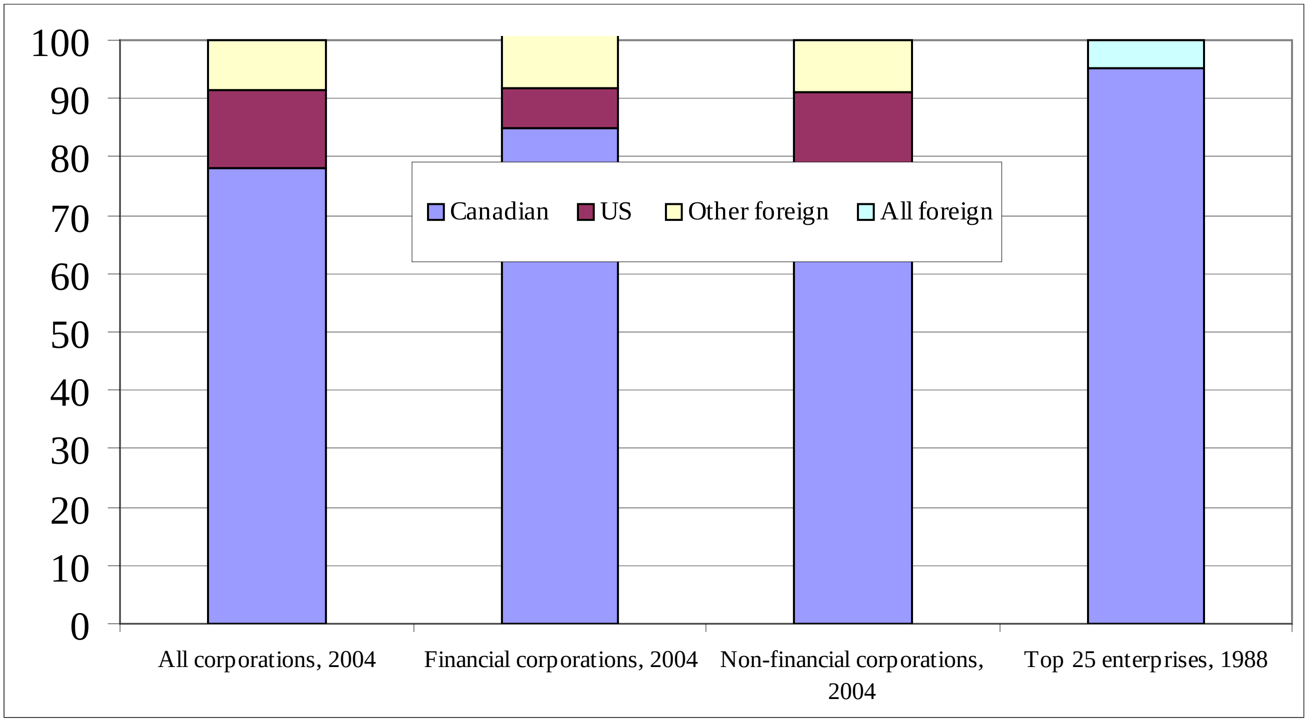
4. Independent Canadian imperialism

At every opportunity, Canadian nationalists highlight the US influence over Canada. From an anti-imperialist point of view this unfortunately tends to 'underestimate' Canadian imperialism. Instead of identifying the Canadian bourgeoisie's own responsibility for social ills at home and reactionary policies abroad, it remains a bad habit in progressive opinion to blame a dependency relationship with the US. One reason for this is insufficient attention to the concentrated and relatively united organization of Canadian capital.

This paper concludes that Canadian capitalists are closely allied with US capitalists *from their own basis of power*. Canada's 'second rank' relative to the US should not be confused with its *imperialist* status in the world system, which is rooted in a domestic economy controlled by *independent Canadian finance capital*.

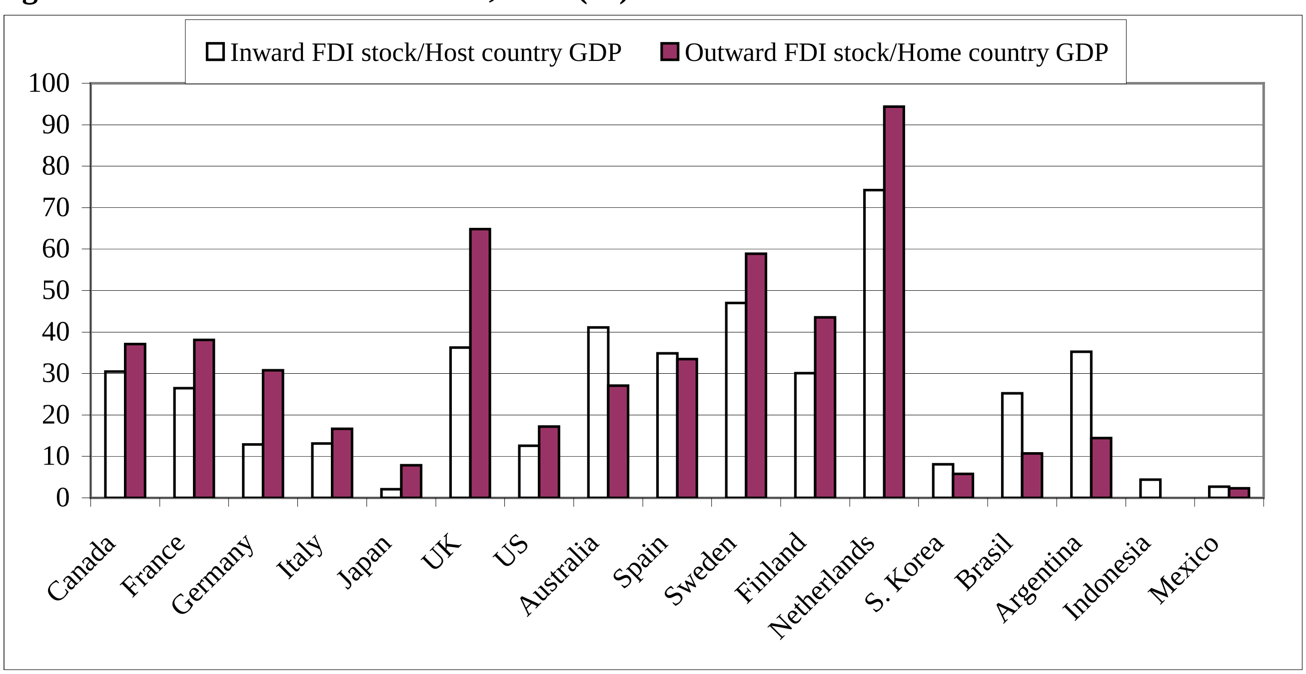
While the issue of finance capital has traditionally been addressed on the basis of evidence on directorship links among corporations, this paper has focused on ownership links, both to add another area of evidence and because ownership is less ambiguous than directorships regarding the strength and direction of influence. Further efforts should combine these forms of corporate linkages for a more rounded and complete picture of the structure of capital in Canada.

Figure 1: Control of corporate assets in Canada, 2004 (%)



Source: Statistics Canada, Corporations Returns Act, 2004, Ottawa, for the 'top 25' enterprises, from Corporations Returns Act, 1999, Ottawa.

Figure 2: Ratio of FDI stock to GDP, 2004 (%)



Source: United Nations, http://stats.unctad.org/fdi.

Figure 3: Canada's rank in FDI stock held in selected countries in the Americas, 2002

Country	World rank	G7 rank
Barbados	1	1
Chile	2	2
Guyana	2	2
Costa Rica	2	2
Trinidad Tobago	2	2
Ecuador	2	2
Uruguay	2	2
Mexico	3	3
Panama	3	2
Honduras	3	2
Bolivia	3	3
Surinam	3	2
Argentina	9	6
Peru	10	6
Venezuela	10	6
El Salvador	11	4
Brazil	13	6
Colombia	13	6

Source: United Nations, http://stats.unctad.org/fdi.

Figure 4: Le Groupe Desmarais enterprise, 1988 (large corporation members only)[37]

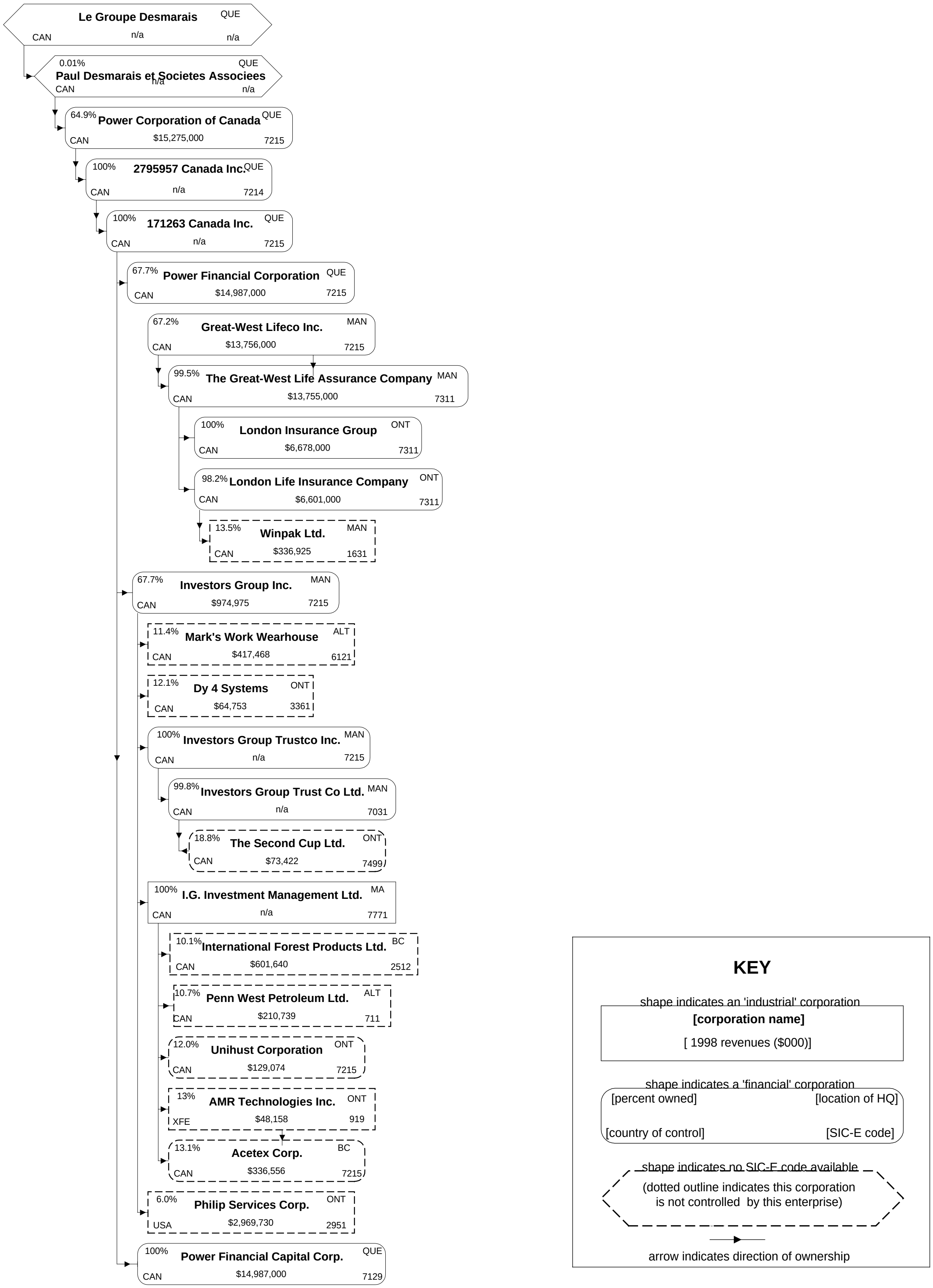


Figure 5: 'Top 25' enterprises in Canada by corporate revenues plus the 'Top 25' by revenues, 2003

Name of enterprise head, according to Statistics Canada data on inter-corporate ownership	Name of largest member corporation, financial totals from newspapers	Rev. Rank	Asset rank	For. Cont.	Ent.. type	Fin. and/or Ind.
LE GROUPE DESMARAIS/THE DESMARAIS GROUP	Power Corp. of Canada	1	40		FAM	F, I
SUN LIFE FINANCIAL SERVICES OF CANADA IN	Sun Life Financial Services of Canada	2	587			F
THE G.W. SCHWARTZ GROUP	Onex Corp.	3	9		FAM	I
GENERAL MOTORS CORP.	General Motors of Canada Ltd.	4	588	USA		I, F
DOMTAR INC.	Domtar Inc.	5	31			I
STRONACH TRUST	Magna International Inc.	6	23		FAM	I
LE GOUVERNEMENT DU QUEBEC	Hydro-Québec	7	3		GOV	F, I
WESTON GROUP	George Weston Ltd.	8	589		FAM	I
NORTEL NETWORKS CORPORATION	Nortel Networks Ltd.	9	590			I
BCE INC	BCE Inc.	10	44			I
LE GROUPE DE LA FAMILLE BOMBARDIER	Bombardier Inc.	11	591		FAM	I
FORD MOTOR COMPANY	Ford Motor Co. of Canada, Ltd.	12	592	USA		I, F
ROYAL BANK OF CANADA	Royal Bank of Canada	13	593			F, I
THE GOVERNMENT OF CANADA	Canada Post Corp.	14	1		GOV	F, I
LE GROUPE CGI INC	CGI Group Inc.	15	124		FAM	I
LE GROUPE DE LA FAMILLE PELADEAU	Quebecor Inc.	16	32		FAM	I
ALCAN INC	Alcan Inc.	17	594			I
THE SOBEY GROUP	Empire Co. Ltd.	18	29		FAM	I
PARTNERS LTD	Brascan Corp.	19	2		FAM	F, I
GT GROUP TELECOM INC	GT Group Telecom	20	11		FAM	I
MANITOBA TELECOM SERVICES INC	Manitoba Telecom Services Inc.	21	149			I
THE BANK OF NOVA SCOTIA	The Bank of Nova Scotia	22	595			F, I
CANADA LIFE FINANCIAL CORPORATION	Canada Life Financial Corp.	23	596			F
CANADIAN IMPERIAL BANK OF COMMERCE	Canadian Imperial Bank of Commerce	24	597			F, I
EXXON MOBIL CORPORATION	Imperial Oil Ltd.	25	598	USA		I
LE GROUPE DESJARDINS	Le Mouvement des caisses Desjardins	29	4			F
L'INDUSTRIELLE-ALLIANCE COMPAGNIE D'ASSURANCE	Industrial-Alliance Life Insurance Co.	77	5			F
R.D. SOUTHERN GROUP	ATCO Ltd.	53	6		FAM	I
THE JR SHAW FAMILY GROUP	Shaw Communications Inc.	100	7		FAM	I
ROGERS CONTROL TRUST	Rogers Communications Inc.	52	8		FAM	I
CANPOTEX LIMITED	Canpotex Ltd.	40	10	USA		I
CANADIAN MEDICAL ASSOCIATION	MD Management Ltd.	733	12			F
CANADIAN PACIFIC RAILWAY LIMITED/CHEMIN	Canadian Pacific Railway Ltd.	82	13			I
BRITISH AMERICAN TOBACCO PLC	Imperial Tobacco Canada Ltd.	142	14	GBR		I
NOVA CHEMICALS CORPORATION	NOVA Chemicals Corp.	49	15			I
ROYAL DUTCH PETROLEUM CO.	Shell Canada Ltd.	43	16	NLD		I
DEVON ENERGY CORP	Devon Canada Corp.	150	17	USA		I
BURLINGTON RESOURCES INC	Burlington Resources Canada Ltd.	127	18	USA		I
SUNCOR ENERGY INC/SUNCOR ENERGIE INC	Suncor Energy Inc.	68	19			I
BARRICK GOLD CORPORATION /SOCIETE AURIFE	Barrick Gold Corp.	99	20			I
VANCOUVER CITY SAVINGS CREDIT UNION	Vancouver City Savings Credit Union	346	21			F
ACE AVIATION HOLDINGS INC./GESTION ACE AVIATION INC.	Air Canada	36	22			I
THE GOVERNMENT OF SASKATCHEWAN	Saskatchewan Power Corp.	101	24		GOV	I, F
TRANSALTA CORPORATION	TransAlta Corp.	158	25			I

Source: Financial data from Globe and Mail, Report on Business The Top 1000, (2004) and National Post, Financial Post 500 (2004); Ownership data from Statistics Canada, Intercorporate Ownership, 2003, Ottawa. Enterprise revenue and asset rankings combine the totals for their large member corporations for which data is available. Finance (F) refers to banks, trusts, insurance and holding companies; industry (I) to other sectors. FAM indicates majority or large minority control by a family, GOV by a Canadian federal or provincial government.

References

[1] This was clearly articulated by Conservative Prime Minister Brian Mulroney during the 'free' trade trades in 1980s. He motivated 'free' trade on the basis that Canadian business had *grown strong enough* to compete within the US market. Of course, the strongest imperialist robber cheats the weaker imperialist robber, e.g., the US has consistently violated and ignored the provisions of the CUFTA, NAFTA and WTO in the case of trade in lumber, and in many other instances.

[2] The defence of Cuba's right to trade with Canada remains an important political responsibility of progressive-minded Canadians.

[3] It may be noted that this analysis does not really consider the linkages between Canadian and non-Canadian corporations outside Canada. While they are also relevant it is arguably the domestic arena that is most important here.

[4] Leo Panitch, 1985, "Canada", Monthly Review, April 1985.

[5] I focus on foreign *direct* investment and control here because it is more relevant to economic sovereignty than foreign *portfolio* investment. When portfolio investment (mostly bonds) is included, Canada's total foreign investment liabilities are greater than its total foreign investment assets. The current 10% difference is much smaller than in 1980, when total liabilities were twice total assets.

[6] Statistics Canada is the national statistical agency.

[7] Estimated by author using data from Edward Grabb's "Who Owns Canada? Concentration of Ownership and the Distribution of Economic Assets 1975-1985", Journal of Canadian Studies, 25 (2).

[8] Statistics Canada, 2006, Corporations Returns Act, 2004, Ottawa, and earlier issues

[9] Statistics Canada, 2005, Canada's International Investment Position, 2005, Ottawa, and earlier issues

[10] FDI/GDO in Western European countries grew three times faster than in Canada between 1980 and 2005. Of course, in Europe most FDI originates in one of the numerous other European countries, while most FDI in Canada originates from one country, the US. However, at the 'continental' scale the patterns are very similar: the US share of FDI to and from Canada is similar to the West European share of FDI to and from other West European countries (about 64% and 27% compared to 67% and 23% respectively in 1990, according to the data in United Nations, World Investment Directory, Vol. 3 Developed Countries, New York, 1993).

[11] Canadian CDI in the US in the third quarter of 2006 was $217 billion, US FDI in Canada $167 billion (Statistics Canada, 2006, Canada's International Investment Position, 2006, Ottawa; GDP from https://www.cia.gov/cia/publications/factbook.

[12] The Canadian nationalist problematic usually links inward foreign investment with obstacles to endogenous industrial development, e.g. that this country suffers from a 'distorted' form of economic development as a result of US control. Instead of the struggle for socialism they advocate some form of "national industrial policy" to direct Canadian capitalism away from natural resource "staple" products towards "high-end" manufacturing activity (e.g., see Williams, Glen, 1994. Not for Export: The International Competitiveness of Canadian Manufacturing, Toronto.)

But what does the comparative record of Canadian capitalism actually show? Yes, Canada is more specialized in primary products than other G7 countries (US, Japan, Germany, Britain, France, Italy), but the resource-extracting or primary sector accounts for only 6% of GDP – hardly a 'staples colony.' The manufacturing share of GDP in Canada is basically the same as in the US. Canadian nationalist predictions that 'free' trade with the US would "de-industrialize" Canada have also proven false. In 1988 there were 1.99 million manufacturing jobs, in 2005 there were 1.93 million. Meanwhile manufacturing employment in the US declined by 3 million! (Statistics Canada, http://www40.statcan.ca, Economic Policy Institute, http://www.epinet.org).

If not the scale of manufacturing, perhaps the problem is the *type* of manufacturing? Does Canada over-specialize in resource-intensive 'intermediate' inputs in place of high-tech, job-richer consumer end products? The 'finished goods' share of manufacturing output in Canada is actually about the same as its equivalent 'final product' share of manufacturing output in the US – about one half of total manufacturing output in 1995 (Statistics Canada, Products Shipped by Canadian Manufacturers, 1996, Ottawa; US Dept. of Commerce, US Federal Reserve Bulletin, March 2000). In terms of technology, an OECD measure of the level of technology in manufacturing industries places Canadian industry in the mid-range of advanced capitalist economies. High and medium-high technology industries in Canada in 1995 accounted for a smaller share of total manufacturing than in the US, but their share in Canada was larger than in France or Italy (OECD, OECD Science, Technology and Industry Scoreboard of Indicators 1997, Paris.)

Exporting highly-manufactured goods is one measure of capitalist competitive success. As political scientist Paul Kellogg has pointed out (Kari Levitt and the long detour in Canadian political economy, Paper presented to the Canadian Political Science Association, 2004), the trends for most of this period simply fail to uphold Canadian nationalist predictions. The share of total exports from Canada accounted for by 'primary' products declined over most of the period since 1971, although the commodity boom of the last decade (notably oil and gas) has brought it back up to about one-fifth of the total. More to the point, 'end products' share rose substantially for most of the period, from about one-third of total exports to peak at over one-half (Statistics Canada, Merchandize Imports and Exports by Major Group, CANSIM Matrix 3685 and 2280003). Although they have lost some of their share to the recent rise in primary products, it may be noted that the end product export share of GDP in Canada is still several times greater than in the US. Conversely, 'intermediate' goods have declined from about half of total exports to about a third. Contrary to nationalist predictions, Canadian capitalism has been able grow substantially through industrial exports, including by increasing its 'end-product' exports relative to 'intermediate' goods. Excluding the auto sector in such analyses because much of the trade is intra-firm does not change the basic trends. (Kellogg, Ibid).

In short, capitalist manufacturing in Canada has developed along the very lines advocated by the nationalists – without the benefit of their 'national industrial policy.' The core economic assumption of Canadian nationalists – their pessimism regarding the comparative prospects for Canadian capitalist industrial development – has proven wrong.

It goes without saying that Canadian capitalism fails most people and fouls the environment. The point here is that this is due to *capitalism*, not – as claimed by Canadian nationalists – a particular, dependent form of capitalism. Arguments that apply to dependent countries do not apply to imperialist countries.

[13] R. Khemani, Mergers, Corporate Concentration and Power in Canada, Halifax, 1989.

[14] Task Force on Financial Industry, Competition, Competitiveness and the Public Interest, http://www.fin.gc.ca/taskforce/rpt/pdf/.

[15] The classic statement is R.T. Naylor, "The rise and fall of the third commercial empire on the St. Lawrence" in Gary Teeple (ed.), Capitalism and the National Question in Canada, Toronto,1972.

[16] Mel Watkins, in Wallace Clement (ed.), Understanding Canada, Building on the New Canadian Political Economy, Montreal, 1997; Clark-Jones, A Staple State: Canadian Industrial Resources in Cold War, Toronto, 1987.

[17] In the 1970s, sociologist Wallace Clement (Continental Corporate Power, Toronto, 1977) concluded that only weak directorship links existed between Canadian financial and Canadian industrial corporations. He claimed such links were disrupted by extensive foreign ownership of industry. In fact, his own data showed there were stronger links between finance and other industries in Canada than in the US. Finance was most strongly linked to the sectors with greatest Canadian control.

Broader international comparisons of directorship links in the 1980s also demonstrated that the Canadian corporate network was relatively well integrated along a financial-industrial axis of Canadian-controlled firms. According to sociologist Michael Ornstein, "The Canadian network looks like the networks of a number of other countries, such as France and Germany, about which it is impossible to advance arguments about dependency and underdevelopment…[These] findings are very damaging to the claims about the fragmentation and distortion of the Canadian capitalist class." ("The Social Organization of the Canadian Capitalist Class in Comparative Perspective", Comparative Sociology 2 (1).

By the 1990s, the Canadian corporate network defined by directorship links had loosened somewhat, according to sociologist William Carroll, but it was still far tighter than, for example, the US. Carroll (Corporate Power in a Globalizing World, Don Mills, 2003) also tested for divisions along regional lines within the Canadian bourgeoisie, for example, whether the directorship patterns reveal a separate Western 'oil bourgeoisie' allied with the US. They don't. His results portray a largely 'national' corporate elite, linking finance with industry, and East with West.

[18] Statistics Canada, Intercorporate Ownership 2003, Ottawa.

[19] Globe and Mail, Report on Business The Top 1000, and National Post, Financial Post 500 reports in 2004.

[20] Some private corporations are not included, because of the difficulty in obtaining financial data. It would be desirable to match the information on inter-corporate ownership with inter-corporate directorships for more complete analysis of the relationships between corporations.

[21] One reason they are more common in Canada than in the US (or perhaps it is a consequence) is that Canadian income taxes are not imposed on each tier of the corporate pyramid, that is, enterprises are allowed to 'consolidate' profits for the purposes of taxation.

[22] Morck illustrates the leveraging of corporate power made possible through enterprise structures with the example of the Edward and Peter Bronfman family enterprise in 1988. They owned 19.9% of HIL Corp., which, among other corporations owned 97% of Edper Resources, which in turn owned 60% of Brascan Holdings, which owned 5.1% of Brascan, and so on: Brascan's 49.9% of Braspower Holdings, then 49.3% of Great Lakes Power Inc., 100% of First Toronto Investments, 25% of Trilon Holdings, 64.5% of Trilon Financial, 41.4% of Gentra, which, finally, owned 31.9% of Imperial Windor Group. According to Statistics Canada, the Bronfman family ultimately controlled each of these corporations, even though, in the case of the final member, Imperial Windsor Group, their equity stake amounted to only 0.03% (Inherited Wealth, Corporate Control and Economic Growth: The Canadian Disease? National Bureau of Economic Research, Cambridge.)

[23] The relative rankings differ by assets and revenues. Non-financial corporations are more prominent in the ranking by revenues, and some private corporations fail to either report assets or revenues.

[24] There are a total of 44 rather than 50 because some enterprises qualify under both rankings.

[25] Calculations by the author, using data from Statistics Canada, Intercorporate Ownership 2003, Ottwa; Globe and Mail, Report on Business The Top 1000 (2004); National Post, Financial Post 500 (2004).

[26] La Porta et al., "Corporate Ownership Around the World", The Journal of Finance, Vol. LIV, No. 2, April 1999.

[27] Randall Morck, The Rise and Fall of the Widely-Held Firm-A history of corporate ownership in Canada, National Bureau of Economic Research, Cambridge.

[28] Closer analysis would probably increase the number of corporations controlled by families, e.g. where directorships and management positions augment family share ownership. LaPorta (Ibid.) found that in 69% of large public corporations, shareholder family members hold senior management positions, and this study did not address private corporations or family members with different surnames.

[29] Steve Kerstetter, Rags and Riches, Canadian Centre for Policy Alternatives, 2002.

[30] See William Carroll, Corporate Power in a Globalizing World, Don Mills, 2003.

[31] The 'classic' form is identified with early 20th-century Germany. According to the comparative analysis by sociologist John Scott (Corporate Business and Capitalist Class, London 1997), Canadian finance capital takes the relatively loose, 'Anglo-American' form. This form is based on "constellations of interest" that arise from combinations of corporate ownership ties, shared directorships, family connections and institutional investors.

[32] Canadian law also prevents chartered banks from being owned by other corporations.

[33] See William Carroll, Corporate Power in a Globalizing World, Don Mills, 2003.

[34] Ibid. Carroll's results portray a largely "national" corporate elite, linking finance with industry, and 'East' with 'West'.

[35] There are 270 large corporations associated with the 44 largest enterprises, and about two thousand more smaller corporations..

[36] There are over 1200 large corporations associated with the largest 763 enterprises.

[37] Data from Statistics Canada, Intercorporate Ownership 1988, Ottawa; Globe and Mail, Report on Business The Top 1000, (1988); Financial Post, Financial Post 500 (1988). Another 138 smaller corporations are associated with this enterprise.
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