

Clement's latest shows US/Cdn capital links

CONTINENTAL CORPORATE POWER

by Wallace Clement McClelland & Stewart \$6.95 paper, \$14.95 cloth. By Mark Stobbe Reprinted from the Sheaf By Canadian University Press.

Two years ago Wallace Clement, in the *Canadian Corporate Elite*, showed how Canada's own capitalist class developed and maintained control over key sectors of this country's economy.

He revealed that despite a large degree of foreign ownership in many areas, a Canadian elite retained control of the banks, life insurance companies, transportation, utilities and mass media.

The book demonstrated that, contrary to popular opinion, Canadian corporations have not been overwhelmed by the onslaught of American capital, but are instead solidifying their control in their traditional areas.

But for Clement an adequate understanding of the Canadian power structure needed an examination of the links between Canadian and American capitalists. And, so he wrote *Continental Corporate Power*.

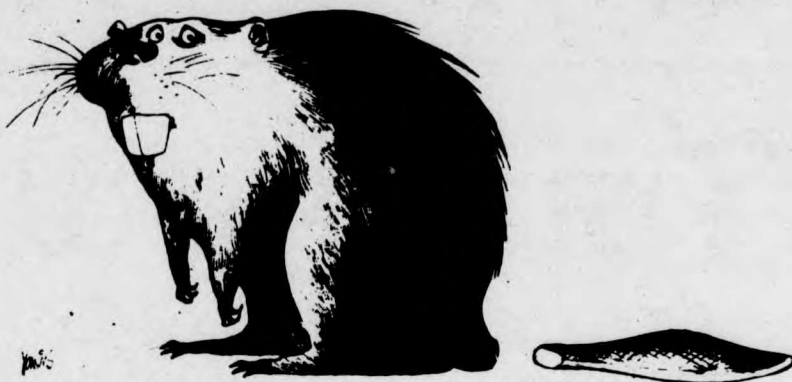
Canadian capitalists have always, Clement notes, operated out of a larger economic unit — first the British Empire and then the American network. Canada's economic elite developed an extensive commercial and transportation system that was used to extract and export primary staples such as fish, fur, timber, and later wheat, paper, and minerals.

The development of a locally based industrial sector was largely ignored, indeed, even discouraged through the credit policies of the major financiers.

While the suppression of an indigenous entrepreneurial class was one side of the coin, the flourishing of American branch plants was the other. This has been in large part responsible for the distortions in the Canadian economy with its bloated financial and commercial system and its miniscule indigenous manufacturing sector.

Clement says these weaknesses are the hallmark of an underdeveloped society. And, he explains: "an underdeveloped society is no longer an undeveloped society, but one whose development is controlled from outside".

After considering Canada's place in the continental economy, Clement questions the reality of



political sovereignty in this country. He says that while the Canadian state retains considerable power, it is unwilling to challenge the basic foundation of corporate power: the private ownership and control of productive property.

Clement notes that while the Canadian government is formally committed to ending regional disparities, it leaves unchecked the investment patterns of corporations which are largely responsible for regional industrial differences.

Clement shows how, if only Canadian owned corporations are considered, Quebec, Ontario and British Columbia would all receive a greater proportion of corporate taxes than their population would entitle them to with the Prairies and

Atlantic somewhat under-fed.

On the other hand, Ontario receives the lion's share (62.2%) of taxes from foreign-owned manufacturing corporations with all the other regions being greatly under represented.

Government efforts to end this disparity, he says, have been attempts to induce domestic and foreign corporations to invest in the less developed regions.

But, as Clement points out, "to entice a corporation to perform certain operations in a specific location, the State must offer sufficient inducements of capital or concessions (such as forgivable loans or tax holidays). In other words, it must lure the corporation on the corporation's own terms —

and those terms are the private accumulation of profit".

This only perpetuates the syndrome of underdevelopment because it keeps control of productive resources in the hands of people outside the region. And, it eventually lead to a net capital drain from the region and so is totally self-defeating.

The answer to this problem is not, according to Clement, to replace a foreign elite by an indigenous one. How much more control, he asks, does the average Canadian have over the operation of the Royal Bank, Sun Life, Stelco or Eatons that she or he does over General Motors of Canada, Imperial Oil or Kresge's?

Not much, since "the fundamental structure of corporations, based as they are on the claims of capital, invariably lead to a system of extractive power by which those in 'command' positions remove degrees of freedom from persons below and increase their own freedom."

This leads Clement to conclude that "as long as the dominant mode of ownership continues to be private, the power of the economic elite will continue to dominate at the expense of the citizenry."

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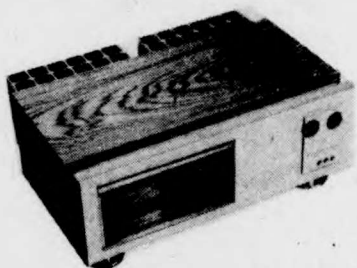
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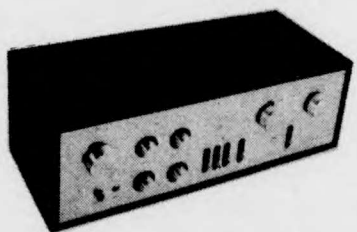
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