After Left Nationalism: The Future of Canadian Political Economy

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INTRODUCTION **1**
INHERENTLY ANTI-CAPITALIST? **2**
A FAILED 'PARADIGM SHIFT' **5**
CHART 1 – DECLINE OF RESOURCE SHARE, 1926-1976 7
CHART 2 – RESOURCES AS A PERCENT OF GDP, CANADA AND THE US, 1987-2001 8
CHART 3 – MANUFACTURING AS A PERCENT OF GDP, CANADA AND THE US, 1987-2001 10
CHART 4 – MOTOR VEHICLE AND PARTS PRODUCTION AS A PERCENT OF ALL MANUFACTURING PRODUCTION,CANADA AND THE US, 1987-2001 14
CHART 5 – MOTOR VEHICLE AND OTHER TRANSPORTATION PRODUCTION AS A PERCENT OF ALL MANUFACTURING PRODUCTION, CANADA AND THE US, 1987-2001 15
IMPRESSIONISM AND THE LEGACY OF DEAD GENERATIONS **16**
THE NATIONAL QUESTIONS IN CANADA. **20**
THE WAY FORWARD **22**
NOTES. **26**

Introduction

At its zenith, in the late 1960s and the early 1970s, left-nationalist political economy in Canada was a self-confident, forward looking tradition which laid down profound challenges to both traditional politics and economics. Kari Levitt, Mel Watkins, Robert Laxer and a host of others offered a coherent theoretical framework that meshed, in part, with the growing radicalization of that era.[1] A generation later, left-nationalism still has a tenacious hold on sections of the Canadian left. This was revealed explicitly by the editors of the influential left magazine *Canadian Dimension,* who in their July/August 2002 issue, launched a debate on Canadian sovereignty. "Canada is a dependency of the U.S.," they argue in a recent contribution to the debate, in essence declaring themselves to be fully in the camp of the 1960s and 1970s left-nationalists who attempted to wed radical dependency theory to Canadian political economy. And the evidence for this dependency, produced by the CD collective, is identical to that offered by those a generation earlier. "Aside from the auto sector, Canadian manufacturing is also mainly resource-based". Canada is, they argue, largely a "resource-based, dependent economy."[2]

This paper – using as a primary focus the evidence and claims laid out in this the most recent exposition of left-nationalism – will argue that the entire Canadian left-nationalist dependency perspective has to be abandoned. First, it will argue that the left-nationalists are wrong when they see a necessary link between Canadian nationalism and the politics of the left. Second, it will examine and reveal as wanting the empirical foundations of the left-nationalist school. Third it will argue for the necessity of a break from impressionism and the very flawed interpretation of Marxism inherited from two generations of Canadian communism. Fourth it will outline the implications of this

analysis for an understanding of the "national questions" in Canada, and conclude by outlining the first steps towards an alternative left political economy in Canada.

Inherently anti-capitalist?

In using the language "struggle for sovereignty," the *Canadian Dimension* editors are avoiding the sharpest formulations of the left-nationalist/dependency school. But without question, the content is the same. The CD editors argue, as the 1970's left-nationalists did, that "Canada has never known a fully sovereign existence" and "that Canada's nation-building project has never been fully implemented."[3] In an earlier era, Marxists would have used the term "incomplete bourgeois revolution" to describe these phenomena, phenomena associated in the Marxist literature with nations oppressed by imperialism. These oppressed nations were said to have a "national question" with an objectively anti-capitalist dynamic.

This is a central premise of Canadian left-nationalism. The *Canadian Dimension* editors argue that the recent leftward evolution of the Council of Canadians is "the sociological outcome of a consistent struggle for sovereignty in the Canadian state."[4] The argument of the left nationalists was (and is) that, because Canada is a dependency of the American empire, nationalist politics would propel activists to the left. An examination of the political evolution of Maude Barlow and David Orchard highlights the problem with this simplistic paradigm.

Barlow in the early 1980s, was associated, not with the left, but with the ruling Liberal Party. She served briefly as women's issues adviser to Pierre Trudeau, and then as a special adviser on social justice issues to Liberal leader (and then leader of the official opposition) John Turner. In 1988, she sought (and lost) the Liberal Party nomination in Ottawa Centre in the run-up to that year's "free trade" election.[5] She did not find this open identification with Canada's traditional party of government at all inconsistent with her being a Canadian nationalist. She was also, in the late 1980s, co-chair of the anti-free trade group, the Pro-Canada Network.

But the Liberals in the 1990s, jumped from the anti-free trade camp, and in some ways became more neo-conservative than their Tory predecessors. Barlow emerged, now as head of the Council of Canadians, as one of the Liberals' most vocal critic. But in the course of this left-wing political evolution, Barlow began to distance herself from key aspects of Canadian nationalism. The 1995 referendum in Quebec on sovereignty association, was one turning point. Tens of thousands of English Canadians – propelled by discounted air fares and free bus tickets – descended on Montreal for a Canadian nationalist rally. This was the real deal, the open face of Canadian patriotism. Lynda Hurst berated Barlow for not supporting the rally. Barlow, according to Hurst, thought that "patriotism can too easily flow into right-wing nationalism."[6] But Barlow's recoil from the open display of Canadian patriotism was shared by many on the left. Here's how one witness described it.

> I'm writing this letter on the train Friday morning heading from Toronto to Montreal filled with the ya-hoo Canada gang. They put on extra cars. It is normally three, all empty. This time it was eight, packed out. The line-up went all the way from the train gate to the information light. There was one francophone black woman. All the rest were white, anglophone, middle-class and middle-aged. This is serious nationalism we're dealing with. This is much more than the crowd that goes out to cheer the Blue Jay's victory. This is nationalism with the real politics of the state, not the symbolism. I felt like it was a smile over bared teeth, the smile of a vampire. My buddy who gets on at Belleville asked the conductors when the ya-hoos are coming back, and I think I can beat them. The ride home will probably be more teeth than smiles, methinks.[7]

What was exposed in 1995 was a Canadian nationalism that led, not in the direction of building a left-wing challenge to the Canadian state, but a nationalism that instead strengthened the state – just as American and British nationalisms strengthen the American and British states, and the capitalists who control them.

By April 2001, Barlow's move to the left had gone very far indeed. April 21, she addressed an enthusiastic rally of 3,000 in a tent at Quebec City, part of the protests against the Free Trade Area of the Americas meetings being held in that city. "Welcome to the Revolution" she thundered from the podium. "As she repeated it in French, Spanish and Portuguese, the four principal languages of the Americas, the standing ovation roared louder."[8] She then joined the march of 65,000, and choked her way through clouds of tear gas and pepper spray to the perimeter being defended by ranks of riot police.

Murray Dobbin paints a very accurate picture, saying "the Council has moved beyond the issue of sovereignty and nationalism to focus, like other anti-globalization organizations, on the issue of class warfare (in Maude Barlow's words) in the context of the struggle for democracy."[9] This is not to say that Barlow is no longer a left-nationalist. But without question, the emphasis of her politics has shifted massively away from the flag-waving nationalism of the Pro-Canada network days as she has become a more and more vocal critic of the neo-conservative agenda being pursued by the ruling Liberals.

But David Orchard, shaped by the same left-nationalism as Barlow, has followed a completely different trajectory. Like Barlow, Orchard was a vocal critic of the Tories' push to sign the Free Trade Agreement (FTA) in the late 1980s. Orchard, the head of Citizens Concerned about Free Trade, was hauled away by the RCMP in June of 1987, for shouting at Tory Prime Minister Brian Mulroney, "you've got no mandate to negotiate a free trade agreement with the United States."[10] But as the Liberals in the 1990s picked up and carried the torch of neo-liberalism and continentalism, Orchard did not move to the left as Barlow had done, but rather began to seek political solutions in the traditions of Canadian conservatism. In 1996, this Tory evolution of one of Canada's best known Canadian nationalists went public, in a major opinion piece carried in many Canadian newspapers. Orchard cast his anti-free trade position as of a piece with John A. Macdonald's politics of "a strong central government and economic nationalism" whose goal was "to secure Canada's independence. 'Canada for Canadians' was his slogan."[11] Orchard was not simply toying with this new idea. In 1998, he joined the Tory party, and

threw his hat in the ring as a leadership candidate. Abbie Bakan, at the time, documented the pull this had on a large number of Canadian left-nationalists.

> Fully 7000 followers, some of whom identify themselves as left activists, have joined the Tories solely for the purpose of voting David Orchard into the leadership. With a membership fee at a low annual rate of $10.00, the Orchard campaign leaders are calling for socialists and militants to join the "Ten dollar revolution".[12]

Orchard intimated that if he lost, then he would likely quit the party.[13] Orchard of course – while receiving a respectable 16 per cent of the vote in the first round and 22 per cent in the second – lost his leadership bid. But once defeated, not only did he not quit the Tories, he ran as a federal Tory candidate, and is again, as this is being written, challenging for the leadership of the party.

So – here you have Barlow, pursuing her challenge to neo-liberalism, evolving to the left, and muting her Canadian nationalism, and Orchard, pursuing his challenge to the Liberals' free trade agenda, accentuating his Canadian nationalism, and moving distinctly to the political right. The neat connection between Canadian nationalism and the political left, that was taken for granted by the 1960s and 1970s left-nationalists, and reiterated in 2003 by the *Canadian Dimension* editors, cannot be demonstrated in either case.

A failed 'paradigm shift'

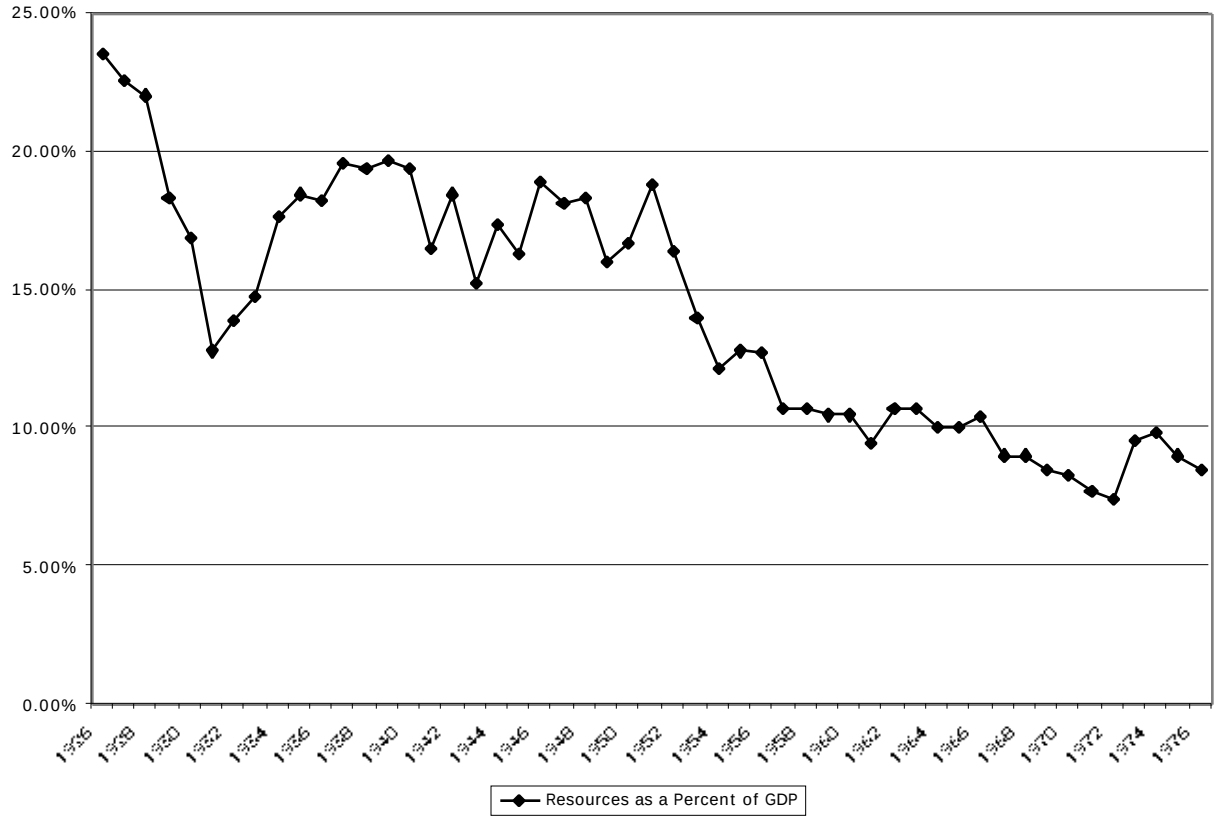
Left-nationalism has also proven wrong in its forecast of the evolution of the Canadian economy. This is not so much to argue that dependency theory itself is inadequate (although there have been important and useful critiques of dependency theory, per se). What is being argued here is that the attempt to import dependency theory into the Canadian reality was misguided from the beginning.

Classical dependency theory was in the first instance, not about dependency, but about underdevelopment. Andre Gunder Frank, writing about Latin America, argued

about capitalism and the development of underdevelopment that arose from "the polarization of the capitalist system into metropolitan center and peripheral satellites."[14] The satellites (in this case, Latin America) were doomed to structural underdevelopment because of the way in which they were inserted into the capitalist world economy. They could only break out of the vicious cycle of poverty, despair and underdevelopment through socialist revolution. Kari Levitt, originally also a scholar of Latin America's underdevelopment, argued that the "new mercantilism … based in the metropole … organises the collection or extraction of the raw material staple required in the metrolopolis and supplies the hinterland with manufactured goods."[15] Levitt and others essentially took this dependency/underdevelopment paradigm and shifted it to try and explain the Canadian reality. Canada, they argued, had developed as a hewer of wood and drawer of water for the British empire, and was now playing this role for the American empire. The *Canadian Dimension* editors echo this when they say that Canada is a resource-based, dependent economy.

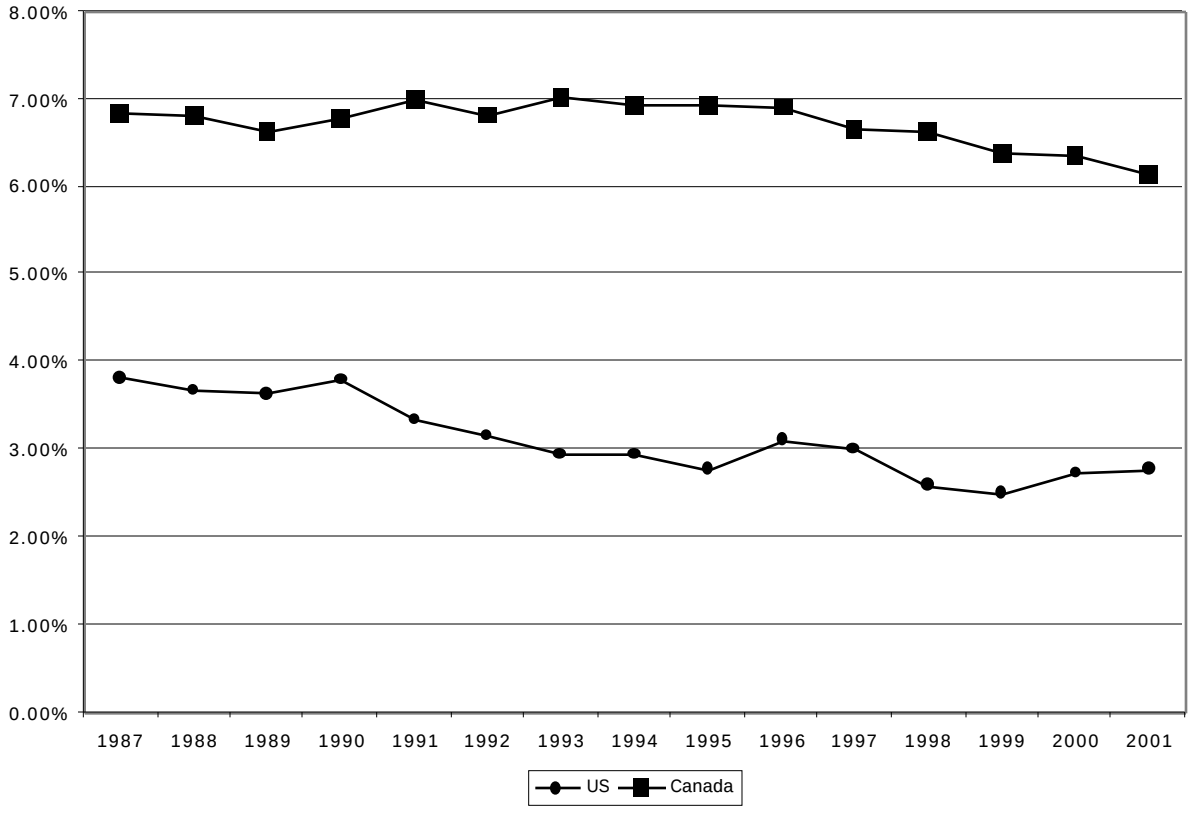
The facts, however, do not support this claim even in the slightest. Chart 1 tracks the role of resources in the Canadian economy from 1926 to 1976. In that period, there were only two years where resource extraction (agriculture, forestry, fishing and trapping, mining, quarrying and oil and gas extraction) played a more important role in the economy than manufacturing – in 1926 and 1927. Since then, there has been a steady and inexorable decline of resource extraction as a percent of GDP. From 1926 to 1976, resources as a share of the economy as a whole declined from 23 per cent to just 7 per cent.

Chart 1 – Decline of Resource Share, 1926-1976[16]



All of left-nationalist political economy is shaped with reference to Canada's relative standing compared to the country's biggest trading partner, and the world's biggest economy, the United States. It does remain the case that resources, while declining in Canada, occupy a more central place in this country's economy than in that of the United States. Chart 2 documents this for the years 1987 to 2001. Resources in Canada slide from around seven per cent of GDP to just over six per cent. In the US, the slide is from around four per cent to just under three per cent

Chart 2 – Resources as a Percent of GDP, Canada and the US, 1987-2001[17]



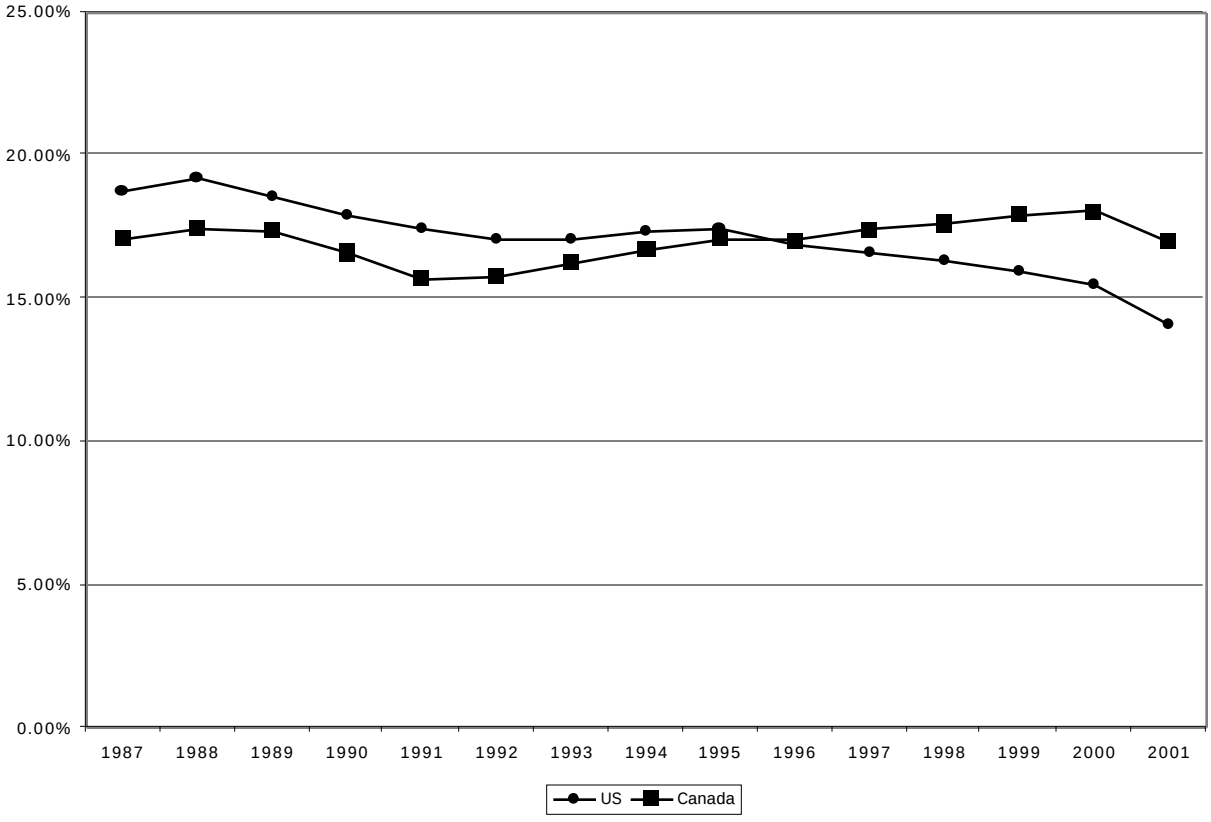
However, while still more "resource-oriented" than the US, the trend in Canada is definitely down, away from an orientation on resources. By 2002, Canada's resource-share had slipped below six per cent of GDP. At the very least, the strong claims of Canadian dependency theory have to be qualified. There is no evidence of a growing or permanent resource dependency in Canada. As in all advanced capitalist economies, reliance on resource-extractive industries has steadily declined over years. The most that can be claimed is that the Canadian economy relies on resources to a somewhat greater extent than does the US economy. This is a much reduced claim, and in itself says very little about the dynamics of the Canadian economy.

There is a further problem. The development/underdevelopment paradigm did not

just assert a heavy reliance on resource-extraction in the dependent economies. It asserted that this was accompanied by the atrophying of the manufacturing sector. This was echoed in the Canadian dependency literature which claimed that dependency on the US economy would over time lead to Canada's "deindustrialization". Danny Drache and Duncan Cameron argued that "a noninterventionist policy would accelerate deindustrialization."[18] Paul Phillips and Stephen Watson have claimed that "the post-war period in Canada has seen a marked reversal in its industrial structure compared to the rapid expansion of manufacturing in the hot-house conditions between 1939 and 1945." There has been, they argue, "a progressive deterioration in Canada's secondary manufacturing base."[19]

Manufacturing has in fact declined as a portion of the Canadian GDP over decades. In the 1920s, manufacturing comprised just under one-quarter of the Canadian economy. Today, it represents around 17 per cent of the economy. But what does this prove? This trend is in line with the experience of every single advanced capitalist economy in the world. And in the United States, the decline in manufacturing has been steeper than in Canada. Chart 3 shows manufacturing as a percent of GDP in Canada and the US form 1987 to 2001. In 1987, manufacturing comprised a greater share of the economy than in Canada. But through the 1990s, there has been a steady decline of manufacturing in the US, while in Canada, manufacturing has stayed at around 17 per cent. By 2001, manufacturing represented less than 15 per cent of the US economy, two full percentage points less than in Canada.

Chart 3 – Manufacturing as a Percent of GDP, Canada and the US, 1987-2001[20]



What can we claim from these figures. That Canada is deindustrializing, but so is the United States? That may be so, but it means this has nothing to do with dependency/underdevelopment. If the metropolitan country suffers as much as the satellite, then the paradigm is meaningless. Or do these figures indicate what they do in all other advanced capitalist economies? An increasingly productive manufacturing sector is capable of producing more goods with less labour than in decades past, allowing for a larger and larger portion of the economy to be devoted to services and public administration (and in certain circumstances, unemployment).

This empirical dissection of the claims of left nationalism could go on. But the conclusions would be no different than those arrived at more than a decade ago when I engaged in a more developed critique of this dominant paradigm of Canadian political

economy.[21] The facts simply do not support any aspect of the Canadian left-nationalist dependency school. And an empirical critique of this school is not unimportant. A series of empirical facts were primary for Gunder Frank – Latin America was not developing as Rostow and others said it would, but was in fact underdeveloping. This was empirically clear – in the poverty of the barrios, in the mass unemployment in the cities, in the exploitation and oppression on the latifundia.

Just how are we to bend and twist this theory to fit the Canadian reality? Where are the barrios? Where are the latifundia? The lived experience of the Canadian reality is vastly different from the lived experiences of Bolivia, Colombia, Ecuador and Mexico. It is true that Jean Chrétien made way too much of the fact that, year in and year out in the 1990s, Canada placed at the top of the United Nations Human Development Report index.[22] There is poverty and inequality in Canada. But Canada is, nonetheless, ensconced towards the top of that index, and the top of that index is the exclusive preserve of developed, advanced capitalist economies. The satellites on the periphery – the really dependent societies – exhibit clear and obvious signs of underdevelopment which place them towards the bottom of the index. Facts have hard heads. Seven large advanced capitalist economies dominate the world system. Their combined population represents just 11.23 per cent of the world's, but their economic output represents an astonishing 45.19 per cent of total world output. The United States of course leads this list, with 21.45 per cent of world output. But Canada sits comfortably on the list as the seventh largest advanced capitalist economy, behind Japan, Germany, France, the United Kingdom and Italy.[23] With a relatively small population, there is only one way to have achieved this status – it has an enormously productive economy. And in most economic textbooks – Marxist and non-Marxist – productivity is the lynchpin of economic development in a capitalist world.

Now of course Canadian political economists could not escape these facts. Throughout the long history of dependency theory's dominance of Canadian political economy, various devices have been employed to account for the empirical evidence of

Canadian development.

Kari Levitt called Canada a "Rich, Industrialized, Underdeveloped Economy."[24] Danny Drache described Canada as "having the social relations of advanced capitalism and the economic structures of dependency."[25] Glen Williams and Leo Panitch, Marxist critics of Canadian dependency theory, accept this kind of approach calling Canada either the "wealthiest colony" or a "rich dependency".[26] But the whole point of the dependency school was to explain underdevelopment. If Canada has developed in spite of being a dependency – if it is rich and industrialized even though a dependent satellite – what is the utility of retaining any of the dependency framework?

The refusal to break from the dependency paradigm has led political economists to distort the empirical facts with which they are confronted. Wallace Clement argued in 1989 that Canada's economy has an essentially "resource-character" "outside the industrial corridor from Montreal through Toronto to Windsor."[27] That is like claiming that New York State has an essentially rural character – outside the urban environs of New York City.

Clement gives a refined version of this approach, providing a list of Canada's top exporters in the 1980s, demonstrating that they are not by and large exporters of finished manufactured products, an empirical demonstration of the distortion of Canada's industrial structure caused by dependency. The list looks impressive, until you read a footnote where Clement says, "table excludes the big three US automobile companies."[28] This is the same method used by Glen Williams in what has become a classic of the new political economy school, his 1980's book *Not For Export*. Here Williams argues that such an exclusion is justifiable because auto trade between Canada and the United States is a form of "intra-firm transfer." That is, autos go from a GM or a Ford plan in one country to another GM or Ford plant across the border.[29]

But much of all trade in the world takes the form of intra-firm transfers. It is a sub-species of a more general phenomenon, "intra-industry trade", bilateral exchanges within the same product group. This type of "bilateral exchange" by 1967, "already

accounted for 63 per cent of the trade of the O.E.C.D. group”.[30] Nigel Harris – an internationally renowned expert in development studies – sees this not as an unnatural phenomenon that distorts export and import statistics, but as a feature of the "globalization" of international production.

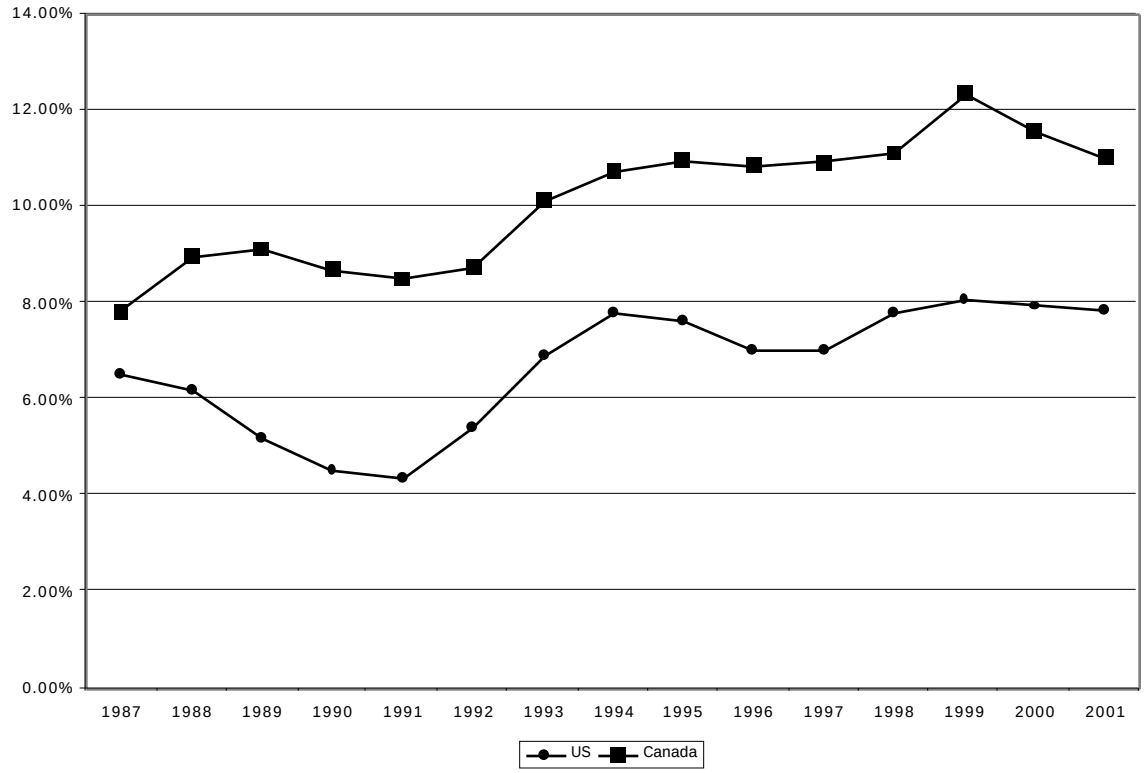
> The growing integration of the more industrialized zones of the world system in terms of trade was a growing integration in terms of production. This was particularly true for the most dynamic sectors of world trade, those in engineering goods and chemicals. Within engineering, the character of trade was increasingly not between industries, but within industries – 'intra-industry trade', an exchange of 'intermediate goods' (that is, 'manufacturing inputs into manufacturing, excluding machinery and equipment that is produced as final demand as investment goods'). The exchanges indicated increased specialization by country, and decreased capacity to cover the entire range of output of a particular industry.[31]

It profoundly distorts the picture of the Canadian economy to so exclude a significant section of manufacturing exports. Trade figures are one of many "windows" that can be used to get a picture of what happens inside an economy. Presumably, an argument about the resource-biased nature of trade is important because it indicates that the type of work done inside the economy is resource-oriented — labour intensive activities like picking coffee beans, working on a banana plantation, farming on a rice paddy, or whatever. But automobile trade with the United States, regardless of whether it is in the form of intra-firm transfers, is precisely this type of important indicator. It points to the fact that a large proportion of Canadian work is done producing cars. It indicates that Canada's industrial structure has important differences when compared to real resource-based, "staple-trapped" economies like Ethiopia, Central America, Colombia, Bangladesh, etc., places that cannot produce two million cars, whether in the form of intra-firm transfers or not.

This problematic method continues to the present day. The *Canadian Dimension*

editors echo Williams and Clement, arguing that Canada's manufacturing statistics are distorted by an enormous over-reliance on the auto industry. "Aside from the auto sector, Canadian manufacturing is also mainly resource-based."[32] Chart 4 shows that automobile and automobile parts production in Canada *are* enormously important industries, perhaps fifty percent more important to Canada, in relative terms, as those industries are in the United States.

Chart 4 – Motor Vehicle and Parts Production as a Percent of all Manufacturing Production, Canada and the US, 1987-2001[33]

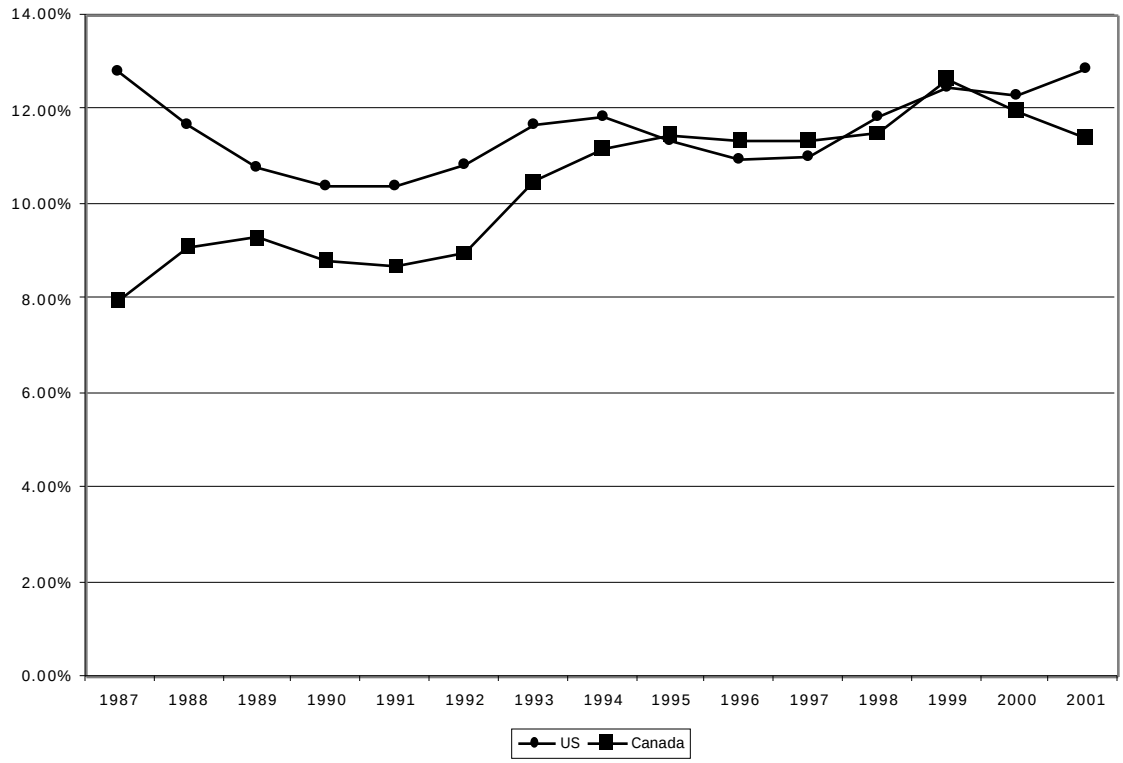


It is impressive that 12 per cent of all Canadian manufacturing is comprised of Motor Vehicle and parts production. This is a bigger share of this kind of production than in the United States. But a) this still leaves 88 per cent of manufacturing in Canada which does not fall under the rubric of motor vehicle or motor vehicle parts production; and b) even if we were to exclude this production from Canadian manufacturing statistics, so steep has manufacturing decline been in the US, that Canadian manufacturing's share of

GDP would still be equivalent to that of the US. This of course still begs the question as to why we should so exclude motor vehicle and related industries from an understanding of the Canadian economy, why Windsor, St. Catharines, Oakville and Oshawa should not form an integral part of the complete picture of the Canadian economy.

There is a further factor that has to be taken into consideration. There are transportation devices other than cars which economies manufacture. Once "other transportation production" is included in the figures, as it is in Chart 5, then the profiles of the two countries – Canada and the US – are virtually identical.

Chart 5 – Motor Vehicle and Other Transportation Production as a Percent of all Manufacturing Production, Canada and the US, 1987-2001[34]



There is not time in this paper to explore these figures in detail. One surmise would be that, while Canada specializes in producing North America's mini-vans, the US specializes in producing the continent's tanks and armoured personnel carriers. For the purpose of this analysis, it is sufficient to say that, if Canada has a significant portion of

its manufacturing devoted to the production of transportation vehicles, so does the economy in the US. Canada's profile on this question is no different than that of its constant reference point, the United States of America.

And that is perhaps the most important point. There are differences between the Canadian and the US economies. It is important to analyze and understand those differences. But in the bigger picture, when the two economies are placed alongside each other and alongside the other economies in the rest of the world, the similarities far outweigh the differences. All the facts point in the same direction – Canada and the United States should not be seen as existing in different categories. They are in the same category – advanced capitalist economies at the very top of the hierarchy of nations.

Impressionism and the legacy of dead generations

The attempt to shift the dependency/underdevelopment paradigm onto the Canadian reality has been a failure. But how has this failed paradigm managed to retain such a hold on political economy in this country? Two things are critical in this, I would argue. First, the failure of Canadian political economy to fully break from a method that can only be called "impressionistic". Second, the way in which two generations of left scholarship in this country were shaped and influenced by the Marxism that developed in the orbit of the Stalinist Communist Parties of the Western world. Each tendency mutually reinforces the other. Let us look at each of these in turn.

Impressionism is the easiest of the two to deal with. Left-nationalist theorists have always tended to limit the scope of their analysis, by and large, to the narrow field of Canada-US relations.

> Because the US is the world's first economic power and first military power, because Canada is much smaller on both counts than the US – because in other words Canada exists in the shadow of the world's biggest power, on all fronts – it is perhaps understandable if the relationship gives the impression of being one of "dependency." But it is incumbent on

> political economists to go beyond impressions. The key to doing this is by insisting on having a perspective that sees, not just that portion of North America that is north of Mexico, but the world economy as a whole. Canada, like all states, has to be situated in the context of the world economy. Once that is done, the "impression" of dependency is revealed as absurd. Yes Canada's economy is small relative to the US. But so is Belgium's, Holland's, Italy's and France's. When these countries are thrown into the mix, as they must be when world economy is the starting point, then Canada can be seen very clearly to belong in the same category as other middle-level, advanced capitalist, and imperialist, countries.[35]

Once the world economy standpoint is adopted, the difficulties melt away. An impressive generation of scholars at the turn of the last century – from the Liberal Hobson to the Marxists Bukharin, Lenin, Luxemburg and Hilferding – developed path-breaking analyses of imperialism using just such a framework.[36] Given that most of the left-nationalist political economists saw themselves as working in the tradition of Marxism, it is surprising that so few of them were to place themselves in the tradition of these scholars. But between that early twentieth-century Marxist political economy and the left-nationalism of the 1960s and 1970s stood the Stalinist Marxism of the Western Communist Parties. For this wing of Marxism, the world economy standpoint was anathema.

This will sound like a harsh charge to many. Stalinism is rightly seen as a term of abuse – a political tendency associated with terrible repression and a failed political experiment. Saying that Stalinist Marxism (or rather Marxism that developed while Stalinism was hegemonic on the international left) is not to accuse Canadian political economists of being Stalinist in the political sense. What it is to argue is that there was a particular interpretation of Marxism that developed in and around the Stalinist Communist Parties that made left-nationalism an almost inevitable conclusion for those in its orbit.

In the early 1920s, before the triumph of Stalinism inside the world Communist movement – political economists in the CPs were very clear about the way in which the world economy was constructed through a hierarchy of nations, and the way in which nationalism had a different social and political content, depending on which point of the hierarchy it originated in. Ian Angus outlines their position clearly.

> One of the most important additions to Marxist theory made by Lenin was the theory of Imperialism: the analysis of capitalism in the era of monopoly capital. Fundamental to this analysis is a sharp distinction between the colonial and semi-colonial countries on one hand, and the imperialist countries on the other. The former have still to achieve many of the gains won by the latter in the great bourgeois-democratic revolutions of the seventeenth, eighteenth, and nineteenth centures: in the colonies and semicolonies, nationalist movements even under capitalist leadership, can and do play progressive roles. In the imperialist countries, by contrast, nationalist movements of the dominant nations and nationalities are reactionary, diverting the attention of the working class from its enemies at home to some imaginary foreign foe.
>
> The Comintern had explicitly characterized Canada as an imperialist power in several major resolutions and statements, and Communist Party policy in Canada had been consistent with this …[37]

But in the mid-1920s, after the death of Lenin, the Russian Revolution was increasingly coming under the control of the state bureaucracy directed by Joseph Stalin. This led to a shift from a focus on international solidarity to building state alliances with the Russian state. To justify this shift towards a system of state alliances in practice, Stalin and others introduced a shift in theory away from a framework of world economy to one centred on the related notions of “socialism in one country” and “progressive national bourgeoisies”. Nationalism was now rediscovered, in country after country including advanced capitalist countries, as a potential ally for the workers movement and

the left. This shift took place irrespective of that country's place in the hierarchy of nations. Even in the imperialist centre, the United States, there was an accommodation to nationalism. Under Earl Browder, "Communism is Twentieth-Century Americanism" became the watchword.[38] Franklin Roosevelt and the Democratic Party were supported by the CP as representing the "progressive bourgeoisie" even though the Democratic Party was home to the racist southern Dixiecrats.

In 1925 in Canada – under the influence of this new orientation in the Communist International – the CP "made the somewhat belated and improbable discovery that Canada was still a colony of Great Britain, that a fight for Canadian self-determination was in order, and that the progressive national bourgeoisie was represented by … the Liberal Party led by Mackenzie King!"[39] This approach to the national question in Canada took full flight during the "popular front" period of the mid to late 1930s and 1940s. Abbie Bakan has documented this political evolution, and its consequences, very clearly.

> Tim Buck, one of the party's most influential leading figures, developed the analysis of Canada as a dependent nation in his 1948 book, *Canada: A Communist Visio*n.[40] Buck claimed Canada's failure to be a "great nation" was hampered first by its colonial status under Britain, and then by its neo-colonial status under the US.
>
> One of Buck's followers was Bob Laxer, Jim Laxer's father and a leading intellectual in the Waffle leadership. Bob Laxer had been part of the exodus from the Canadian Communist Party in 1956, who left outraged by the role of Stalinist Russia in repressing the Hungarian revolution. … Bob Laxer then joined the NDP. .
>
> The legacy of the Communist Party in influencing the Waffle's analysis of the Canadian state has not gone unnoticed. As Robert Hackett[41] concludes: "A numerically small ... but politically important element of the Waffle's membership consisted of ex-Communists, some of whom

> were veteran trade unionists...[S]ome central Waffle tenets were prefigured by the CPC. In particular, while its position on nationalism had fluctuated, the CPC has made Canadian independence an overriding theme since 1948. Tim Buck's 1947 critique of certain Liberal government measures foreshadowed the economic nationalism of the sixties."[42]

It was Marx who said that "The tradition of all the dead generations weighs like a nightmare on the brain of the living."[43] This is an apt epitaph for the left-nationalist tradition of political economy in Canada. Its attempt to refound a left political economy allowed for real contributions to Canadian scholarship. This, however, was in spite of its nationalism, not because of it. Because the Marxism that was hegemonic on the left at the time had abandoned the world economy standpoint in favour of one that put left-nationalism, even in the advanced capitalist countries, at the centre of politics, its intellectual project was flawed from the beginning.

The national questions in Canada

Political theory must be ultimately judged by its implications for political practice. The implications are profound flowing from the analysis that Canada has a battle ahead to win real sovereignt. This position leads the *Canadian Dimension* editors to assert that there are three national questions in Canada. They argue that "there is no possibility for Canadians, Québécois and Aboriginal peoples to win or defend their respective sovereignties alone and divided … unity will be impossible if one section of society insists that its right to sovereignty supercedes the rights of other sections."[44] This flows logically from the dependency analysis they have adopted. To argue that Canada is a dependency is to argue that English Canada is oppressed through its subservient relationship to the United States. The CD editors equate that "oppression" with the oppression experienced by Aboriginal people. Hence, the right to sovereignty of Aboriginal people mustn't "supercede" the right to sovereignty of English Canada.

But Aboriginal people have been subjugated and oppressed for centuries by the

Canadian state. They have profound grievances, profound grievances of sovereignty. To redress centuries of oppression experienced by Canada's aboriginal community demands that their claims to sovereignty must in fact supercede the "sovereignty claims" of English Canada. Settle the land claims in BC. This will necessarily involve an encroachment on "Canadian sovereignty". So be it. The rights of the oppressed must be addressed, and the agent of the oppression of Aboriginals in Canada has been the Canadian state.

A similar analogy can be made in terms of Quebec. During the constitutional debates in the 1990s, one of the most fruitful positions put forward by sections of the Canadian left was for "asymmetrical federalism". The argument was that it was absurd to treat Quebec as a province like any other. Its provincial status masked a history of national oppression that had to be addressed. Quebec needed powers and responsibilities inside the Canadian state different from and greater than other provinces, to partially address this national oppression. That means that Quebec had the right to demand "special status" and Alberta and Ontario did not. To put it in terms of the CD debate, Quebec's claim to sovereignty had to supercede the sovereignty claims of the Canadian state (and of the other provincial states like Alberta and Ontario).

But even though this is a position that the CD editors have carried over the years,[45] it actually runs counter to the dependency framework they have adopted to understand the Canadian state. In the same issue of *Canadian Dimension* where the editors are arguing that the issue of English Canadian sovereignty must be taken more seriousl, two members of the CD editorial collective argue that a new party in Quebec (the UFP) is making too much of the Quebec sovereignty issue.[46] So the left in Canada needs to be more open to claims of Canadian sovereignty, and more suspicious of demands for Quebec sovereignty? The opposite, is in fact, true. The left in Canada should be sympathetic to and in solidarity with the sovereignty demands of Quebec and First Nations, and intolerant of and in opposition to the *soi-disant* sovereignty claims of English Canada.

The CD editors very wrong position – equating Canada's "national" demands with those of the First Nations and Quebec – flows directly from their left-nationalist dependency framework. When Canada is seen as an imperialist power, and not a dependency, this type of wrong position can be avoided. Quebec is oppressed. First Nations are oppressed. English Canada is not. In fact, it is the Canadian state which has been the agent of the oppression of Quebec and the First Nations. The Canadian state is an oppressor state, not a victim of oppression.

We do need unity in the struggle against capitalism in Canada. But that unity will not be achieved by lecturing the oppressed nations within the Canadian state that their claims to sovereignty mustn't supercede those of English Canada. The left in English Canada must be (in Lenin's terms) tribunes of the oppressed, challenging anti-Native racism and anti-Quebec chauvinism. That is how unity will be forged, not by pretending that English Canada has an oppression that is equivalent to that experienced by the really oppressed nations.

The way forward

Michael Hollett is today the editor of Toronto's leftish community weekly, *NOW*. In the 1970s, he travelled in the orbit of the far left in the city. However, in 2003, this left-wing fixture in Toronto actually found himself applauding Liberal Prime Minister Jean Chrétien.

> Prime Minister Jean Chretien pops out with local Liberal MPs. I'm not charged by the usual zeal I feel when facing down incumbent politicians. As the PM and his pals gather and giggle on the church steps, I realize they've got me with their anti-war stance. I'm actually proud of these guys.
>
> As the limo swoops south on Shuter, another surprise: we all break into applause and Jean waves enthusiastically. Inside the limo, I later learn, Dennis Mills tells his boss, "Those people are cheering you because you defended our sovereignty." That's right, Dennis, but mostly we're

applauding because the PM has stood up for peace.[47]

But Chrétien can "stand up for Canadian sovereignty" precisely because Canada is, and has long been, as sovereign as they come. For the left to cheer the capitalist leader of an independent, sovereign state is for the left to become completely co-opted. But believing, as the left-nationalists do, that there is something "unfinished" about the Canadian sovereignty project leads precisely in that direction.

> Yes, for the first part of the twentieth century, Canada was in the orbit of Britain, and in the latter part in the orbit of the United States. Does this mean that Canada is not sovereign? Germany dominates the European Union. Little Belgium, Holland and Switzerland exist in the orbit of the much larger German economy. Does this mean they are not sovereign? No. It means that they do not exist in some kind of abstract, mythical world of complete autonomy. States exist in relation to other states. Some are strong and some are less strong. But this says nothing about whether or not their national capitalist classes are exercising sovereignty.
>
> There are two kinds of relations between states in this capitalist world economy. There are imperialist relations between big powers and impoverished, oppressed countries. And there are inter-imperialist relations, where big robbers and little robbers collude over how to divide up the booty. Canada's relationship with the US is very clearly the latter. Through NATO, the FTA, NAFTA and now the FTAA, capitalists in Canada and the US – capitalists from the little robber state and the big robber state – collude over sharing the spoils from their operations at home and abroad. This couldn't be more explicit than in the centrally important World Trade Organization (WTO). The most powerful faction inside that body is the "Quadrilateral" group of countries, comprised of the US, Japan, the European Union – and Canada.[48]

We need to reconceptualize Canadian political economy in a way that can account for the empirical facts as they exist, can supercede the failed Communist Party influenced Marxism which dominated left discourse for two generations, and that can serve as a useful blueprint for political activity, and not a path towards a nationalism which can easily be accommodated by the ruling elite. This means beginning at the beginning. Canada is in the first ranks of advanced capitalist countries. The dependency paradigm does not need to be modified in order to make it fit the Canadian reality, nor does the Canadian reality need to be distorted in order to accommodate the dependency paradigm. The dependency framework, as applied to Canada, needs to be discarded *in toto*.

Then Canada can be concretely situated inside the current configuration of international power relations without recourse to dependency theory. Clearly it is part of the United States' sphere of influence – no one could contest that. Canadian capitalists usually act as a silent partner – benefiting from the investment opportunities created by the American empire, without having to pay for the military which sustains that empire.[49] On occasion, it finds its own imperialist voice, acting as a metropolitan power in its own right, whether that be in its relationship of domination and oppression towards the First Nations at home, or the Caribbean islands abroad.

Third, we need to work through the main dynamics of the US – not because it is the metropole to which the Canadian satellite relates – but because it is the world's biggest economy, and the country which dominates the section of world capitalism in which Canada resides.

Fourth, we need to situate this analysis in the context of the dynamics of the world economy as a whole – the long stagnation of Japan and Europe, the deep crisis wracking Africa and Latin America, the slow emergence of rival economic blocs centred on North America, Europe and Asia.

Finally, we need to then return to Canada. Being sovereign – being independent of the United States – has allowed Canadian capitalists to avoid paying for the "burden of empire". Canada doesn't need to sustain a massive military presence abroad. It has had

the sovereign independence allowing it, since the late 1950s, to resist US pressure to increase military spending. But the country is, nonetheless, embedded in a North America dominated by a sick and declining US capitalism, and a world economy incapable of putting real economic and social development onto the agenda for the majority of the world's billions, a world economy whose logic is leading towards permanent instability and permanent militarism.

That is the outline of a research project for a really new Canadian political economy. But settling accounts with the remnants of left-nationalist dependency theory is an inescapable first step.

Notes

[1] Some of the key works were Kari Levitt, *Silent Surrender: The Multinational Corporation in Canada* (Toronto: Macmillan of Canada, 1970); Robert Laxer, *(Canda) Ltd.: The Political Economy of Dependency* (Toronto: McClelland and Stewart Limited, 1973); Ian Lumsden, ed., *Close the 49th parallel etc. The Americanization of Canada* (Toronto: University of Toronto Press, 1970) and Gary Teeple, ed., *Capitalism and the National Question in Canada* (Toronto: University of Toronto Press, 1972).

[2] Editorial Collective, "CD replies to Paul Kellogg" in *Canadian Dimension* Vol. 37, No. 2, March/April 2003, pp. 34 and 35.

[3] *Canadian Dimension* Editorial Collective, "A CD Focus on Sovereignty" in *Canadian Dimension*, Vol. 36 No. 4, July/August 2002.

[4] "CD replies to Paul Kellogg", p. 35.

[5] See Cathy Dunphy, "What makes Maude Barlow run?" in *The Toronto Star*, January 5, 1987, p. D1; Michael Smith, David Crane and Martin Cohn, "Voters know free trade deal bad for Canada group declares" in *The Toronto Star*, September 9, 1987, p. A1; and Bill Eggertson, "Turner adviser loses bid to run in Ottawa riding," in *The Toronto Star*, July 28, 1988, p. A7.

[6] Lynda Hurst, "Why Canadians decry the patriot game" in *The Toronto Star*, November 5, 1995, p. F1.

[7] Anna Brooks, "The view from Ontario – 'the smile of the vampire'" in *Socialist Worker* 226, November 1, 1995, p. 7.

[8] John Bell, "So-So-So, Solidarité" in *Socialist Worker* 355, May 2, 2001, p. 6.

[9] Murray Dobbin, "It's all about Democracy, Not Sovereignty" in *Canadian Dimension* Vol. 36, No. 6, November/December 2002, p. 23.

[10] "Kites were flying – high over the lawns of Parliament Hill" in *The Toronto Star*, June 21, 1987, p. A7.

[11] David Orchard, "Staying the course: Revival of the Tory party depends on reclaiming Canada for Canadians," in *The Record*, June 28, 1996, p. A11.

[12] Abbie Bakan, "Left-Nationalism, from the Waffle to David Orchard," unpublished, November 1998, p. 1.

[13] William Walker, "Orchard poised to quit Tories after vote," in *The Toronto Star*, October 31, 1998, p. 1.

[14] Andre Gunder Frank, *Capitalism and Underdevelopoment in Latin America* (New York: Monthly Revew Press, 1969), p. 3.

[15] Levitt, *Silent Surrender*, pp. 3-4.

[16] Compiled from Statistics Canada, *Historical Statistics of Canada*, online edition <http://www.statcan.ca/english/IPS/Data/11-516-XIE.htm>

[17] Canadian data compiled from Statistics Canada, CANSIM (Canadian Socio-Economic Information Management System) II, table, "Gross Domestic Product (GDP) at Basic Prices, by North American Industry Classification System (NAICS) 3790017 <http://dc1.chass.utoronto.ca/cgi-bin/cansim2/getArray.pl?a=3790017> U.S. data compiled from Bureau of Economic Analysis, "Industry Accounts Data: Gross domestic product by industry" <http://www.bea.gov/bea/dn2/gpoc.htm>

[18] Danny Drache and Duncan Cameron, "Introduction" in Drache and Cameron eds., *The Other Macdonald Report* (Toronto: James Lorimer & Company, 1985), p. xxxiii.

[19] Paul Phillips and Stephen Watson, "From Mobilization to Continentalism" in Michael Cross and Gregory Kealey, eds., *Modern Canada 1930-1980's* (Toronto: McClelland and Stewart, 1984), p. 38.

[20] For sources, see end note 17.

[21] Paul Kellogg, *Arms and the Nation: The Impact of 'Military Parasitism' on Canada's Place in the World Economy* Ph.D. Dissertation (Kingston: Queen's University, Dept. of Political Studies, 1990).

[22] Canada was in the top spot until 1999. In 2000, 2001 and 2002 it ranked third. In every year it has ranked ahead of the United States. In 2002, the rankings were 1) Norway; 2) Sweden; 3) Canada; 4) Belgium; 5) Australia; 6) United States; 7) Iceland; 8) Netherlands; 9) Japan; and 10) Finland. (United Nations, *Human Development Report 2002* http://stone.undp.org/hdr/reports/.)

[23] Based on figures in Central Intelligence Agency, *The World Factbook 2002* http://www.cia.gov/cia/publications/factbook. There are actually four other countries that have economies bigger than Canada's – China, India, Russia and Brazil – according to the CIA's figures. But the CIA is measuring the size of economies using "purchasing power parities". Were they to measure the size of economies as valued in US dollars, these four economies would look much smaller. All four are at a much lower stage of development than Canada, with much less productive economies. In 2002, for instance,

while Canada ranked third on the United Nations Human Development Report index, China ranked 96th, India ranked 124th, Russia ranked 60th and Brazil ranked 73rd (United Nations, *Human Development Report 2002* http://stone.undp.org/hdr/reports/.)

[24] Levitt, *Silent Surrender*, p. 127.

[25] Cited in Kellogg, *Arms and the Nation*, p. 224.

[26] Glen Williams, "Canada – The Case of the Wealthiest Colony" in *This Magazine*, 10:1, Feb.-Mar. 1976. Leo Panitch, "Dependency and Class in Canadian Political Economy," in *Studies in Political Economy* No. 6, Autumn, 1981.

[27] Wallace Clement, "Debates and Directions: A Political Economy of Resources" in Wallace Clement and Glen Williams, eds., *The New Canadian Political Economy* (Montreal: McGill-Queen's University Press, 1989), p. 36.

[28] Wallace Clement, "A Political Economy of Resources" in Clement and Williams, *The New Canadian Political Economy* (Montreal: McGill-Queen's University Press, 1989), p. 45.

[29] Glen Williams, *Not For Export: Toward a Political Economy of Canada's Arrested Industrialization* updated edition (Toronto: McClelland and Stewart Limited, 1986), pp. 9-10.

[30] Nigel Harris, *Of Bread and Guns: The World Economy in Crisis* (Markham: Penguin Books Ltd., 1983), p. 61.

[31] Harris, *Of Bread and Guns*, p. 60.

[32] "CD replies to Paul Kellogg," p. 34. This is a rather odd formulation. What would be expected, in the context of the argument, is a claim that the Canadian *economy* is largely resource-based. What they are claiming, however, is that Canadian *manufacturing* is largely resource-based. This could, perhaps, just be a mis-statement. If not, the statement is simply a truism. Manufacturing is, by definition, resource-based – it involves the working up of raw materials into finished products. It is possible that they are implying another thing, however. Much has been made of the fact that of the manufactured goods which Canada exports, a high percentage of them are not finished manufactured goods, but semi-manufactured goods. One way of formulating that could be to call Canada's manufacturing "resource-based". A few things need to be said about this. First, while semi-manufactured goods are not as capital intensive as finished manufactured goods, they are nonetheless, manufactured – a big step above the resource-dependency that is at the heart of the claims of the new political economy. Second, the category for these semi-manufactured

exports, “fabricated materials inedible”, is incredibly diverse, ranging from dressed furs to asbestos brake linings, and not very useful as an insight into the nature of the economy represented. Third, even if this does represent a big component of Canadian export trade, it has been, and still is, steadily declining in relation to the export of finished manufactured goods. Finally, even in those years when finished manufactured goods export was less than semi-manufactured exports as a share of total exports, because Canada is such a big exporting nations, its finished manufactured exports in gross amounts put it among the world’s leaders in that category. For more on this, see “Of Nails and Needes – Fabricated Materials (Inedible)” in Kellogg, *Arms and the Nation*.

[33] For sources, see end note 17.

[34] For sources, see end note 17.

[35] Paul Kellogg, “The Mistaken Return to Left-Nationalism” in *Canadian Dimension* Vol. 37. No. 2, March/April 2003, p. 32.

[36] For the very influential non-Marxist view, see J.A. Hobson, “Imperialism: A Study” in Michael Freeden, ed., *J.A. Hobson, A Reader* (London: Unwin Hyman, 1988). The Marxist analysis was best expressed in Nikolai Bukharin, *Imperialism and World Economy* (which would be better translated as *World Economy and Imperialism*, as Bukharin’s principal point was the centrality of world economy as an analytic category) (New York: Monthly Review Press, 1973). Bukharin’s piece was published after, but written prior to the more influential, but less developed work by V.I. Lenin, “Imperialism, the Highest Stage of Capitalism” in Lenin, *Collected Works* Volume 22 (Moscow: Progress Publishers, 1977). See also Rosa Luxemburg, *The Accumulation of Capital* (New York: Monthly Review Press, 1968) and Rudolph Hilferding, *Finance Capital: A Study of the Latest Phase of Capitalist Development* (London: Routledge and Kegan Paul, 1981).

[37] Ian Angus, *Canadian Bolsheviks: The Early Years of the Communist Party in Canada* (Montreal: Vanguard Books, 1981), p. 168.

[38] Warren Susman, *Culture as History: The Transformation of American Society in the Twentieth Century* (New York: Pantheon Books, 1984), p. 49.

[39] Angus, p. 167.

[40] Tim Buck, *Canada: A Communist Vision*, (Toronto: Progress Books, 1948)

[41] Robert Hackett, *Waffle: Special issue of Canadian Dimension*, Oct.-Nov. 1980, p.12.

[42] Bakan, "Left-Nationalism," p. 11.

[43] Karl Marx, "The Eighteenth Brumaire of Louis Bonaparte" in Karl Marx and Frederick Engels, *Collected Works* volume 11 (New York: International Publishers, 1978), p. 103.

[44] "CD replies to Paul Kellogg", p. 35.

[45] See "Thinking about Self-Determination" in *Canadian Dimension,* Vol. 28 Issue 5, Oct/Nov. 1994, p4.

[46] Eric Shragge and Andrea Levy – "The Union des forces progressistes in Quebec: Prospects and Pitfalls" in *Canadian Dimension,* Vol. 37, No. 2, March/April 2003.

[47] Michael Hollett, "War Changes Everything, and Suddenly I'm Clapping for Chrétien" in *NOW* Vol. 22, No. 3, April 16-22, 2003.

[48] Kellogg, "The Mistaken Return to Left-Nationalism" p. 32.

[49] A phenomenon I call "military parasitism", developed at length in my thesis, Kellogg, *Arms and the Nation*.