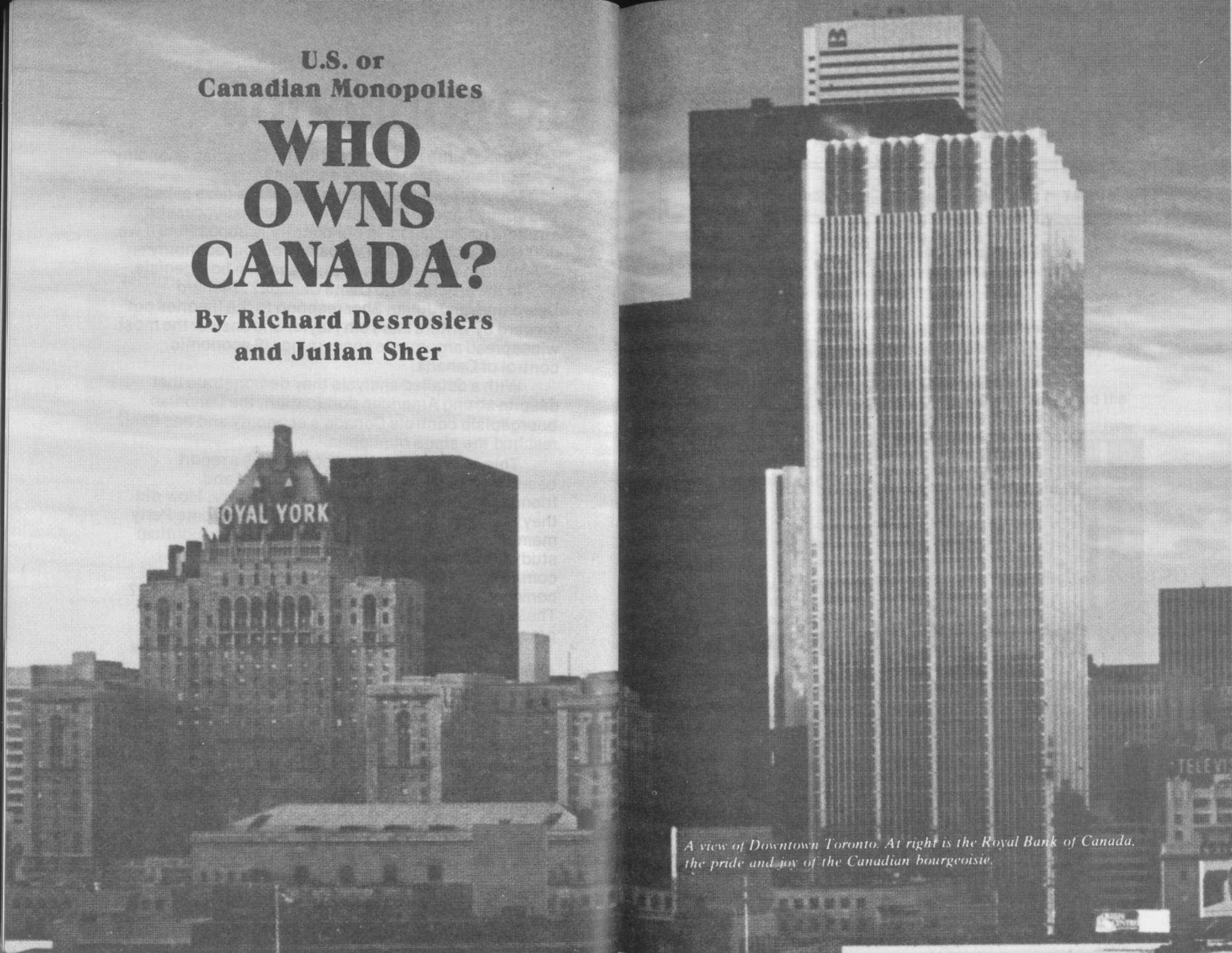
U.S. or Canadian Monopolies

WHO OWNS CANADA?

By Richard Desrosiers and Julian Sher



A view of Downtown Toronto. At right is the Royal Bank of Canada, the pride and joy of the Canadian bourgeoisie.

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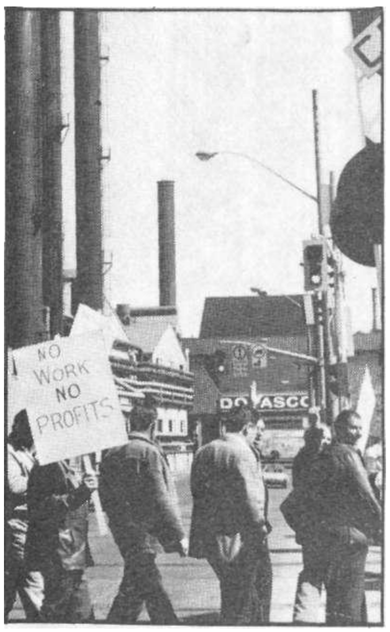

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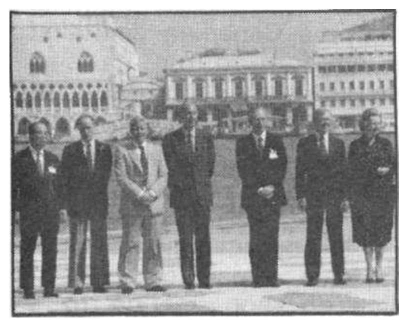

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Who owns Canada? Who controls the economy —Canadian or foreign capitalists?

This question has long been at the heart of debates among those who are committed to fighting capitalism in our country. For by determining who controls economic and thus political power in Canada, we can identify the main enemy in our struggle for socialism.

Canadian communists have always placed great importance on this issue. At the end of the 1920s, after much discussion, the Communist Party of Canada determined that the Canadian bourgeoisie controlled the economy and state power.

The same question had to be dealt with once again with the recent rebirth of the communist movement in Canada. When the Canadian Communist League (Marxist-Leninist) was founded in 1975, it took the position that despite heavy American penetration in Canada, the Canadian bourgeoisie still had a firm grip over the economy and the state. This has always been the position of the Workers Communist Party.

This article will present a detailed analysis of the Canadian economy to **show that control does in fact lie in Canadian hands and,** in particular, **that the Canadian ruling class is an imperialist bourgeoisie.**

On these two points, many authors have taken a different stand. Indeed an entire school of political economy, made up of people of diverse political persuasions, maintains that the Canadian capitalist class has never had the strength to run its own economy, much less to reach the stage of imperialism.

Thus for Tom Naylor (1), "Canadian history is the history of a French, British and an American colony successively."(2) This historical dependency has prevented the development of an autonomous Canadian bourgeoisie: "The policy of the bourgeoisie throughout Canadian history has been remarkably consistent. It has been a policy of subordination to a metropole. If one metropole falls, another has always been forthcoming."(3)

While other writers admit an independent Canadian bourgeoisie was able to develop, they insist that it quickly fell under US domination.

Mel Watkins (4), for example, maintains that around the turn of the century "the indigenous bourgeoisie dominates foreign capital and the state..."(5). But the US rapidly turned Canada into a neo-colony. Canada's history, as far as Watkins is concerned, can be summed up as "colony to nation... to colony"(6); today Canada is simply a "resource hinterland of the US with a truncated branch-plant manufacturing sector."(7)

Some political economists consider that Canada has literally become a "satellite" of the US since World War II.

James and Robert Laxer (8) define the Canadian economy as a "branch-plant economy in which only the United States (matters) as a source of external influence."(9) They say that US imperialism has increasingly taken over primary and secondary industry in Canada —placing the manufacturing sector under American control.

This school of political economy concludes that these trends have reduced the Canadian bourgeoisie to little more than a class of merchants —"a mercantile bourgeoisie" as Tom Naylor puts it. Since Canadian industrial development was carried out by Americans, Canadian capitalists have "been relegated to the position of managing branch plants for foreign masters."(10) The inferiority of the Canadian bourgeoisie, writes Gary Teeple (11), stems from the fact that it has always been concentrated in the commercial and banking sectors.

Wallace Clement (12) states that the Canadian capitalist class is characterized by "an overdeveloped financial and transportation / utilities system"(13) and an undeveloped industrial sector. Clement considers that the "American elite" directs Canada's economy, which has therefore been "continentalized." Canadian banking capital thus draws its profits from its investments in American companies. An alliance has been set up between "indigenous mercantile-financial capital" and "American industrial capital."(14)

As for whether or not Canada is an imperialist country, Jack Warnock (15) states: "It is impossible to conclude that Canada is basically an imperialist power. Canadian direct imperialism abroad exists, without a doubt. Since World War II our governments have consistently given political, military and economic support to US foreign policy. But all things considered, this imperial effort, as a junior partner, can hardly be compared to the foreign (mainly American) ownership, control and domination of the whole Canadian society."(16)

Others refer to the Canadian bourgeoisie as "sub-imperialist": "We use the term sub-imperialist to describe Canada as a state which is not a dominant imperial power but nevertheless acts as an important agent for imperialism in a particular region."(17)

While there may be debate over the exact term to be applied, most political economists of this school agree that the Canadian bourgeoisie is not imperialist.

Such a vision of Canada's capitalists can lead to some startling conclusions by those who may consider themselves socialists. In an issue of **This Magazine,** Daniel Drache describes Walter Gordon as an "anti-imperialist, patriotic capitalist."(18) (Gordon, a former finance minister in the Pearson government, is a well-known spokesman for the nationalist wing of the bourgeoisie. He currently heads the Canadian Corporate Management company which has sales of $381 million).

While such praise for businessmen may not get much support among the left in Canada, the basic view that the Canadian bourgeoisie is not imperialist is very widespread among progressives. Many are equally convinced that US imperialism has complete control over our country.

This position, however, is a dangerous one: it can lead to a faulty analysis of the enemy the working class must defeat to take power and build a socialist Canada.

For this reason, this article will examine the analyses put forward by Tom Naylor, Gary Teeple and others.

The first part looks at economic statistics to see exactly who controls Canada's economy.

The second part deals with the heart of the debate: has Canadian capitalism reached the stage of imperialism? We aim to prove that Canadian finance capital does indeed exist and that Canada has all the attributes of an imperialist country. We will see that a financial oligarchy was formed around the turn of the century, and that since this time its hold over the country has grown ever-stronger.

1.Who Controls the Economy?

A study of various kinds of economic data indicates that the often-painted picture of virtual American domination over the entire Canadian economy is far from accurate.

Control of Capital

What picture does one get from figures on the control of capital employed in Canada?

In 1976 (the last year for which complete figures are available) (19) the Canadian capitalist class controlled 69 per cent of total capital employed in the following sectors taken together; manufacturing, oil and natural gas, mining and smelting, railways, public utilities, commerce and construction. (See table below.)

Americans controlled 24 per cent and other foreigners seven per cent.

When financial institutions —overwhelmingly in Canadian hands— are added to these sectors, the share of capital controlled by Canadian capitalists is even greater.

Tom Naylor's assertion that "the independent sector of the Canadian bourgeoisie... is small in relation to the total"(20) is thus quite off the mark.

Gary Teeple's view that "the interests of Canada's ruling class have been concentrated in the realm of commerce and finance" (21) is also distorted: it leaves out the other sectors in which Canadian capitalists are present.

Canadians control 99 per cent of the capital employed in railways, a far from negligible sum. In public utilities, Canadian-controlled capital totals 96 per cent. Even in manufacturing, Canadian capital controls almost half the sector.

So although a third of all capital employed in the industrial and commercial sectors is controlled by foreign capitalists, the Canadian bourgeoisie nonetheless controls two-thirds of it.

The Canadian bourgeoisie is far from being in a weak or minority position as far as control of capital is concerned. In fact it is in a dominant position.

A view of Stelco in Hamilton, Ontario. 1: the blast furnace; 2: the coke plant; 3: the unloading docks and storage area; 4: the open-hearth furnaces; 5: the rolling mill.

Canadian control of capital employed in certain industries, 1976.

	%
Manufacturing	**45**
Petroleum and natural gas	32
Other mining and smelting	**45**
Railways	**99**
Other utilities	**96**
Total including merchandising and construction	**69**

Source: **Canada's International Investment Position,** Statistics Canada, Catalogue 67-202 (See note 19)

The Strongholds of Canadian Monopolies

Tom Naylor says Canadian industrialists are busy "managing branch plants for foreign masters."(22) Is this really the case or does Canada's ruling class **own and control** vast monopoly corporations in its own right?

The preponderant place of "true-blue" Canadian capital is illustrated in the list of the 50 biggest non-financial companies in Canada, taken from the **Financial Post 500** in June of this year.

Out of the 50 top companies for 1979-80 in order of gross sales, 32 are **controlled** by Canadian capitalists. (See Table 1) (23)

Another study by Statistics Canada of the 33 biggest

Demonstration by National Steel Car workers at Dofasco in Hamilton in April 1980.

industries ranked by sales shows that in 1977 a Canadian company was at the top of 17 of these industries and in second place in five other cases.(24)

Canada's-main industrial companies in 1979

		Company (Head office)	Sales or operating revenue $'000	Rank by assets	Assets $'000	Rank by net income	Net income $'000
1		General Motors of Canada Ltd. (Oshawa, Ont.)	9,409,838	28	2,223,124	11	246,817
2		Canadian Pacific Ltd. (Montreal)	8,150,000	3	11,002,393	2	508,142
3	—	Ford Motor Co. of Canada (Oakville, Ont.)	7,149,200	26	2,338,200	324	2,000
4		Imperial Oil Ltd. (Toronto)	6,623,000	9	4,655,000	4	471,000
5	1 *	George Weston Ltd. (Toronto)	5,867,102	36	1,507,338	48	65,949
6	●*	Bell Canada (Montreal)	5,264,739	4	10,376,513	5	433,186
7		Alcan Aluminium Ltd. (Montreal)	5,132,163	6	5,238,282	3	475,539
8	1 *	Massey-Ferguson Ltd. (Toronto)	3,483,424	13	3,256,097		(68,492)
9		Shell Canada Ltd. (Toronto)	3,436,000	17	2,963,000	10	259,000
10	1 *	Hudson's Bay Co. (Winnipeg)	3,435,209	20	2,651,593	41	80,346
11		Canadian National Railways (Montreal)	3,294,335	7	5,143,131	28	113,204
12		Gulf Canada Ltd. (Toronto)	3,007,000	12	3,288,000	7	274,000
13		Inco Ltd. (Toronto)	2,915,079	8	5,057,665	16	166,017
14	1+	Canada Packers Inc. (Toronto)	2,711,214	97	481,498	100	25,564
15	I*	Dominion Stores Ltd. (Toronto)	2,663,857	99	454,101	94	27,281
16		Texaco Canada Inc. (Toronto)	2,642,626	27	2,299,735	9	263,895
17		Simpsons-Sears Ltd. (Toronto)	2,618,213	33	1,577,885	46	67,932
18	I*	TransCanada PipeLines Ltd. (Calgary)	2,580,972	22	2,538,711	35	94,010
19		Chrysler Canada Ltd. (Windsor, Ont.)	2,570,160	62	821,230		n.a.
20	I*	Ontario Hydro (Toronto)	2,568,120	2	14,514,000	8	267,600
21	1 *	Noranda Mines Ltd. (Toronto)	2,484,690	11	3,320,210	6	410,195
22	—	Canada Safeway Ltd. (Winnipeg)	2,321,308	85	613,935	59	54,952
23		Provigo Inc. (Montreal)	2,314,407	115	362,633	125	19,635
24	1 *	MacMillan Bloedel Ltd. (Vancouver)	2,180,318	31	1,691,963	18	154,902
25	1 *	Steel Co. of Canada (Toronto)	2,091,213	23	2,414,997	17	156,892
26	1 *	Steinberg Inc. (Montreal)	2,082,710	81	635,972	95	27,191
27	1 *	Hiram Walker-Consumers Home Ltd. (Toronto)	1,967,873	16	3,108,278	12	209,147
28	1 *	Canada Development Corp. (Vancouver)	1,965,828	19	2,767,945	29	113,015
29	1 *	Hydro-Quebec (Montreal)	1,956,391	1	15,504,975	1	746,211
30	1 *	Seagram Co. (Montreal)*	1,880,881	18	2,853,085	13	196,729

			Sales or operating revenue $'000	Rank by assets	Assets $'000	Rank by net income	Net income $'000
31	1 *	Moore Corp. (Toronto)	,805,184	48	1,129,384	25	121,979
32	1 *	International Thomson Organisation Ltd. (Toronto)	,739,850	39	1,464,480	31	102,900
33	1 *	T. Eaton Co. (Toronto)	,600,000		n.a.		n.a.
34	1 *	Air Canada (Montreal)	,595,200	37	1,505,800	58	55,400
35	—	F.W. Woolworth Co. (Toronto)	,506,653	95	530,823	81	35,232
36		Domtar Inc. (Montreal)	,495,370	54	977,033	33	97,917
37	1 *	Oshawa Group Ltd. (Toronto)	,475,663	132	309,965	212	8,457
38		Abitibi Price Inc. (Toronto)	,470,251	45	1,183,699	27	114,104
39	—	International Harvester Canada Ltd. (Hamilton, Ont.)	,461,110	50	1,054,754	45	73,954
40	1 *	Dominion Foundries & Steel Ltd. (Hamilton, Ont.)	,435,058	32	1,669,745	21	136,945
41		Canadian General Electric Co. (Toronto)	1,338,730	58	904.148	73	38,330
42		Genstar Ltd. (Montreal)	1,264,551	24	2,401,374	24	123,626
43	1 *	Consolidated-Bathurst Inc. (Montreal)	1,244,312	52	991,854	32	98,259
44	—	IBM Canada Ltd. (Toronto)	1,244,000	71	724,529	36	91,000
45		Alberta Gas Trunk Line Co. (Calgary)	1,243,972	14	3,140,545	26	116,398
46	—	Canadian Ultramar Ltd. (Toronto)	1,173,000	88	607,000	209	8,549
47	1 *	Westcoast Transmission Co. (Vancouver)	1,098,401	47	1,145,870	63	49,870
48	—	Total Petroleum (North America) Ltd. (Calgary)	1,066,566	70	728,264	82	34,991
49	1 *	Burns Foods Ltd. (Calgary)	1,052,000		n.a.		n.a.
50	1 *	Molson Companies Ltd. (Montreal)	1,026,482	82	630,102	68	44,076

Source: **The Financial Post 500,** June 14, 1980.

KEY

I* Canadian — other
— American

* For Alcan, Inco and Genstar: see note 23

n.a. Not available

CANADIAN GIANTS IN EACH SECTOR OF THE ECONOMY

The large corporations controlled by the Canadian ruling class can be found in **every** sector of the economy. A look at each of these sectors shows the presence of Canadian corporations which are classed among the top 75 companies in the country according to sales.

In the **manufacturing sector** we find Canadian monopolies like Bell / Northern Telecom and Canada Packers. In pulp and paper there are giants like Domtar, Consolidated Bathurst and Abitibi-Price, who together had sales over $4 billion in 1979-80. In steel, Stelco (the 25th largest Canadian corporation (25)), Dofasco and Algoma Steel (controlled by CP Enterprises) ensure the Canadian bourgeoisie almost total control of this vital economic sector (99 per cent in 1976).(26)

The **oil and natural gas sector,** though heavily penetrated by US capital, nonetheless has Canadian companies like Nova (formerly Alberta Gas Trunk), Dome Petroleum, Norcen Energy Resources and PetroCan.

In the resource extraction sector there is Noranda, a Canadian multinational with more than 50,000 employees around the world. There are also important Canadian interests in Inco.

In the transport sector Canadian firms are dominant, thanks to Canadian Pacific, Canadian National and Air Canada.

In commerce, note the presence of the Hudson's Bay Company (which controls Zellers and Simpsons) and other Canadian companies like Eaton, Dominion Stores, Steinberg and Provigo.

Lastly, the big Canadian banks leave no doubt about Canadian dominance in the financial sector.

All these examples of Canadian monopoly corporations active in all sectors of the economy contradict the positions put forward by Naylor, Teeple, Laxer and others.

STATE CORPORATIONS

No portrait of the Canadian economy would be complete without an analysis of the crown corporations. These state companies are an important base for the Canadian ruling class.

A look at the control of non-financial economic activity (27) shows that government-owned corporations control 23 per cent of capital operating in Canada —a significant share of the economy.

Some political economists deny the importance of state corporations on the grounds that these institutions are not really capitalist companies.

But directors of these corporations, exercising the same powers as the heads of private companies, are an integral part of the Canadian capitalist class.

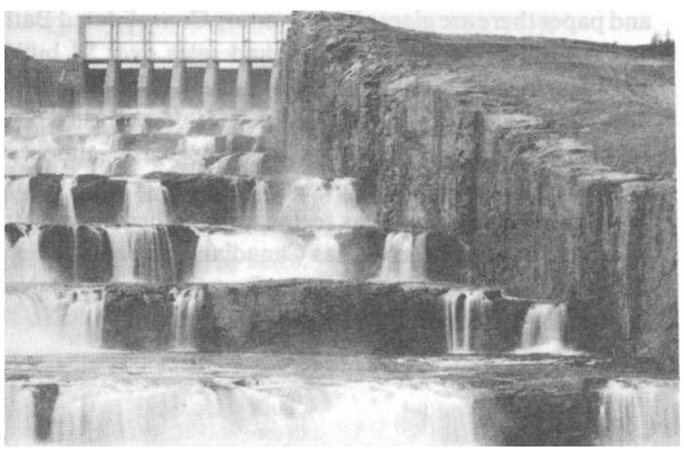
Though they may not be the legal owners of the state corporations, they can run these companies —in consultation with the concerned government departments— as they see fit. Within certain investment and wage guidelines, they can hire and fireemployeees, buy and sell productive materials, etc.; in short, the entire productive process is in their hands.

The role of the state corporations in influencing the economy, the profits they bring in, and the services they provide to Canadian capitalists as a whole are all of great importance for the bourgeoisie.

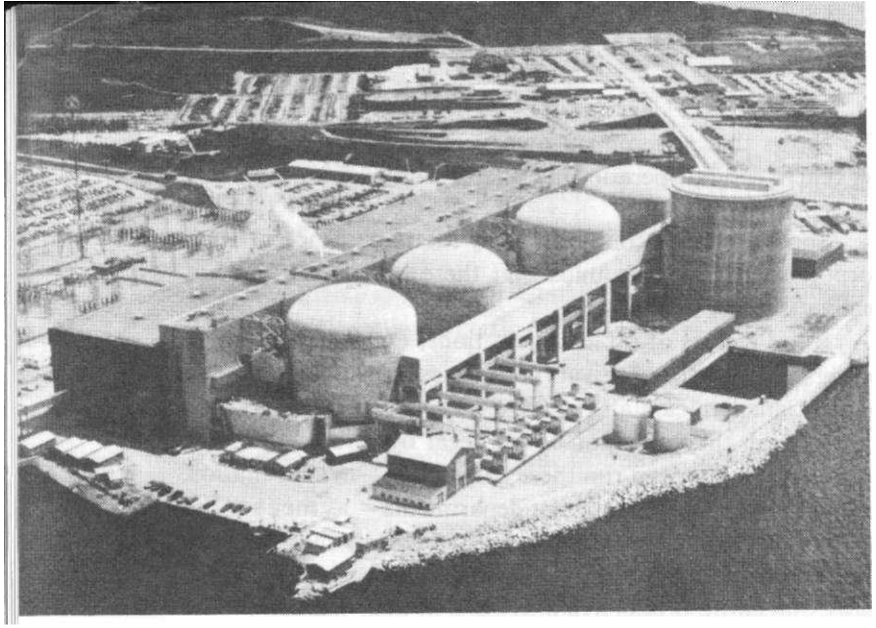
Look at Ontario Hydro and Hydro-Quebec: these corporations furnish low-cost energy to the Canadian manufacturing industry and are thus a key link in the productive system. As well they are active in high-technology areas like high-tension electrical transmission.

In sales, Ontario Hydro and Hydro-Quebec are 20th and 29th in the list of Canada's most important corporations. In assets they are in first and second place. In 1979, Hydro-Quebec made more profits than any other Canadian company, bringing in $746 million.(28)

Atomic Energy of Canada, also a state corporation, is in charge of the research and development around the CANDU



A A section of the imposing LG 2 hydro-electric dam in James Bay, ^ Quebec, whose installations are being built by Hydro-Quebec.



Aerial view of the CANDU nuclear complex in Pickering, on the shores of Lake Ontario.

nuclear reactor, thus ensuring the Canadian bourgeoisie a place at the top of the world-wide nuclear industry.

Active in various economic sectors are other state corporations, including Canadian National, Air Canada, PetroCan and the Canadian Development Corporation, all working to the profit of the Canadian bourgeoisie.

CANADA'S BANKS

Finally, we arrive at a sector of great importance to the Canadian capitalist class, the banks and financial institutions. (29) Few will deny their role as the bastion of the bourgeoisie.

Canadian banks are of an impressive size. The "Big Five" —the Royal Bank, the Canadian Imperial Bank of Commerce, the Bank of Montreal, the Toronto-Dominion Bank and the Bank of Nova Scotia —have assets that today run over $200 billion. This gives them the clout to compete handily on the world market.

Three of the five (30) were among the 50 top world banking institutions active outside of the USA in 1978, according to **Fortune** magazine.(31)

The great majority of financial institutions operating in Canada are controlled by the Canadian bourgeoisie. In 1979 the "Big Five" alone controlled 73.6 per cent of the $270 billion in assets of the top 50 Canadian financial institutions listed by the **Financial Post** (excluding insurance and brokerage firms).(32)

We have seen the preponderant place held by the Canadian bourgeoisie in the country's economy —the majority position it holds in the control of capital, the monopoly corporations it owns, the state corporations and the financial institutions it runs. What is the place of US imperialism in Canada?

The Place of U.S. Imperialism in the Economy

Canada undoubtedly is the advanced capitalist country that is the most affected by US influence and domination.

In 1976 the total US long-term investment in Canada was $60.5 billion. More than half of this, $34.7 billion, was in the form of direct investment (33), that is, via the takeover of Canadian companies or the establishment of subsidiaries of US companies.

This is an enormous amount of money. Canada has received more direct American investment since the Second World War than any other country in the world.

Some analysts insist that since 30 per cent of total American investment outside the US is in Canada, the US controls the Canadian economy. But this reasoning fails to consider the degree of development of Canada's economy. Such a level of American investment would make an underdeveloped country almost totally subservient to the US.

But Canada is an advanced capitalist country with a developed economy. Its corporations, as we have seen, have carved out their place on the world market. The nearly one-third of US foreign investment placed in Canada gives Uncle Sam an immense source of influence - but not enough to completely dominate a modern economy that is competitive in various sectors on the world market.

Despite its importance, American influence is not and has never been dominant in the Canadian economy. US capital has gone through periods of expansion leading to a strong penetration of the Canadian economy, but these have occurred during particular historical periods and have never led to total American control over Canada.

FLUCTUATIONS IN US CONTROL

Until the beginning of the 20th century, most foreign capital invested in Canada was British. In 1900 Britain held $1 billion in portfolio investment in Canada, while the US had $200 million. Only in 1918 did US investment surpass the British presence.

The early decades of this century saw the first great American penetration of the Canadian economy. In 1913, 450 US branch-plants were operating in Canada, as American companies either set up branches in new industries or purchased Canadian concerns. In 1918, the General Motors Company purchased the McLaughlin Motor Car Company, established by the McLaughlin brothers in 1907.

US penetration continued rapidly until 1930. By that time the Americans controlled 31 per cent of Canadian manufacturing, 42 per cent of mining and smelting and 18 per cent of the Canadian economy as a whole. (See Table 2)

In Quebec, the mid-seventies were marked by long and bitter strikes against American monopolies. In 1973-74, workers from the Firestone tire plant in Joliette won a ten-month strike against the American transnational. Canadian Gypsum workers, also in Joliette, started a strike in '73 that lasted 20 months.

United Aircraft, now known as Pratt & Whitney, in the Montreal suburb of Longueuil, was the scene of a violent strike that started in 1974. For 20 months the strike fought the American giant in order to obtain the Rand Formula and indexation. On May 21, 1975, close to 10,000 workers walked off the job throughout Quebec to support the United Aircraft strikers.

During the Great Depression, the severely shaken American economy reduced its exports of capital abroad.

The total amount of US capital invested in Canada in fact dropped, from $4.6 billion in 1930 to $4.2 billion in 1939. The proportion of the Canadian economy under US control remained at 19 per cent in 1939. (See Table 3)

After the Second World War the second wave of US penetration in Canada began. Like the period before 1930, this second period of expansion corresponded to a strong push by US capital **throughout the world.** Although Canada was particularly affected, it was far from the only country to face an invasion of US capital.

From 1946 to 1955, 70 per cent of US investment in Canada was concentrated in oil, mining, and pulp and paper. In 1955 the United States controlled 73 per cent of the oil and natural gas sector. Towards the middle of the '60s, US control stabilized. By 1965 Americans controlled 27 per cent of capital in Canada, including 46 per cent of manufacturing.

TENDENCY TO DECLINE SINCE 1970

Starting in the '70s there has been a tendency for American control to weaken and for Canadian control to grow.

From 1970 to 1976 Canadian control of manufacturing rose by 6 per cent. The Canadian share of mining went from 30 to 45 per cent. Even in the traditionally US-controlled oil industry, the Canadian share rose from 24 to 32 per cent. (See Table 2)

This growth in Canadian control has occurred through the recent purchase of a series of US and foreign companies. This has included Bombardier's purchase of M L W in 1975 and Canadian Pacific's purchase of Algoma Steel from German interests in 1974.

year	US	% CAN	US	CAN	US	% CAN	US	CAN	US	% CAN	US	CAN
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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Distribution of overall control of non-financial activities, 1926-1976.

Year	% of capital controlled by US	% of capital controlled by Canada
1926	15 %	83
1930	18 %	80
1939	19 %	79
1948	22 %	75
1955	26 %	70
1960	26 %	67
1965	27 %	66
1970	28 %	64
1976	24 %	69

Source: **Canada's Internationa Investment Position,** Statistics Canada, Catalogues 67-202 (See note 19)

The federal government has played an active role in this wave of purchases. In 1975 it acquired Canadair from the US General Dynamics Company and De Haviland from Britain's Hawker Siddeley. In 1976 the new crown corporation

PetroCan bought out Atlantic Richfield Canada and in 1978 purchased Pacific Petroleum.

THE PRESENT STATE OF US DOMINATION

US domination continues to be strongest in the oil and natural gas, mining and manufacturing sectors.

In 1976 American capital controlled 54 per cent of the oil and natural gas sector and 41 per cent of all mining.

In the same year 42 per cent of Canadian manufacturing was under US control, with US capital concentrated in certain branches like electrical appliances (62 per cent), chemical products (58 per cent), automobile manufacturing and rubber products. (See Table 4)

US penetration into the Canadian economy is carried out particularly through its branch plants.

The most important US subsidiaries are found in the automobile (GM, Ford, Chrysler) and oil sectors (Imperial Oil, Gulf, Texaco). In 1979 GM, Ford and Imperial Oil were three of the top four companies in Canada (by sales). (See Table 1)

Out of the 50 biggest non-financial companies operating in Canada, 12 are US subsidiaries. US companies as a whole accounted for 38 per cent of all profits made in Canada in 1977.

Subsidiaries benefit American monopolies by providing a market for US manufactured goods. They are carrying out less and less manufacturing in Canada itself, which has led to the loss of many jobs.

Since the Auto Pact was signed in 1965, Canada has built up a $7.5 billion deficit on cars and auto parts. But the US auto giants have struck gold in the same period, returning $1.2 billion to the United States. An estimated 25,000

Foreign control of capital employed in various economic sectors, 1970 **and** 1976 (%)

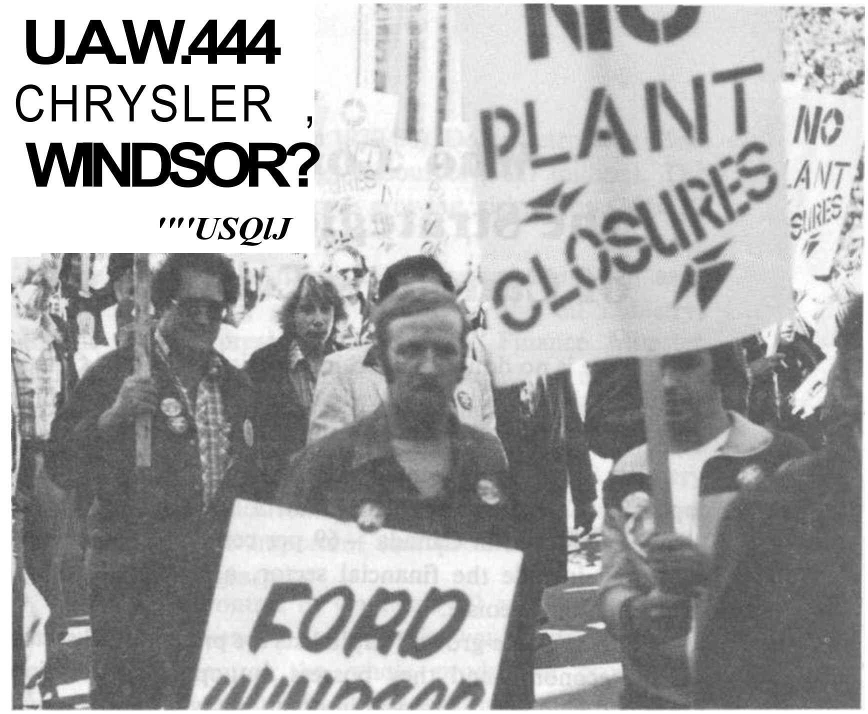
SECTOR	U.S. 1970	U.S. 1976	All foreign countries (incl. U.S.) 1970	All foreign countries (incl. U.S.) 1976
Rubber	—	—	99	98
Textiles	19	22	26	32
Pulp and paper	38	29	53	42
Agricultural machinery	—	—	55	50
Automobiles and parts	—	—	97	96
Transportation equipment	43	38	65	54
Electrical apparatus	63	62	73	73
Chemicals	58	58	81	74
Sub-total, mfg.	47	42	61	55
Petroleum and natural gas	61	54	76	68
Other mining and smelting	59	41	70	55

Source: **Canada's International Investment Position,** Statistics Canada, Catalogue 67-202 (See note 19)

jobs which should have been created in the Canadian auto industry have never materialized thanks to the Auto Pact. The Canadian auto industry has been reduced to a state of total dependency, restricted to the assembly of US-produced' parts.

US branch-plants also get their technology directly from their parent companies, cutting down the amount of research and development done in Canada. Barely 0.9 per cent of the Canadian GNP goes to research and development, compared to 2 per cent in Germany, 2.4 per cent in the USA, 1.8 per cent in France and 1.7 per cent in Japan.(34)

To pay for all the manufactured goods imported from



United Auto Workers came out in force to the Oct. 18 demonstration in front of the Ontario legislature for the right to jobs. 25,000 jobs have been lost in the Ontario auto industry since January and shutdowns of parts plants have been rampant.

the US, Canada must export increasing quantities of raw materials (oil, asbestos) or semi-finished goods (aluminum ingots, paper). These commodities make up over 57 per cent of Canadian exports.

Canada is greatly affected by the American hold on our economy. In the period from 1971-78 alone, Canada had a net deficit of $20 billion from the exchange of goods and services with the United States. Most of this deficit ($15 billion in the eight-year period) resulted from interest payments on loans from the US as well as profits shipped home by American companies.(35)

'Who Controls the Strategic Sectors of Canada's Economy

There is no doubt that US imperialism's hold in Canada is substantial. However, as we have seen, this does not mean that the United States **controls** the Canadian economy.

We have shown that, contrary to the widely held opinion, Canadian capitalists control the majority of all capital employed in Canada —69 per cent. This figure does not even include the financial sector, a stronghold of the Canadian bourgeoisie.

These "home-grown" capitalists are present in all sectors of the economy and they possess monopoly corporations powerful enough to compete internationally.

The Canadian bourgeoisie is not a "minority shareholder" in Canada's economy. It is not restricted to a handful of merchants and bankers, nor restrained to the commercial and financial sectors as some people would have us believe.

But those who maintain the US totally controls Canada's economy don't give up at this point: as a last resort they claim that what really counts is control over the strategic sectors of the Canadian economy. Perhaps the USA doesn't control the majority of capital in the country, they argue, but it clearly dominates the key sectors of the economy —manufacturing and oil. This is enough for Uncle Sam to lord over the entire economy.

How much truth is there to this argument?

Take oil, for example. This is undoubtedly a strategic sector, but even here US imperialism doesn't control the **entire** industry.

The growth of Canadian interests in this sector can be seen in companies like Nova (formerly Alberta Gas Trunk

—with $1.2 billion in sales in 1979-80), Dome Petroleum ($945 million), and Norcen Energy Resources ($887 million). The Canadian share of this sector is growing, rising from 24 to 32 per cent from 1970 to 1976.

The Canadian bourgeoisie has created PetroCan as a means for acquiring greater control in the oil industry, and the budget presented by Liberal Finance Minister MacEachen October 28 shows that it intends to use it. The mandate given to Petrocan "to acquire the Canadian assets of one or more oil multinationals" and, more generally, the objective of "Canadianizing" 50 per cent of the oil industry by 1990 are clear indications that Canadian capitalists are not prepared to let the important and profitable oil business escape from their grasp.

Even if US control of Canada's oil and gas resources were complete —and it isn't— this would not allow the Americans to control the whole productive process in Canada. Oil isn't the only form of energy needed by industry, and the Canadian bourgeoisie is in control of other forms of energy, like hydro-electricity and nuclear power.

For these reasons, the claim that US control of Canadian oil is the key to controlling the entire economy does not hold water.

When it comes to manufacturing, some argue that despite Canadian control of 45 per cent of capital in this sector compared to the US's 42 per cent, the US controls this field as a whole because it dominates the most important branches, like auto, electrical appliances and chemical products.

Although these branches are very important, it is not true to say that controlling them necessarily leads to dominating manufacturing as a whole. Branches like steel and transportation —clearly in Canadian capitalist hands— play equally strategic roles in the economy.

What colony or country totally dominated by another has ever had control of its own iron and steel industry? Canada's steel industry is in the forefront of modern technology and extremely competitive on the world market.

Moreover, in all the branches of manufacturing where US interests dominate, except for auto, there are powerful Canadian corporations that compete heavily with the US multinationals.

All of this is not to deny that the large US presence causes major problems for the Canadian people. This was visible in the recent wave of layoffs in the auto industry. The US hold on our economy is harmful and unacceptable and must be fought vigorously. But it would be false to conclude that this hold gives the US absolute control over Canada's economy.

It would be wrong to think that Canada does not have its own class of capitalists, its very own class of exploiters, which controls and directs production in its own interests —a class that has **itself reached the stage of imperialism.**

2. The Imperialist Nature of the Canadian Bourgeoisie

We consider Canada to be an imperialist country. The Canadian bourgeoisie has developed to the monopoly stage and has established finance capital.

This issue is at the core of the debate that sets us apart from those who claim the Canadian economy is controlled by the United States.

Many attempt to prove that Canada is not an imperialist country by pointing out that Canada has no colonies, no troops occupying third world countries by force and no military strength with which to impose its "viewpoint."

Hence, Jack Warnock states, "without political, military and ideological support, economic exploitation would be far more difficult... In these support areas, Canada lacks imperial power."(36)

To determine how accurate these positions are, it is key to first of all establish what is meant by imperialism.

Instead of clarifying this question, some writers only shroud it in confusion. Gary Teeple, for example, in an article in **Canadian Dimension,** attacks those who "with blissful ease label Canada an imperialist state"(37), and unabashedly declares that this analysis is drawn from "an uncritical reading of Lenin and his imperialism and a flagrant use of labels and theory."(38)

It is rather odd to see a political science professor accuse someone of relying on theory!

Just where did Lenin get his theory of imperialism?

Imperialism, the Highest Stage of Capitalism, written in 1916, is the result of extensive study of many and varied sources. Lenin studied all the literature he could obtain on economics, science, history, geography, politics, the labour movement and national liberation struggles. **Notebooks on Imperialism,** which brings together his preparatory work, contains excerpts from 148 books and 232 articles published in 49 periodicals in German, French, English and Russian.(39)

After rigorously analyzing this data, Lenin was able to explain the development of imperialism and delineate its universal laws. The reality of capitalism today confirms the correctness of his conclusions.

Theory, therefore, is the product of work such as this. To reject it a priori is to cut oneself off from a valuable working tool and to deny the possibility of scientific analysis of reality.

This doesn't mean the laws of imperialism as defined by Lenin should be applied in a mechanical way. On the contrary, they must be used with the same scientific precision as other Marxist concepts such as "capital" or "surplus value." Teeple is the one who resorts to sloganeering, when he

rejects Lenin without giving any explanation or proof, without offering an alternative definition of imperialism.

The Concept of Imperialism

Imperialism is the monopoly stage, the highest stage, of capitalism.

In his time Marx showed theoretically and historically that capitalism's free competition was leading to the concentration of production and the development of monopolies.

Later Lenin stated that, "Monopoly has become a fact."(40) The formation of monopolies is a fundamental law of capitalist development. The turn of the twentieth century marked the point, "when the old capitalism is replaced by the new."

Lenin shows clearly that, "Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began **to change into their opposites...** Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly."(41)

The key development at this stage is the formation of finance capital out of the merger of bank capital and industrial capital. Imperialism is "the supremacy of finance capital over all other forms of capital and the predominance of the financial oligarchy."(42)

Lenin's definition of imperialism, as true today as when it was first written, explains five basic characteristics of imperialism:

"1) the concentration of production and capital has developed to such a high stage that it has created monopolies, which play a decisive role in economic life;
2) the merging of bank capital with industrial capital, and the creation, on the basis of this 'finance capital,' of a financial oligarchy;
3) the export of capital as distinguished from the export of commodities acquires exceptional importance;
4) the formation of international monopolist capitalist associations which share the world among themselves, and
5) the territorial division of the whole world among the biggest capitalist powers is completed."(43)

Imperialism is thus not merely the possession of colonies. It is not simply one country's domination of another or an element of foreign policy. Rather it is a historical stage in the development of capitalism. The bourgeoisie does not "decide" to be imperialist, it becomes imperialist as a natural and inevitable consequence of its development.

There is no doubt that Canadian imperialism is weak and second-rate compared to American imperialism. This does not change the fact that it is imperialist. No other country, with the exception of the USSR, can be compared to American imperialism, but that does not make countries like France, Italy and Switzerland any less imperialist.

Canada is an imperialist country which is at the same time subject to the interference and domination of American imperialism.

How, then, did Canadian capitalism reach this "highest stage," imperialism.

Concentration and Monopoly

To understand Canadian imperialism we must look at the concentration of production and capital that occurred at the beginning of the 20th century and how Canadian monopolies have controlled the country's economy ever since.

This is our starting point, because monopolization is the basic foundation of imperialism. "If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism. Such a definition would include what is most important," Lenin points out.(44)

The very rapid concentration of industrial production in ever-larger enterprises, as well as the accelerated concentration of the banks, results in the formation of monopolies.

The rise of monopolies is therefore "a general and fundamental law of the present stage of development of capitalism"(45)

Canadian capitalism is no exception to this general rule. Historical research shows that at the beginning of the 20th century the country's economy underwent massive concentration to the benefit of a few Canadian monopolists.

THE EARLY 1900S

The early 1900s saw the Canadian bourgeoisie develop into the monopoly stage. Between 1890 and 1920 capital invested in manufacturing enterprises grew eight times from $353 million to $2.9 billion, while the value of production went up by seven times from $219 million to $1.6 billion.(46) In 1910 one per cent of all industrial enterprises owned 37 per cent of all industrial sector assets; by 1930 one per cent of companies owned 63 per cent of assets.(47)

Canada's first industrial monopolies appeared very early: Dominion Textile in 1904, the result of merging four textile companies; Canada Cement in 1909, bringing together 11 cement companies; Stelco in 1910, Canada's first giant steel manufacturer.

Many of Canada's best-known companies today were established early in the century - Massey-Harris (later Massey-Ferguson), Canada Steamship Lines, Macdonald Tobacco (later purchased by the American Salem company), etc. Most resulted from the amalgamation of several companies. From 1910 to 1919, 131 mergers were registered, involving 242 companies; from 1920 to 1929, 327 mergers involved 654 companies.(48)

Concentration proceeded at an equally rapid pace in the banking sector. Early on the Canadian banking system became very highly centralized, with many regional banks being absorbed into the great Montreal and Toronto banks. In 1896 there were 37 chartered banks; by 1914 there were only 22.(49)

In 1910, the five biggest banks controlled 64 per cent of banking assets. In 1930, the four biggest controlled 82 per cent.(50) Financial centralization could also be seen in the increased number of bank branches, which went from 533 in 1896 to 3049 in 1914.(51)

CONCENTRATION TODAY

Canada's economy today is among the most concentrated in the world. The top 500 companies in Canada, excluding

Andrew F. Gault, head of Dominion Cotton, which merged with three other textile companies in 1904 to form Dominion Textile. Gault built his empire by superexploiting textile workers, notably children who were forced to work 12-hour days. Insert shows the Gault Montreal mansion in 1893.

financial and real estate companies, accounted for 53 per cent of total sales, 66 per cent of total profits and 65 per cent of total assets in 1977. These 500 companies represent less than a quarter of one per cent of all enterprises in Canada.

The 25 leading companies alone account for 21 per cent of total sales, 25 per cent of profits and 29 per cent of assets. Finally, of those 25, 16 are Canadian-owned and account for 11.7 percent of total sales, 15 per cent of profits, and 23.9 per cent of assets.(52)

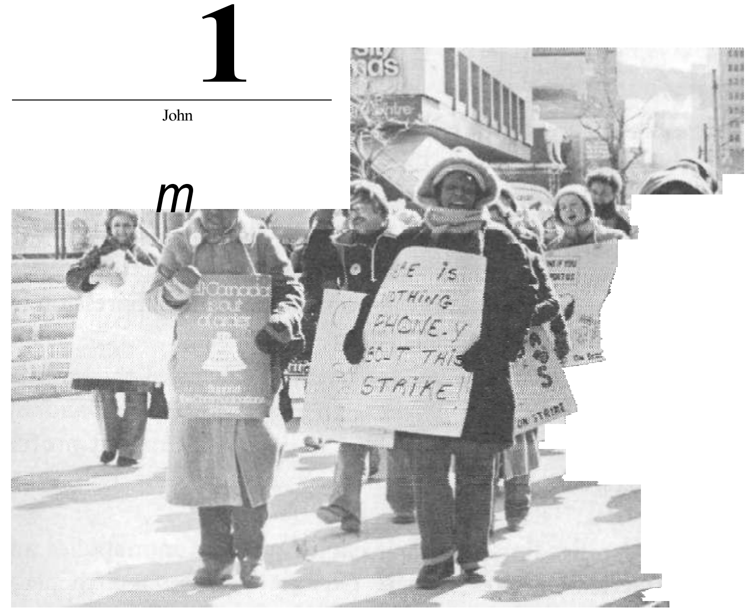
The Bryce Commission on Corporate Concentration showed that Canada exhibits a higher degree of concentration than other industrialized countries, including the US, West Germany, Japan and Sweden. Concentration is notably higher in Canada than in the US if you compare the top nine manufacturers with their nine US counterparts.(53)

Indeed, it is this particularly high degree of concentration that has enabled Canadian capitalists to maintain their control over Canada's economy despite the strong penetration by US imperialism. It has also enabled Canada to carve itself a place in the world market.

The Industrial Sector

Concentration is very pronounced in most branches of the industrial sector. In several cases a very small number of companies totally dominate certain manufacturing industries. For example, 1976 figures show that the electric wire and cable industry was 80.5 per cent controlled by the sector's four largest companies. The smelting and refining sector is 71.2 per cent controlled by the four largest companies.

Concentration is heavy in branches controlled mainly by Canadian-owned companies. Four companies, including Stelco, Dofasco and Algoma, controlled 81.5 per cent of the steel industry in 1976. Four enterprises, including Northern Telecom, manufactured 63.9 per cent of telecommunica-



Demonstration by Bell Canada strikers in Toronto in March, 1980.

tions equipment. Four, including Massey-Ferguson, manufactured 65.1 per cent of agricultural equipment.(54)

Canadian monopolies

Contrary to the widely held opinion that all monopolies in Canada are American, many Canadian monopoly corporations have emerged from this process of concentration. Some of these giants have spread their tentacles into all areas of the economy.

Canadian Pacific is an example in industry. CP is the second largest company in Canada according to sales, after General Motors; it comes second in profits and third in assets. (See Table 1) CP's tentacles extend into such diverse sectors as transport (rail, maritime, truck, air), oil, mines, steel, forest products, hotels and real estate. CP is Canada's number one private employer, with 109,700 employees.(55)

Bell Canada is in fourth place in terms of assets, sixth in sales, and fifth in profits ($433 million).

Of course these giants do not owe their fortunes to "financial genius" but rather to their relentless oppression of the working class.

Bell built its empire by paying its turn-of-the-century employees starvation wages, half the average rate, and by super-exploiting female labour. Its recent exorbitant profits have gone along with successive rate hikes for Bell subscribers.

Also heading the list of giant Canadian monopolies are commercial empires such as George Weston, in fifth place with $5.8 billion in sales, the Hudson's Bay Company and Dominion Stores. Other monopolies placing high on the list include Canada Packers, MacMillan Bloedel and Stelco.

Recent mergers

In recent years concentration has accelerated, to the great benefit of Canadian capitalists.

In 1979, 511 mergers or takeovers took place, a record compared to the 449 in 1978 and the 296 in 1974.

In the industrial sector, for example, Brascan was bought by Peter Bronfman's Edper Equities. In oil and gas, TransCanada Pipeline was taken over by Dome Petroleum and Husky Oil by Nova (formerly Alberta Gas Trunk), strengthening the new Western Canadian capitalists.

International competition

The high degree of economic concentration in Canada

Canadian Pacific has always forced dangerous working conditions on its workers. At the beginning of the century one Chinese immigrant in ten died in the construction of the railway, and today workers are injured or killed at CP companies like Dominion Bridge in Montreal or Cominco in BC.

means that some Canadian corporations now rank with the largest in the world. Canadian Pacific has a sales figure higher than that of Dunlop-Pirelli or Fiat, and ranks 81st among the top 100 companies in the world.(56)

Ten Canadian companies are on **Fortune** magazine's list of the 300 largest industrial companies outside the US (57): Canadian Pacific (44th), Massey-Ferguson (101st) (58), MacMillan Bloedel (178), Stelco, (202), Noranda Mines (209) Seagrams (233), Moore Corp. (238), Canadian Development Corp. (282), Abitibi Paper (290), and International Thomson Organization (297).

The number of Canadian companies in the top 300 shows that the Canadian bourgeoisie compares favourably with those of other advanced capitalist countries. Behind France (with 22 companies) and Sweden (13), Canada is nevertheless ahead of Switzerland (9), Italy (6), Holland (6), Belgium (4), Spain (3), Austria and Australia (2 each).

The concentration of the banks

Concentration is even greater in the vital banking sector. Here Canadian control is overwhelming and American capital represents only a negligible percentage.

The Royal Bank, the Canadian Imperial Bank of Commerce, the Bank of Montreal, the Bank of Nova Scotia and the Toronto-Dominion Bank control 90.4 per cent of assets in the banking sector. (See Table 5)

These empires harshly exploit their workers. Working conditions in the banks are among the worst in Canada. Of the 150,000 bank employees, 75 per cent are women and only two per cent are unionized. Average annual earnings stood at $9300 in 1979.

Concentration in the banking sector has always been higher in Canada than in the United States, where numerous small local banks do business alongside the major banks. Indeed if the level of concentration were the same in Canada as in the US, there would be 1400 chartered banks here instead of the current 11.(59)

Historically, the banks have proved a major asset for the Canadian capitalists, playing a key role in the monopolization process described above.

Assets of Canada's chartered banks, June 30, 1980

		(million $)
Royal Bank		59,034
Canadian Imperial Bank of Commerce	on ao/	52,304
Bank of Montreal	of assets	44,255
Bank of Nova Scotia		40,728
Toronto-Dominion Bank		31,475
National Bank of Canada		15,988
Mercantile Bank		3,529
Bank of British Columbia		2,137
Continental Bank		1,634
Commercial and Industrial Bank		751
Northland Bank		219
TOTAL		**252,055**

Source: Canadian Bankers Association.

Financial Capital and the Financial Oligarchy

The growth of monopolies is accompanied by the merging of industrial and banking capital into finance capital. This process is another fundamental characteristic of imperialism.

How does this transformation come about? At first the banks serve only as middlemen. But as capital becomes more concentrated the role of banks changes considerably.

"As banking develops and becomes concentrated in a small number of establishments, the banks grow from modest middlemen into powerful monopolies having at their command almost the whole of the money capital of all capitalists and small businessmen..."(60)

At the same time, industrial and commercial enterprises need a great deal of money capital if they are to remain on top of their competition and to increase their share of the market.

Of course they have access to the profits squeezed out of their workers, but this is often not enough to finance their expansion. So they turn to the banks, which provide them with a huge pool of capital (coming from the capitalists as a whole as well as from the people's savings) through bank loans or the purchase of shares.

As a result the ties between the banks and industrial capitalists become increasingly close. This leads to the merging of the two formerly distinct forms of capital (banking and industrial) into one powerful entity —finance capital concentrated in the hands of a few monopolists.

Lenin describes the formation of finance capital in the following way:

"At the same time a personal link-up, so to speak, is established between the banks and the biggest industrial and commercial enterprises, the merging of one with another through the acquisition of shares, through the appointment of bank directors to the Supervisory Boards (or Boards of Directors) of industrial and commercial enterprises, and vice versa."(61)

Lenin also stresses that "the 'personal link-up' between banks and industry is supplemented by the 'personal link-up' between both of them and the government."(62)

This process leads to the situation where "three to five of the biggest banks in each of the foremost capitalist countries have achieved the 'personal link-up' between industrial and bank capital, and have concentrated in their hands the control of thousands upon thousands of millions which form the greater part of the capital and income of entire countries. "(63)

Lenin's description is remarkably accurate for Canada today.

THE CREATION OF CANADIAN FINANCE CAPITAL AT THE BEGINNING OF THE 20th CENTURY

In Canada the creation of finance capital took place at the beginning of the 20th century. From the beginning Canadian banks played a decisive role in the process of concentration and monopolization.(64)

Thus, under the sponsorship of the Bank of Montreal, a series of mergers of textile companies led in 1904 to the establishment of Dominion Textile, which controlled half the Canadian textile industry. In the same period the Royal Bank was active in the creation of Canadian monopolies like Stelco and Canada Cement. In 1928 the Royal was the intermediary in the formation of Canada Power and Paper out of five big paper companies and their subsidiaries. (The new company became Consolidated Paper in 1931.)

Through this process Canadian banks established close connections with industry at the turn of the century, paving the way for the creation of Canadian finance capital.

But the way this process occurred was not identical to the method used by banks in the United States or Germany, which directly owned company stocks and shares. In Canada the banks merged with industry via a different route, participating in the establishment of brokerage firms and investment corporations, associating with trust companies or linking up with insurance companies. These firms in turn invested in industry.

As early as 1910 the Royal Bank helped Montreal financier Max Aitken set up several Canadian monopolies. In the '20s, Sir Herbert Holt, the then-president of the Royal Bank, formed an association with the Canadian Wood Gundy brokerage firm to set up a major holding company that controlled four industrial investment corporations.(65)

Thus at the beginning of the century financial groups were set up which sought to spread their control **at one and the same time** to banks, industrial and commercial enterprises, railways and public services.

Three dominant financial groups

The formation of finance capital in Canada is reflected by the existence of three financial groups, still dominant today, which are centred around the three major banks —the Bank of Montreal, the Royal Bank and the Bank of Commerce. Each bank also has close connections with a major trust company.

In the '20s the Bank of Montreal formed a financial group with the Royal Trust, Canadian Pacific, Bell Telephone, and Dominion Textile. Another financial bloc emerged around the Royal Bank, which had links with the Montreal Trust, Stelco, Montreal Light, Heat and Power, etc. The Bank of Commerce set up a bloc with the National Trust, the Canada Life and Imperial Life insurance companies, Canada Cement and Massey-Harris.(66)

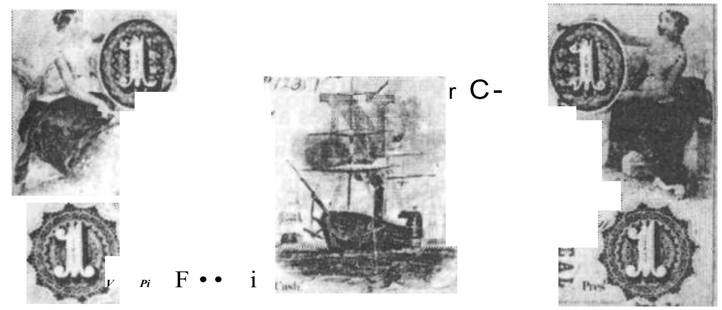
This tight link-up between banking and industry was illustrated by those Canadian capitalists and Canadian capitalist families who owned both banks and industrial and commercial enterprises.

Examples of Canadian finance capitalists

The last public shareholders list for Canadian banks, published in Parliamentary Papers in 1916 (67), revealed that at that time, big Canadian capitalists in control of industrial enterprises were also major shareholders in the banks.

Thus big blocks of shares in the Bank of Montreal were controlled by William C. Macdonald, the Canadian tobacco magnate; by members of the Ogilvie family, owners of the flour monopoly; by the Redpath family, of Redpath sugar; and by the Angus family.

It was public knowledge that other big capitalists owned shares in both banks and corporations. Examples are the Allans, who owned shares in the Bank of Montreal, Dominion Textile and Allan Steamship Lines, and Joseph



A banknote issued by the Molson Bank in 1885 signed by William Molson, son of the founder of the family brewery business. The Molson Bank was bought out by the Bank of Montreal in 1925.

Flavelle, a shareholder in the Bank of Commerce, the National Trust and Simpsons' department stores.

The Molson family, which owned the breweries, also owned the Molson Bank until 1925, when it was absorbed by the Bank of Montreal.

The fact that in this period some directors sat on the boards of banks as well as of several corporations was also evidence of the existence of financial networks, centred around one or a group of financial institutions. Historian Gilles Piedalue identified these common directorships and produced a clear picture of the major financial networks in 1930, centred around the Bank of Montreal, the Royal Bank and the Bank of Commerce.

FINANCE CAPITAL TODAY

The close interpenetration between banking and industry that gave rise to Canadian finance capital at the beginning of the century still exists today. This interpenetration takes place through means such as mutual shareholding and the exchange of directors. (As early as 1916 Lenin had observed these phenomena in several European countries.)

The exchange of directorships

The presence of bank directors on the boards of industrial and commercial enterprises and vice-versa (in other words the exchange of directors) shows the tight links that unite banking and industry in Canada today.

Robert Sweeny's study (68) of financial groups in the 1947-77 period brings to light the various connections uniting the big capitalists, through an examination of the biggest industrial, financial and commercial enterprises in Canada. The web of interconnections is shown in Table 6.

In 1977 three major financial groups stand out - the same three identified at the beginning of the century, although their size and composition have changed over the years. Each of the groups has connections with one or two of the three biggest conglomerates in the country: the Bank of Commerce is linked to Argus; the Bank of Montreal to Canadian Pacific; and the Royal Bank to Canadian Pacific and Power Corporation.

Yet some people claim that the exchange of directors ties Canadian banks more closely to big American industrial corporations with operations in Canada than to Canadian companies. These ties, they say, have developed Canadian economic dependence on our American neighbour while blocking the growth of Canadian finance capital.

But the fact remains that Canadian banks are mainly connected to Canadian industry, as Sweeny's study shows. In fact 23 large Canadian enterprises on Sweeny's list each exchanged at least three directorships with Canadian banks in 1977. Only three American corporations established such ties with Canadian banks.

Of course Canadian banks do make enormous profits through their investments in American industry in Canada, but they have set up their closest and most numerous connections with Canadian industry.

A close examination of the boards of directors of the big Canadian banks illustrates these interconnections. The great majority of Royal Bank directors, for example, are associated with large Canadian corporations such as Canadian Pacific, Abitibi-Price, Simpsons, Steinberg, Northern Telecom, Husky Oil and Thomson Corp. Only a minority are representatives of foreign, mostly American, companies.

Mutual acquisition of shares

The acquisition of shares in industrial corporations by the banks and vice versa is another indication of the existence of finance capital.

This link-up is not easy to examine in Canada because the banks are not obliged to publicly reveal the shares they own in other enterprises. Moreover, Canadian banks, shaken by the Bolshevik revolution, stopped issuing lists of their own shareholders in 1917.

Nevertheless some facts have come to the surface. For instance Power Corporation — 70 per cent controlled by Paul Desmarais and with interests in over 200 companies — owns seven per cent of the shares of the newly-formed National Bank of Canada and 51 per cent of Montreal Trust.

On the other hand, the acquisition of shares in industrial and commercial enterprises by the banks has never been a widely-used method of interpenetration by the Canadian bourgeoisie. In fact, a clause in the Bank Act stipulates that banks cannot hold more than 10 per cent of voting stock in other companies.

But the Bryce Commission Report on Corporate Concentration revealed some interesting cases of corporate shareholding by banks, notably in its study of corporations controlled by Argus Corporation.(69)

For instance, the Canadian Imperial Bank of Commerce the Royal Bank and the Toronto-Dominion Bank respectively

Three major financial groups: interlocking directorships: 1977

The figures in parentheses indicate the number of common directors.

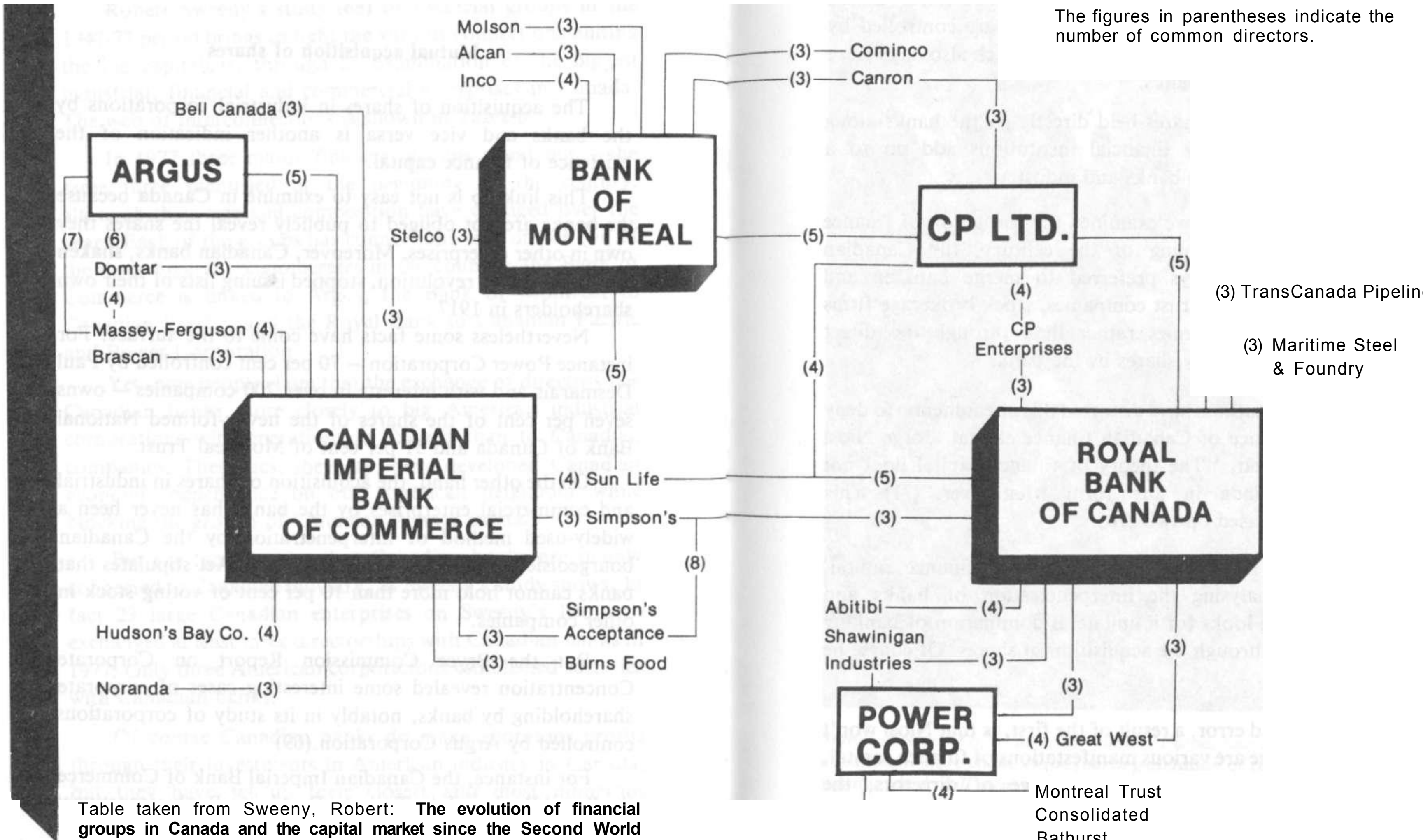


Table taken from Sweeny, Robert: **The evolution of financial groups in Canada and the capital market since the Second World War,** MA History Thesis, UQAM, 1980.

control 7.4 per cent, 3.7 per cent and 1.2 per cent of Dominion Stores; the "Big Five" own a total of 7.5 per cent of Massey-Ferguson's shares; and the Royal Bank is a minority shareholder in Hollinger Mines.

What's more, the report also points out that important blocks of shares are controlled by trust companies like the Montreal Trust and the Royal Trust, which are closely linked to the banks. Still other blocks of shares are controlled by stockbrokers and insurance companies, which also have close connections with the banks.

Altogether, the shares held directly by the banks along with those owned by financial institutions add up to a powerful link between banks and industry.

As we saw when we examined the formation of finance capital at the beginning of the century, the Canadian bourgeoisie has always preferred to merge banking and industrial capital via trust companies, stock brokerage firms and insurance companies rather than through the direct acquisition of industry shares by the banks.

But some authors have distorted this phenomenon to deny the very existence of Canadian finance capital. Jorge Niosi (70) affirms that, "The theory of finance capital does not apply to Canada in any form whatsoever."(71) This conclusion is based on two errors.

The first lies in Niosi's definition of finance capital. Instead of analysing the interpenetration of banks and industry, Niosi looks for a unilateral domination of banking over industry through the acquisition of shares. Of course he doesn't find it.

The second error, a result of the first, is that Niosi won't admit that there are various manifestations of finance capital. The use of middlemen, the exchange of directors, the formation of conglomerates and holding companies, control

Standing in front of a statue of Timothy Eaton, founder of the Eaton department store chain, is the fourth generation of this old capitalist family, which still owns shares in the Toronto-Dominion Bank.

by one capitalist or financial group over several banks, financial institutions and or industries: he sees none of this.

As far as he is concerned there is nothing particularly relevant about the exchange of directors. The same goes for the fact that "Often the shareholders of Canadian banks are also major shareholders in the main Canadian industrial, commercial and transportation companies."(72) Niosi draws no conclusions from this.

Yet these big monopoly capitalists are the very incarnation of the dominance of finance capital in Canada.

A case in point is the Richardson family, which owns the Winnipeg stock brokerage firm of Richardson Securities, and has interests in corporations like Inco and McMillan Bloedel and shares in the Canadian Imperial Bank of Commerce (and two vice-presidencies to match).

Often these capitalists, who own banks as well as corporations, come from the same families that formed Canadian finance capital at the turn of the century. The Eaton department store family has been a shareholder in the Toronto Dominion Bank (formerly the Dominion Bank) for four generations. The Osier family, which had interests in companies like Canadian Pacific and the Dominion Bank at the turn of the century, is still a TD Bank shareholder.

Niosi simply sweeps aside these facts. He refers to the conglomerates headed by the big capitalists as "no more than a way to increase centralization," adding that is this is not a question of finance capital because these conglomerates have not been "exclusively or mainly the preserve of bankers."(73)

As a result Niosi says Paul Desmarais' empire has nothing to do with finance capital because Desmarais did not **start out** as a banker! If we start from such a distorted premise we will never discover the financial oligarchy that dominates Canadian economic life.

A HANDFUL OF CANADIAN PROFITEERS

Rowland Frazee

Paul Desmarais

◄ *Kenneth Thomson*

Conrad Black

Ian Sinclair

These capitalists who run industry and banking, who are united by a thousand and one family and financial links, make up the Canadian financial oligarchy.

This clique of owners "throws a close network of dependence relationships over all the economic and political institutions of present-day bourgeois society today without exception."(74) It controls the state and the economic life of our country because of its accumulated wealth and the powers it holds.

At the turn on the century some men already had enormous wealth and influence concentrated in their hands. Montagu Allan and Herbert Samuel Holt were two striking examples. Allan held 24 directorships including six presidencies. Holt was president of the Royal Bank between 1908 and 1934. In 1912 he was president of eight companies, vice-president of five and sat on the boards of directors of 14 other companies.(75) (See Table 7)

A handful of profiteers

Today a handful of Canadian capitalists run their own financial empires. Ian Sinclair, president of Canadian Pacific, runs a conglomerate valued at $11 billion, with 1979 sales of $8.1 billion. As well as CP's railways and hotels, Canadian Pacific and its subsidiary Canadian Pacific Entreprises own Algoma Steel, Dominion Bridge, Cominco and PanCanadian Petroleum, and have interests in Rio Algom and Union Carbide. (See Table 8)

But Ian Sinclair's power is also reflected in the positions he holds in company boardrooms: he is president of two other companies, vice-president of three (including the Royal Bank) and sits on 17 boards of directors. All this brings him in the tidy salary of $568,515 a year.

Positions held by Herbert S. Holt, 1912.

Herbert Samuel Holt, 1856-1941 (Notman Archives, McCord Museum).

PRESIDENT

Montreal Light, Heat & Power Co.
Royal Bank of Canada
Montreal Trust Co.
Colonial Bleaching & Printing Co.
Kaministiquia Power Co.
Montreal Gas Co.
Calgary Power Co.
Imperial Writing Machine Co.

VICE-PRESIDENT

Steel Co. of Canada
American Bankers Association
Permanent Insurance Agency
Dominion Textile Co.
Canada Paper Co.

DIRECTOR

Montreal Cotton Co.	Canadian Car Co.
Shawinigan Water & Power Co.	London Street Railway Co.
Canadian General Electric Co.	Detroit Railway
Carlton Hotel Co.	Toledo Railways & Light Co.
Canadian Pacific Railway Co.	Sun Life Insurance Co.
Ogilvie Flour Mills Co.	Imperial Life Assurance Co.
National Trust Co.	Monterey Railway & Light Co.

Source: Morgan, Canadian Men and Women of the Time, 544.

From: Linteau, Durocher and Robert, **Histolre du Quebec contemporaln** Boreal Express, 1979, p. 461.

Paul Desmarais, president of Power Corporation, has close ties with the Royal Bank and has interests in some 200 other companies, including Canada Steamship Lines, Great West Insurance, Consolidated Bathurst and Montreal Trust. (See Table 9) He is president of 11 other companies apart from Power Corp. and sits on 20 boards of directors.

Conrad Black, the whiz kid behind the Hollinger-Argus holding company, sits on the board of the Bank of Commerce. He controls about 50 corporations including Dominion Stores, Labrador Mining and Norcen Energy. He is the president of six companies and sits on 13 boards of directors.

The Bronfman brothers, through Edper Investments, control over 110 companies, including Brascan and its subsidiaries like John Labatt and Western Mines; Trizec, which owns about 100 office buildings (including Montreal's Place Ville Marie); and important blocks of shares in the

Canadian Pacific Ltd.

100%

CP Rail
CP Express
CP Ships
CP Telecommunications
CP Air

82.3%

CANADIAN PACIFIC INVESTMENTS

87%-PanCanadian Petroleum
•54%-Cominco
-54%-Algoma Steel
100%-CP Hotels
99%-Chateau, Insurance

70%-Steep Rock Iron Mines
-52%-Dominion Bridge
-56%-Great Lakes Forest Prod.
100%-Marathon Realty

-100%-Pacific Logging
100%-Commandant Properties
-100%-Syracuse China
100%-Baker Commodities

Source: **Le Devoir,** May 15, 1979.

Note: This table deals with the main subsidiaries only. CP also has interests in MacMillan Bloedel (13.4%) MICC Investment (5.66%), Norcen Energy Resources (1.2%), Rio Algom (9.9%), Union Carbide (8.25%) as well as being involved in Panartic Oil, Bethlehem Copper.

Continental Bank, Niagara Finance and the London Life insurance company.

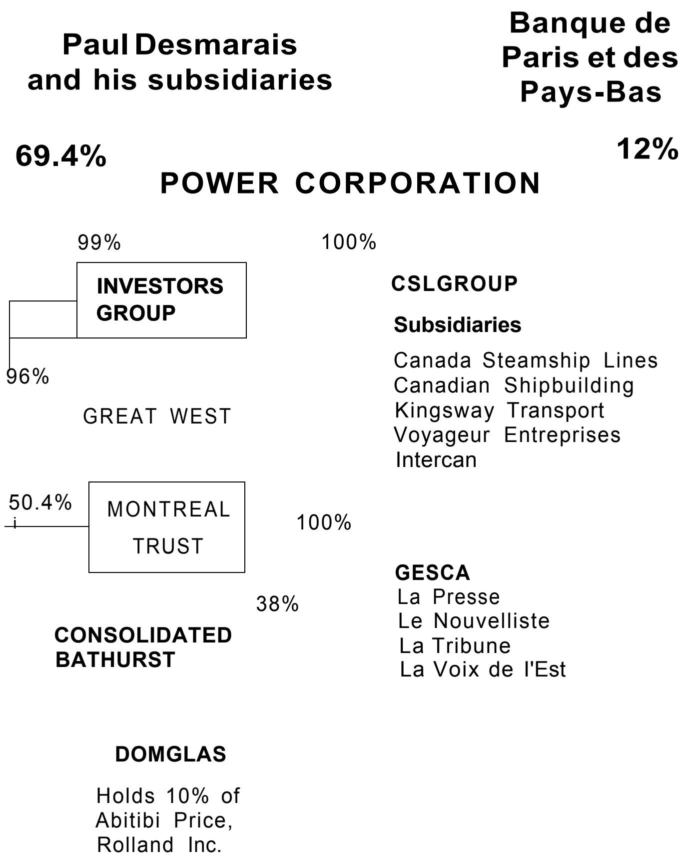
Kenneth Thomson's empire runs to about 100 companies, including The Bay, Simpson's and Zellers, FP Publications and Thomson Newspapers. There is little he does not control in these fields. When you go to a big Canadian shopping centre you have one chance in two of shopping in a Thomson-controlled department store, and you have one chance in three of picking up a Thomson daily newspaper if you are English-speaking.

The financial oligarchy is not limited to this handful of capitalists, however. It also includes the presidents of the big banks, like the Royal's Rowland Frazee; the presidents and directors of Canada's major industries, like Irving (oil), Weston (food), McCain (with frozen food plants in 37 countries) and De Grandpre (Bell Canada); the managers of branches of the big industrial and commercial companies; and the heads of state corporations. In short, the financial oligarchy is made up of those few hundred captains of industry who hold wealth and power in their hands and who control Canada's economy.

Connections with political power

Canadian finance capitalists have also built strong bonds with political power. As Lenin said, "the 'personal link-up' between banks and industry is supplemented by the 'personal link-up' between both of them and the government. "(76)

Thus some Canadian capitalists trade in their positions as company presidents or chairmen to become cabinet ministers, MPs or MLAs. Cases in point are Peter Lougheed, premier of Alberta and former vice-president of Mannix Corporation; John Crosbie, former finance minister in the Clark government, and son of a Newfoundland millionaire family; and James Richardson, a former federal cabinet



Source: **Le Devoir,** May 1, 1980.

Notes: In 1978 Power had $7 billion in total assets and interests in over 200 companies. Desmarais controls 10 million shares, each currently (May 1980) earning $1 in dividends. He also holds 7% of the shares of the National Bank of Canada. Consolidated Bathurst has bought a major part of Scepter Resources (oil).
The Bank of America, the leading bank in the US, is associated with Power in the Montreal Trust (20%).

minister for the Liberals and one-time head of the Richardson Securities firm.

It is also common for politicians and top bureaucrats to take up their business careers after working in government. Former federal Liberal finance minister John Turner is now a top-level administrator of several Canadian companies, like Credit Foncier, Canadian Pacific and MacMillan Bloedel. The same goes for former Quebec Premier Jean Lesage, who is now a member of over 20 boards of directors.

In his study of the "Canadian Establishment" (77), Peter C. Newman brought to light the links that tie companies like Power Corporation to the political parties.

Men like Maurice Sauve, former federal minister under the Pearson government, and former Ontario Premier John Robarts are very close to Power Corporation. Sauve is vice-president of Consolidated Bathurst, a Power subsidiary, and Robarts sits on the boards of directors of Power and several of its subsidiaries, like Canada Steamship Lines.

Finance capital has other, equally direct means of exercising its control over the state and the government; party financing is one of them. Election campaigns of the two main parties —the Liberals and the Conservatives— are financed mainly by the industrialists and financiers that dominate this country. Between 1974 and 1978, the banks and monopolies like Stelco, Northern Telecom, and Nova, not to mention the giant Power and Argus holding companies, contributed over $2,500,000 to the federal Liberals and Conservatives alone.(78)

In return governments are expected to supply Canada's capitalists with all kinds of favours. In 1979, for example, there were 300 federal government aid programs for private enterprise. Thirty different government departments were involved, handing out more than $6 billion in direct grants, not to mention the tax relief and loans that regularly go to big business.

The Export of Capital

A major consequence of the transformation of capitalism into its monopoly stage, and a prominent feature of imperialism, is the export of capital.

"Typical of the old capitalism, when free competition held undivided sway, was the export of goods. Typical of the latest stage of capitalism, when monopolies rule, is the export of capital."(79)

Lenin explains that, "The need to export capital arises from the fact that in a few countries capitalism has become 'overripe' and... capital cannot find a field for profitable investment."(80) As well, the export of capital becomes "a means of encouraging the export of commodities."(81)

He concludes that "finance capital, literally, one might say, spreads its net over all countries of the world."(82)

How does Canada stand in this respect?

As early as the turn of the century the export of capital was a characteristic trait of Canadian finance capital. An example was Mexican Light and Power, set up by Montreal and Toronto high finance.

In 1899 Canadian financiers had set up Sao Paulo Light and Power in Brazil and ran electric streetcar systems in Sao Paulo and Rio de Janiero. The company also built electric power stations. In 1912 the company merged with various Canadian-owned electric companies to form Brazilian Traction, Light and Power, today known as Brascan. From 1915 to 1928 the new company acquired various public services in Brazil, including streetcars, buses, telephone and gas companies.

As early as 1914 the Royal Bank had 22 branches in

A 1972 ad by the Canadian transnational Brascan.

Cuba, five in Puerto Rico, and six in the British West Indies. In 1913 the Sun Life company was operating in at least 18 countries and selling two-thirds of its policies outside Canada. By 1930 Canada had $1.3 billion in direct and portfolio investment outside the country.(83)

WHO CONTROLS CANADA'S EXPORT OF CAPITAL?

Some people claim that Canada's investments abroad are in fact just US funds being channelled through American subsidiaries operating here. They maintain that Canada's banks are only a "crucial adjunct to the expansion of American capital into the Caribbean and Latin America."(84)

As far as they are concerned, Canadian imperialism exists only as an extension of US imperialism.

The facts show, on the contrary, that the Canadian bourgeoisie acts in its own interests as a full-fledged imperialist bourgeoisie. It too exploits the third world, even if it doesn't have the same clout as the imperialists of countries like France or Germany.

Who controls the export of Canadian capital? It is not US imperialism. The majority of Canadian direct investment abroad is carried out by Canadian capitalists.

Canadian control of direct foreign investment went from 71.4 per cent in 1971 to 82.7 per cent in 1976. In the same period US control of foreign investment dropped from 21.2 per cent to 9.5 per cent.(85)

What's more, 87 per cent of direct Canadian investment in the developing countries ($2.3 billion) came from Canadian-controlled companies.

Today Canada is the fifth largest exporter of capital in the world after the USA, West Germany, Great Britain, and Japan.

The total of Canadian direct investment abroad mounts every year, going from $9.3 billion in 1974, to $10.6 billion in 1975, to $11.5 billion in 1976 (according to the latest available statistics).

The three countries to receive the most Canadian investment are, in order, the United States, Brazil and the United Kingdom.

In third world countries Canada had $2.7 billion in direct investment in 1976, or 23.9 per cent of its total foreign investment. Almost half of this amount, $1.3 billion, was in South or Central America, mainly in Brazil. A part was in the Bahamas, Bermuda and Jamaica, where Canadian imperialism has been active since the beginning of the century.

In this picture we must not forget Canada's banks. No one questions Canadian ownership of the banks, and they too are active around the world. There were 497 branches of Canadian banks outside the country in 1977.(Table 10 shows where they are located.)

In 1976 Canadian direct investment in the USA totalled $6.09 billion, 52.9 per cent of Canada's foreign investment. But the fact that more than half of Canada's investment abroad is in the United States doesn't make it any less imperialist. As a US Department of Commerce analyst put it, "Many Canadian companies have now matured and they're looking elsewhere for investment opportunities. With the huge US market on their doorstep, a market 10 times the size of their own, they don't have to look very far."(86)

Lenin explains that a characteristic of imperialism is its interest in "...not only agrarian territories, but even most highly industrialized regions."(87)

Statistics Canada predicts that Canadian investments in the United States will have tripled in this decade. Canada has become the third largest foreign investor in the States after the Netherlands and Great Britain.(88)

Take the example of Northern Telecom, which has bought six major American companies since 1971 at a cost of over $325 million. Northern now has 23 plants in the US, 40 per cent of its $1.5 billion in sales comes from the US, and

Canadian direct investment abroad, by country, 1976.

	(million $)	% of total
United States	6,092	52.9
Brazil	1,157	10.1
United Kingdom	1,037	9.0
Australia	478	4.2
Bermuda	439	3.8
Industrialized countries	8,756	76.1
Third world	2,745	23.9
	11,501	100.0

Source: Bilan canadlen des investissements International^, 1976, Statistique Canada, catalogue 67-202.

almost 50 per cent of its $1.6 billion in assets are in the States.

Another example is Dominion Bridge. D.B. has bought out 19 US firms since 1970, and two-thirds of its $886 million sales are in the US. The Thomson newspaper chain has added 70 American newspapers to its empire since 1962.

IN WHICH ECONOMIC SECTORS IS CANADIAN FOREIGN INVESTMENT CONCENTRATED?

Some people put great importance on the economic sectors in which Canadian foreign investment is concentrated. They maintain that studying the question from this point of view gives a better idea of the "nature" of Canadian imperialism. Thus Tom Naylor does his best to prove that Canada is not really imperialist but simply an intermediary of the US, because its foreign investment is concentrated in the financial, commercial and service sectors.

"First went merchant capital, then banking and finance, railways and utilities, and more recently hotels and

Branches of Canadian chartered banks abroad, May 31, 1977.

	No. of branches
United Kingdom	28
United States	70
France	8
West Germany	7
Bahamas	52
Barbados	26
Guyana	vf
Mexico	4
South and Central America	26
Dominican Republic	22
Virgin Islands (American and British))	7
Puerto Rico	16
Trinidad and Tobago	33
Jamaica and the Caymans	93
Other West Indian countries	3?
Other European countries	ig
Asia (incl. Middle East)	42
Australia	5
Total	497

Source: Canadian Bankers Association.
The chartered banks are represented by branches, agencies, trustee offices or branches of subsidiaries.

playgrounds for millionaires —all service industries either imitative of British companies or lackeys of American ones. The only significant 'Canadian' imperialist operation in the area of industrial capital has been the American-controlled Alcan. Thus, Canada's parasitical pseudo-imperialist ventures conform precisely to the pattern of development of Canadian capitalism itself, both in timing and in form."(89)

But Naylor's argument doesn't stand up to analysis.

Recent Statistics Canada figures show that 48.6 per cent of Canadian foreign investments are in the manufacturing sector (1976), more than in any other sector. Oil and mining comes next with 22.7 per cent. The financial sector represents only 8.7 per cent of the total, and commerce accounts for 3.6 per cent. Foreign investments in public services have declined continuously since 1939, dropping from 37.1 per cent to 13.8 per cent in 1976. (90)

Naylor is also wrong when he claims that the only Canadian industry operating outside the country is Alcan. Take Brascan as an example. In the '70s this Canadian multinational was the biggest private company in Brazil. Without counting the "Light," an electric company supplying 43 per cent of Brazil's electricity (which was finally bought by the Brazilian government in 1978), Brascan owns numerous companies in Brazil, including fish canneries, the country's biggest meat processing firm, breweries, a tin mine, a pulp and paper company (jointly with MacMillan Bloedel), real estate interests and so on.

Another Canadian multinational is Bata, the world's biggest shoe manufacturer employing 85,000 workers in a hundred countries. Only five per cent of Bata's assets are in Canada. It is established in fascist countries like Chile, South Africa and Indonesia.

Bata ranks among the major exploiters of third world workers. In Sri Lanka, for example, Bata pays its workers such miserable wages that many can't even afford to buy shoes to work in.

Noranda is a Canadian multinational that ranks among the biggest copper producers in the world, thanks largely to its Chilean mines. In 1979 it invested $350 million to jointly exploit a major copper deposit in the Andacollo region with the Empresa Nacional de Mineria.

Another fundamental flaw in Naylor's analysis is his claim that foreign investment in the finance and service

A demonstration in Vancouver in April, 1977, protesting the presence in Chile of the Canadian transnational, Noranda.

sectors is not on par with investment in industry as a manifestation of imperialism. Finance capital in foreign countries is just as active when it goes through the intermediary of its banks as when it sets up its own factories.

Once capitalism reaches the monopoly stage, finance capital dominates over all other forms. It is finance capital which spreads into other countries no matter what form —banking or industry— it takes to do it.

Lastly it should be noted that Canadian imperialism's worldwide expansion is encouraged by the Canadian state. The Export Development Corporation (EDC) is a crown corporation that offers 14 services to business, including insurance, loans and export guarantees. Northern Telecom received financing from the EDC to the tune of $4.5 million for the sale of installations in Barbados and $4.9 million for the sale of telephone equipment in Greece. The EDC backed the export of Canadian capital worth a total of $187 million in 1979.

The Canadian International Development Agency (CIDA) is another plus for Canadian capitalists in the third world. The aid and grants CIDA gives to third world countries to help finance development projects is "tied": 80 per cent of the goods and services purchased come from Canadian companies. Thus Cameroun was recently obliged to buy locomotives from MLW-Bombardier in exchange for aid in the'rebuilding of a part of the trans-Cameroun railways.

The Division of the World

Two other facets of Canada's imperialist nature remain to be examined: Canada's participation in the economic division of the world and in the territorial and political re-division of the world.

The economic division of the world by monopoly capitalist associations and the end of the territorial division of the world by the big powers are the last two characteristics of imperialism laid out by Lenin.

CANADIAN PARTICIPATION IN THE ECONOMIC DIVISION OF THE WORLD

The struggle between monopoly capitalist associations to divide up the world economically is directly linked to the extreme level of concentration of finance capital in the imperialist countries and their need to increase and extend the export of goods and capital on the world market.

This economic division of the world can take two forms: agreement between monopoly associations —what Lenin calls "the formation of international cartels" (91)— or a merciless struggle between the monopolies to take over markets, ruin their competitors and enlarge their own global empires.

Although Canada is only a secondary imperialist power, it is nonetheless a full participant in this struggle to divide the world economically.

Canada has managed to place a few pawns on the global chessboard of international capitalist competition. In the nuclear industry, for instance, Canada is one of the top players thanks to the Candu system. Alongside France and the United States, Canada is one of the three leaders of the world nuclear

Haiti is devastated by poverty. Canadian imperialism has important interests in Haiti and gives its full support to the Duvalier dictatorship.

industry. It participates in the London Group which aims to control the sale of nuclear reactors and determine standards for their use.

Some of Canada's monopolies have carved out other fiefdoms for themselves on the world market: Bata, as we have seen, is the number one show producer in the world, with plants in ahundred countries. Northern Telecom has an international reputation int eh telecommunications field, and has factories in a dozen countries. Canadian Pacific has developed its worldwide influence in a number of fields, including hotels, real estate, mines and transportation.

Canada is also a participant in the type of big **capitalist associations** which Lenin describes.

Canadian banks have long been partners in international banking associations.

One example is the Orion Group, which includes the Royal Bank **of** Canada, the Chase Manhattan Bank, the Credito Italiano, London's National Westminster Bank, Germany's West Deutsche Landesbank and Japan's Mitsubishi Bank.

The Bank of **Nova** Scotia is **a part** of the United International Energy Bank consortium. The Toronto-Dominion Bank belongs to the Midland and International Bank consortium. The Bank of Montreal is associated with France's Banque Transatlantique and Australian International Finance. (92)

Canada's six biggest banks are among the 25 leaders in international banking associations. They put Canada in second place —behind the big New York banks but ahead of those in West Germany, Great Britain, Japan, France and Switzerland— when it comes to the administration of loans on the international market. In 1978 Canadian banks held 15.3 per cent of this market.(93)

CANADA AND THE TERRITORIAL DIVISION OF THE WORLD

Many people admit Canada's economic presence in the world but think that Canada has never really taken part in the political and territorial division of the world. They argue that Canada at most has acted as an agent or middleman for someone else, first British imperialism and then American imperialism.

Canada is a relatively weak imperialist power that arrived late on the world scene when the great powers had already divided up their spheres of influence. Since it was unable to grab its own piece of the world, Canada hung onto the coat-tails of more powerful imperialists. It linked its international adventures to their development, joining with Great Britain in the imperialist First World War of 1914-1918 or with other European countries in their attempt to overthrow the Bolshevik revolution. (Canada sent a squadron of the North West Mounted Police —a forerunner of the RCMP— to Siberia in 1918.)

But despite this, Canada has not simply acted as a "volunteer" in the service of other powers, a mere agent for British or US imperialism. Historically Canada has lined up behind these powers because it smelt profits to be made. In practice Canadian capitalists have always benefited from Canada's participation in the territorial division of the world.

Canada thus took advantage of its "membership" in the British empire to develop its presence in the British colonies. Canadian banks have been active in the Caribbean since the early years of this century.

The Royal Bank was at work in the Bahamas as early as 1908. A year later it became the colony's only bank and remained so until after the Second World War.(94) From these early years on, the Canadian state has protected the interests of Canadian banks and Canadian companies by backing dictatorships. An example is Haiti, where the Royal Bank and the Bank of Nova Scotia are active along with Teleco, a company that manages the country's entire telephone system.

Similarly Canadian capitalists profited from Canada's participation with Great Britain in the Boer War in South Africa (1899 to 1902). Following this support for the empire, Canadian securities were included on the British bond market for the first time, a privilege Canada had been seeking for years.

Canadian foreign policy since has consistently supported the South African apartheid regime and protected the interests of Canadian capitalists operating there. Between 1972 and 1978 Canadian banks loaned over $600 million to the white racist regime. In 1978 Canada was behind a sellout settlement plan to resolve the Namibia question. The plan would have left the country's most industrialized region in the hands of the white racists. Canada has refused to implement UN economic sanctions because it is more interested in defending the investments of Canadian corporations like the Hudson's Bay Company, which has a thriving $70 million-a-year sheepskin business in Namibia.

After the Second World War, as US imperialism became the dominant world power, Canadian foreign policy closely followed that of the United States. The motive for this was obvious: the Canadian bourgeoisie stood to profit from the association.

In the early '50s, Canada's direct participation in the Korean War on the side of the US opened the way for Canadian capital's penetration of South Korea. Today most of Canada's import and export trade in Asia is with South Korea and India. During the Korean War Canada collaborated with the US in research and development on germ warfare. These weapons killed tens of thousands of Koreans as James Endicott reveals in his biography **Rebel out of China.** (95)

In the '60s and '70s Canada's hidden participation in the Vietnam war was a source of huge profits for Canadian capitalists.

From 1965 to 1975, the US bought over $874 million worth of weapons from Canada, notably from Canadian Arsenals Ltd., a crown corporation. The war stimulated a 574 per cent increase in exports of copper and bronze in 1966.

Canadian companies like Marine Industries also worked for the Pentagon during the US aggression against Kampuchea and Laos.

Canada has never hesitated to support reactionary or openly fascist regimes like Argentina, Chile, Israel and Indonesia, in order to protect the economic and political interests of Canada's capitalists. The list of these interests is a long one: the sale of uranium and nuclear equipment to Argentina and Israel, Noranda's rich Chilean mines, the Indonesian operations of Inco (in which Canadian capitalists have major interests), and so on.

Today the other big capitalist countries recognize Canada as a part of the family. Canada attends the top economic summit conferences (such as those recently held in Tokyo and Venice) which bring together the seven major capitalist countries (the US, West Germany, France, Great Britain, Japan, Italy and Canada) to determine the rules of the game for worldwide imperialism.

Don Jamieson, the then-foreign affairs minister (at right), and Tong Jin-Park, South Korean foreign affairs minister (at left), make a toast. No doubt to Canada's flourishing investments in fascist south Korea.

The question of colonies

Faced with all this evidence it is hard to deny that Canada has always benefited greatly from its "adventures" in the international arena and continues to do so today. Nevertheless some insist this is not enough to put Canada in the imperialist camp since Canada has never had any colonies.

Yet possession of colonies is not an essential characteristic of imperialism.

When Lenin in 1916 described the epoch of imperialism he explained that "the colonial policy of the capitalist countries has completed the seizure of the unoccupied territories on our planet. For the first time the world is completely divided up."(96)

Since this basic division of the world was completed, the imperialist powers have gone to war many times to grab territories from one another and to redivide their spheres of influence. The 20th century has seen many third world countries win their independence, and this has forced the imperialists to find new methods of domination.

But finance capital's drive to export capital and control raw materials persists and it has developed new ways of maintaining its interests aside from direct colonial rule.

Canada is thus not the only imperialist country without colonies.

Switzerland is a good example. This so-called neutral country, world-famous as a banking haven for millionaires, has never had any colonies. Nonetheless it is definitely an

Canada was among the seven major capitalist countries at the Venice summit in June, 1980. From left to right, the foreign minister of Japan, Saburo Okita; P.E. Trudeau, Helmut Schmidt of West Germany; Valery Giscard d'Estaing of France; former Italian prime minister Cossiga, former US president Jimmy Carter and Margaret Thatcher of Great Britain.

imperialist country. The giant Nestle food conglomerate has a $12-billion empire built on pure inhumanity. Nestle's sale of baby formula has been found responsible for ten million cases of infectious disease, malnutrition and death in the third world.

Sweden is a similar case: it has no colonies but exports capital around the world just the same.

The affirmation that Canada cannot be imperialist because it has no colonies is based on a simplistic concept of imperialism. This concept reduces imperialism to "colonial" domination only, to a **form** of domination, and sweeps aside the essence of imperialism which is the export of capital and the desperate search for new markets by any means necessary.

An examination of those powers that lost their colonies through national liberation struggles or wars drives home this point. Great Britain is an example. This aging lion lost many of its territories following the Second World War, but who would seriously claim that Great Britain lost its imperialist nature in the process or became "less imperialist"?

CONCLUSION

Tom Naylor states that, "The Canadian economy never fully made the vital transition from commercialism to industrialism," and that as a result there has never been "any desire or need on the part of the dominant stata of its capitalist class to change their colonial position."(97)

But a close examination of the Canadian economy makes it clear that Naylor's affirmations do not correspond to the facts.

Not only did the Canadian economy go through the transition to industrialism, it also went through the process of monopolization to reach the stage of imperialism at the beginning of the century. And Canada has not been in a "colonial position" for a long time.

Naylor and those political economists who claim that US imperialism controls Canada have made two fundamental errors.

First, blinded by the strong American presence in our country and by the power of the USA compared to Canada, this school of thought does not make a rigorous examination of the facts and figures.

It "forgets" the 69 per cent of Canada's economy that is controlled by Canadians because it is so impressed with the 24 per cent controlled by Americans. It sees the oil and auto industries as strategic sectors, but forgets about steel and hydro-electricity. The result is a biased analysis that distorts the reality of our country.

Secondly, this approach cannot recognize the imperialist nature of the Canadian bourgeoisie because it doesn't start from a scientific definition of imperialism.

Instead we find all sorts of simplistic formulas: to be imperialist a country must have troops stationed in several countries, or possess colonies, or be as strong as a superpower like the United States. All these ideas omit the essence of imperialism as the historical stage of monopoly capitalism.

This non-scientific approach leads to extreme and obvious errors, like Tom Naylor's idea that Alcan is the only Canadian monopoly operating in foreign countries.

This school of thought must be refuted. It cannot .accurately explain Canada's situation. But above all, it should be criticized because it opens the door to serious political errors.

If progressive Canadians think US imperialism totally dominates our country, they may consider this domination to be the source of all our problems. They may channel all their energy into fighting this enemy to the detriment of the fight against the Canadian capitalist class.

The danger is bourgeois nationalism, letting oneself be blinded by foreign imperialism to the point of compromising with one's own ruling class. This may lead people to think that the fight to be waged in Canada is only a struggle against US imperialism, rather than principally a struggle for socialist revolution.

Progressive Canadians may be tempted to support the left-wing of the NDP because of its claim to fight some aspects of US domination, even though they realize the NDP doesn't put capitalism in question.

In the labour movement this approach can influence some to put all their energy into the fight for Canadian unions without seeing this fight as an integral part of the struggle for class unions.

In one form or another this analysis can lead to conciliation with the Canadian capitalist class.

If we don't recognize the imperialist nature of the Canadian bourgeoisie, we can't be consistent anti-imperialists no matter how hard we fight US imperialism. A true anti-imperialist must educate his fellow citizens, to oppose not just the oppression of his country by foreign imperialists but also the oppression his "own" capitalist class imposes on other peoples.

As Lenin explained, quoting from Marx and Engels, "No nation can be free if it oppresses other nations." He added, "A proletariat that tolerates the slightest coercion of other nations by its 'own' nation cannot be a socialist proletariat."(98)

On the other hand, if we recognize that our ruling class is imperialist, we will understand our responsibility to the peoples of the world in fighting this imperialism. We will also understand that the struggles of oppressed peoples against Canadian monopolies are linked to our own struggle and waged in close solidarity with our fight against the same exploiters here at home.

This analysis can guide our fight against American domination of our country. The Canadian ruling class will never chase US imperialism out of Canada, although some capitalists may oppose US domination and attempt to reduce it. But as long as US penetration does not threaten our bourgeoisie's control of the country, the ruling class will generally come to some agreement with US imperialism and profit from its presence.

So we cannot assume that Canadian capitalists will resist American imperialism, much less rely on them to do so.

Only the people's struggles will force the American superpower to stop trampling over Canada. The more of these struggles we win, the better will be the conditions for our revolutionary struggle.

But most important of all, we can only eliminate the US hold over Canada by eliminating the rule of all exploiters.

The Canadian working class can one day seize power only if it clearly identifies who has that power today. If the Canadian bourgeoisie controls economic and political power in our country, then it is our main enemy and should be the focus of our attacks. Undoubtedly, the fight for

socialism in Canada will meet with stiff opposition from US imperialism. This is why we have to fight this enemy with determination, now and in the future. But if we neglect the struggle against our own ruling class, there will never be a socialist revolution in Canada in the first place.

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An upcoming issue of **October** will deal with the alliance and the rivalry between the Canadian bourgeoisie and US imperialism; the consequences of US domination for the Canadian people; and struggles against it.

NOTES

(1) Tom Naylor, professor of political economy at Montreal's McGill University, is author of the well-known essay on the Canadian economy, "The rise and fall of the third commercial empire of the St. Lawrence," published in the collection, Capitalism and the National Question in Canada (1972). He also wrote The History of Canadian Business 1867-1914 (1975), a two-volume work that examines commercial and industrial capital in Canada in the 19th and 20th centuries.
(2) Tom Naylor, "The rise and fall...", p. 2.
(3) Ibid., p. 35.

(4) Melville Watkins, author of the controversial Watkins Report on foreign investment in Canada, published in January 1968 under the direction of Liberal minister Walter Gordon, moved on to become Ontario leader of the Waffle, the left wing of the NDP. He and James Laxer wrote the Waffle Manifesto, which provoked strong reactions at the 1969 NDP national convention. Watkins is now professor of economics at the University of Toronto, and writes a regular column for This Magazine. At the request of the Dene Indians he also edited Dene Nation: The Colony Within.

(5) Canadian Dimension, Vol. 13, No. 1, p. 45.
(6) Ibid., p. 45.
(7) This Magazine, Vol. 12, No. 2, 1978, p. 21.
(8) James Laxer, professor of political science at York University in Toronto, was a founding member of the Waffle. He has written several books about the energy crisis and also collaborated with his father, Robert Laxer, on The Liberal Idea of Canada: Pierre Trudeau and the Question of Canada's Survival (1977) and Canada Ltd. (1973). Robert Laxer is a professor at the Ontario Institute for Studies in Education and author of a study on the Canadian union movement, Canada's Unions.
(9) James & Robert Laxer, The Liberal Idea of Canada, p. 16.
(10) Tom Naylor, op. cit., p. 33.
(11) Gary Teeple, professor at the University of Toronto, edited the collection, Capitalism and the National Question in Canada.
(12) Wallace Clement, sociologist at Carleton University in Ontario, followed up John Porter's work (The Vertical Mosaic, 1951). Two of his works, The Canadian Corporate Elite (1975), and The Continental Corporate Power (1977), are particularly well-known.
(13) Wallace Clement, The Continental Corporate Power, p. 291.
(14) Ibid., ch. 11.
(15) Jack Warnock, a specialist in international affairs, taught at the University of Saskatchewan. He is a member of the editorial

board of the magazine Canadian Dimension, and author of Partner to Behemoth, a study of US-Canadian military relations.
(16) Jack Warnock, "Canadian Sub-Imperialism? a reply," This Magazine, Vol. 9, No. 1, March-April, 1975, p. 32.
(17) J. Swift & T. Draimin, "Canadian Sub-Imperialism?", This Magazine, Vol. 9, No. 2, May-June, 1975, p. 32.
(18) This Magazine, July, 1976.
(19) The main sources available on the control of the Canadian economy are two Statistics Canada publications, Corporations and Labour Unions Returns Act (Catalogue 61-210) and Canada's International Investment Position (Catalogue 67-202). The overall figures in the two publications are generally the same, with variations of one or two per cent, though the presentation of the different sectors of the economy vary from one publication to the other.

The most recent statistics from these two publications are from 1977 in the first and 1976 in the second. (These statistics were not yet public in October, 1980; they were obtained directly from Statistics Canada by telephone.)

We had two reasons for choosing the statistics from Canada's International... even though they were a year older than the others. First of all, control of certain sectors such as petroleum and gas is dealt with, and the details on the manufacturing sector are more interesting in this source. Secondly, the statistical methods used are superior. On the one hand all enterprises are included, whatever their size, while in Corporations and Labour... only companies with sales over $500,000 or assets over $250,000 are included. Also the calculation of control of capital avoids certain duplications present in the other source. On the other hand, the evaluation of capital is based on a better indicator: the book-value of long-term debt and the equity of company shareholders.
(20) Tom Naylor, op. cit., p. 33.
(21) Gary Teeple, "The limits of nationalism in Canada," in Canadian Dimension, Vol. 12, No. 6, p. 28.
(22) Tom Naylor, op. cit. p. 33.

(23) We did not include Inco, Genstar and Alcan in the list of 32 Canadian enterprises because there is some controversy over their ownership.

Sixty-two per cent of Inco's capital and 57.7 per cent of Genstar's is in Canadian hands, and the management of these companies is carried out by Canadian capitalists. But foreign control of substantial blocs of shares in these companies (American in Inco's case and Belgian in Genstar) means we cannot say with absolute certainty that these companies are under Canadian control. Statistics Canada, however, considers these companies as

Canadian.

Alcan, on the other hand, is 53 per cent American-owned. However, the extent of Canadian capital invested in Alcan (39 per cent) and the fact that its management is assumed by Canadian capitalists means that we cannot state clearly who effectively controls Alcan.

(24) These 33 industries are: tobacco products; petroleum and coal products; transport equipment; communications; primary metals; rubber products; storage; metal mining; transportation; public utilities; beverages; textile mills; electrical products; mineral fuels; paper and allied industries; non-metallic mineral products; machinery; chemicals and chemical products; other mining; wood industries; printing, publishing and allied industries; food; leather products; knitting mills; miscellaneous manufacturing; metal fabricating; retail trade; furniture industries; wholesale trade; services, clothing industries; agriculture; forestry and fishing; and construction.

Source: Corporations and Labour Unions Returns Act, 1977, Statistics Canada, Catalogue 61-210, p. 41.

(25) In sales, according to the Financial Post 500, June 14, 1980.

(26) It is interesting to note how some authors underestimate the importance of the steel sector. Thus Kari Levitt, economist and professor at McGill University, considers steel as a sector where technology doesn't play a major role. (Silent Surrender: The Multinational Corporation in Canada) Yet, due to advanced technology among other factors, Canadian steel mills were among the few to weather the 1974-75 crisis with little ill effect. Between 1974 and 1978, while the Western countries' steel mills had an inactivity rate of 22%, the rate of unused capacity in Canada averaged only 4%. (see Le Devoir, May 1, 1979, p. 11)

(27) Canada's International Investment Position, 1976, Statistics Canada, Catalogue 67-202, pp. 114-115.

(28) Financial Post 500, June 14, 1980.

(29) The term finance capital comes from Marxist political economy. It refers to the merger of banking and industrial capital. The concept of finance capital should not be confused with what bourgeois economists refer to as "financial institutions" or the "financial sector."

The most important financial institutions are the chartered banks, with 47 per cent of the assets of all financial institutions, (see following table). Next come the trust companies with 15.9 per cent, if one includes the pension funds administered by the trust companies ($35 billion paid out by the workers in premiums that are managed by the capitalists for the capitalists). Third are the life insurance companies with 9.9 per cent. The assets managed by

state corporations, both federal and provincial, are also important. Such corporations include the Canada Pension Plan, Central Mortgage and Housing, the Quebec Deposit and Investment Fund, the Canada Development Corporation and the Export Development Corporation.

Canada's main financial institutions, December 31, 1978.

(in order of assets)

	(millions $)	(%)
1. Chartered banks	189 100	47.9
2. Life insurance companies	38 967	9.9
3. Trust company-managed pension funds	34 894	8.8
4. Trust companies	27 906	7.1
5. "Caisses populaires" and credit unions	23 976	6.1
6. Canada Pension Plan	14 365	3.6
7. Sales finance and consumer loan companies	12 825	3.3
8. Mortgage loan companies	10 285	2.6
9. Central Mortgage and Housing Corp.	10 102	2.6
10. General and fire insurance companies	9 489	2.4
11. Quebec Deposit and Investment Fund	7 919	2.0
12. Stockbrokers	6 212	1.6
13. Mutual funds	3 565	0.9
14. Canadian Development Corporation	2 538	0.6
15. Export Development Corporation	2 359	0.6

Sources: Bank of Canada Review, various corporation annual reports, Statistics Canada: Financial Institutions, Catalogue 61-006.

(30) The Royal Bank, the Canadian Imperial Bank of Commerce, and the Bank of Montreal.

(31) Fortune, August, 1979.

(32) Financial Post 500, June 14, 1980.

(33) Direct and portfolio foreign investments are long-term capital placed in Canada by foreign capitalists in the form of shares or bonds. If these investments are made in subsidiaries of

foreign companies (eg. the Ford Motor Company), in affiliated industries or branches, they are known as direct investment. If the investments are made in Canadian companies and do not imply control or purchase of that company, they are known as portfolio investments. The purchase of Canadian bonds by foreigners is also considered as a portfolio investment.

(34) Bank of Montreal Business Review, September 1980.

(35) Canada's International Balance of Payments, Statistics Canada, Catalogue 67-201, and the Bank of Canada Review, July, 1980.

(36) Jack Warnock, op. cit., p. 31.

(37) Gary Teeple, op. cit., p. 32.

(38) Ibid., p. 32.

(39) Lenin, "Notebooks on Imperialism," Collected Works, Vol. 39, Progress Publishers, Moscow, p. 20.

(40) Lenin, "Imperialism, the Highest Stage of Capitalism," Collected Works, Vol. 22, Progress Publishers, Moscow, p. 200.

(41) Ibid., p. 265.

(42) Ibid., p. 238-9.

(43) Ibid., p. 266.

(44) Ibid., p. 266.

(45) Ibid., p. 200.

(46) Dominion Bureau of Statistics, Reports, 1941-42.

(47) Gilles Pi6dalue, "Les groupes financiers au Canada, 1900-1930," in Revue d'Histoire de l'Am6rique Francaise, 30, June 1, 1976, p. 9.

(48) J.C. Weldon, "Consolidations in Canadian Industry, 1900-1948" in Restrictive Trade Practices in Canada, L.A. Skeoch (Ed.), Toronto, McClelland and Stewart, 1966, p. 238.

(49) Linteau, Durocher, et Robert, Histoire du Quebec Contemporain, Boreal Express, 1979, p. 383.

(50) Gilles Pi^dalue, op. cit., p. 6.

(51) Linteau, Durocher et Robert, op. cit., p. 383.

(52) Statistics Canada, op. cit., 1977, Catalogue 61-210, p. 32.

(53) Report of the Bryce Commission on Corporate Concentration, p. 46.

(54) Statistics Canada, Daily Bulletin, September 21, 1979, p. 4.

(55) Financial Post 500, June 14, 1980.

(56) L'expansion, November 23, 1979, p. 148.

(57) Fortune, August, 1979.

(58) In 1975 Massey-Ferguson was one of the world leaders in the manufacture of tractors, agricultural and industrial machinery. It had installations in 70 countries around the world. Its $2.5 billion (US) in sales brought in $100 million in profits, making it one of Canada's biggest industrial corporations. Today, in 1980, after an

unsuccessful race for expansion and increased profits, the company is on the edge of bankruptcy.

Massey-Ferguson began further expansion of its activities around the world in the early '70s. Between 1972 and 1977 it made over $700 million worth of investments, most of which were financed by bank loans.

In 1977 and 1978 Massey's markets shrunk. The forcasted expansion did not continue and Massey's debt increased. This was the beginning of the end, and 1978 saw a record deficit of $262 million (US).

Conrad Black took control of Argus Corporation (one of Massey-Ferguson's important shareholders) and decided to "clean up" the corporation. Subsidiaries were sold and plants shut down. The number of employees dropped from 67,000 to 45,000 from the end of 1977 to February, 1980.

Nevertheless Massey's financial situation remains bleak. On July 31, 1980, short-term debts surpassed $2 billion, including $1.2 billion in bank loans, and long-term debts were at $584 million. In the fall of 1980, Argus got rid of its shares in the company.

If Massey goes bankrupt it will be the workers who pay the consequences: 45,000 will lose their jobs, including 6000 in Ontario. Some financial analysts are even saying that Massey's workers could have trouble getting hold of their pension fund, since the banks and Massey's other creditors will get first pickings from Massey's assets.

(59) Peter C. Newman, The Canadian Establishment, p. 101.

(60) Lenin, op. cit., p. 210.

(61) Ibid., p. 220. Lenin talks about the merger of banks and both industrial and commercial enterprises. Often this latter aspect is mistakenly left out, which contributes to a false analysis of Canada, since the commercial sector is clearly in the hands of the Canadian bourgeoisie.

(62) Ibid., p. 221.

(63) Ibid., p. 299.

(64) It should be noted that the Canadian bourgeoisie has always kept firm control over the banks and strictly limited the presence of foreign banks. The expected changes in the Bank Act will undoubtedly allow foreign banks to set up operations in Canada while limiting their share of the market, and therefore will not really change the situation. Canadian banks are willing to accept these modifications because they know full well that their size will allow them to remain competitive with their new rivals. They also hope that this concession will open doors to their own expansion into foreign markets.

(65) E.P. Neufeld, The Financial System of Canada, p. 359.
(66) Gilles Piedalue, op. cit., pp. 32-34.
(67) Parliamentary Papers, Ottawa, 1916. Vol. 11, no 3.
(68) Robert Sweeny, The Evolution of Financial Groups in Canada and the Capital Market since the Second World War, M.A. history thesis, UQAM, 1980.
(69) H.I. Seymour, Argus Corporation Ltd., Royal Commission on Corporate Concentration, 1977, Study no 1.

(70) Jorge Niosi, professor of sociology at the University of Quebec in Montreal, has published two books on the Canadian bourgeoisie: Le controle financier du capitalisme canadien and La bourgeoisie canadienne: la formation et le developpement d'une classe dominante. Despite his confusion on the question of finance capital, Niosi, contrary to other writers, has proven the independence, existence and strength of the Canadian bourgeoisie.
(71) Jorge Niosi, Le controle financier du capitalisme canadien, p. 5.*
(72) Ibid., p. 26.*
(73) Ibid., p. 45.*
(74) Lenin, op. cit., p. 229.
(75) Linteau, Durocher and Robert, op. cit., p. 460-461.
(76) Lenin, op. cit., p. 221.
(77) Peter C. Newman, The Canadian Establishment.
(78) The Forge, Vol. 5, no. 5, February 8, 1980, p. 5.
(79) Lenin, op. cit., p. 240.
(80) Ibid., p. 241.
(81) Ibid., p. 244.
(82) Ibid., p. 245.
(83) Canada's International Investment Position, 1926-1967, Statistics Canada, Catalogue 67-202, p. 106.
(84) J. Swift and T. Draimin, op. cit., p. 33.
(85) Canada's International Investment Position, 1976, Statistics Canada, Catalogue 67-202, p. 59.
(86) Toronto Star, December 8, 1979, p. D8.
(87) Lenin, op. cit., p. 269.
(88) Toronto Star, December 8, 1979, p. D8.
(89) Tom Naylor, op. cit., p. 35.
(90) Canada's International Investment Position, 1976, Statistics Canada, Catalogue 67-202, p. 20.
(91) Lenin, op. cit., p. 246.
(92) J.G. Loranger, Tendances du capital financier au Canada, presented to the Learned Societies Convention, June 1980, p. 7.

* Our translation.

(93) Ibid., p. 6.
(94) Chodos, The Caribbean Connection, p. 89.
(95) See page 169 of this issue of October.
(96) Lenin, op. cit., p. 254.
(97) Tom Naylor, The History of Canadian Business, 1867-1914, Vol. II, Toronto, 1975, p. 284.
(98) Lenin, "Socialism and War" in Collected Works, Vol. 21, p. 317.