Canadian Capital and Secondary Imperialism in Latin America

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The last several years have witnessed a renewal of critical scholarship which understands Canada as a secondary imperialist power. While conceptualizations of Canada as a dependency of the United States have lost intellectual ground in the Canadian political economy literature, the rejection of the notion that Canada is imperialist has more recently drawn on the transnationalization thesis found in, *inter alia*, Robinson and Sklair. This article refutes these central premises. It argues, first, that Canadian capital can be measured as "Canadian". In turn, because there is a Canadian capitalist class we need to theorize its relationship with the Canadian state. Second, this Canadian capitalist class pursues its interests abroad, with the support of the Canadian state, as a secondary imperialist power within the hierarchical world system. Third, expansion of identifiably Canadian capital abroad is exemplified in Canadian investment trends in mining and finance in Latin America in recent decades.

Keywords: Canada, imperialism, Latin America, extractives, corporate ownership

Introduction

While mainstream social science has long dismissed the category of "imperialism" as ideologically discredited through its association with Marxism, the dismissal of imperialism as an analytical category is now becoming more prevalent in critical social science milieus as well. The view that the notion of imperialism has become anachronistic, given the accelerating transnationalization of capital and related decline of nation-states under globalization, has gained force in critical political economy circles in recent decades. Sometimes, the critique is combined with a defense of a decentred and borderless empire (Hardt and Negri 2001), while at other times it is paired with an argument pivoting on the ostensible predominance of transnational class and state formation (Sklair 2000, 2005; Sprague-Silgado 2017; Robinson 2004, 2014, 2008, 2007, 2003). Such general trends are finding their specifically Canadian expression in recent debates on the country's domestic and foreign political economy, paradoxically in response to a renewal of critical scholarship which understands Canada as a secondary imperialist power – against the grain of the dominant developments in the literature on international political economy.

Typically, the imperialism-as-anachronistic thesis in the Canadian context first suggests that Canada cannot be a secondary imperialist power because imperialist dynamics in general no longer explain how the world operates, even if they once did. Second, with the transnationalization of capital investing in Canadian territory, it is no longer possible to identify it as "Canadian" capital. As a result, the Canadian state no longer defends "Canadian" capital, at home or abroad, even if it once did.

This article refutes these central premises. It argues, first, that Canadian capital can be measured as "Canadian," and that the "transnationalization" of investment operating in and through Canadian territory is gravely exaggerated. If we are correct empirically on this point alone, we will have shown that the axiomatic premises of much extant literature on contemporary Canadian political-economic foreign policy are false. Because we can identify Canadian capital, we can still identify a Canadian capitalist class. In turn, because there is a Canadian capitalist class we need to theorize its relationship with the Canadian state. Second, this Canadian capitalist class pursues its interests abroad, through the support of the Canadian state, which acts in the typical character of a secondary imperialist power within the hierarchical world system. Third, the expansion of identifiably Canadian capital abroad, with systematic facilitation by the Canadian state, is exemplified in the trends of Canadian investment in mining and finance in Latin America in recent decades.

The article begins with a survey of the recent literature of Canada's role in the world system which denies Canada's position as an imperialist power. It then turns to the question of whether, in fact, we can measure "Canadian" capital. From here it moves to Canadian capital's expansion into Latin America, the role of the Canadian state in facilitating this expansion, and validity of theorizing these integrated processes as reflecting Canada's position as a secondary imperialist power.

Canada in the World

Traditional views of Canada's role in the world eschewed the idea that it could be considered imperialist (see the discussion in Kellogg 2015, pp. 4–11, 23–49). Scholarly and popular discourse of the 1970s, 1980s, and 1990s was dominated by representations of Canada as either a weak middle power whose role in the world was, at worst, benign, or as a mere dependency of the United States whose actions in the global arena were largely determined by the superpower. More recently, Leo Panitch and Sam Gindin's *The Making of Global Capitalism* reproduces the dependency argument and extends it to the rest of the world (Panitch and Gindin 2012). The United States is represented here as an unrivalled imperial power. They argue that the rest of the world had been "Canadianized" – that is, transformed into a mere dependency of the United States. Such narratives have always sat uncomfortably with overtly aggressive aspects of Canadian foreign policy, however, as well as with empirical data that indicates that Canada, in fact, has an identifiable capitalist class with economic interests that are international in scope.

Indeed, the argument that Canada is an imperialist nation – typically identified as a secondary imperialist power in acknowledgement that it cannot project itself in the same way as a superpower – pursuing an aggressive foreign policy and extensive international interests, including in the Global South, has gained greater traction over the last several years. Reports of the ecological predations and human rights conflicts in which Canadian multinational corporations are involved, especially though not exclusively in resource extraction, and more systematic studies of Canada's role in the world have offered a serious challenge to the conventional narratives of Canada as a middle power or dependency (Shipley 2017; Gordon and Webber 2016; Kellogg 2015; Butler 2015; ; Klassen 2014; Klassen and Albo 2013; Gordon 2010; ; W. Burgess 2002; B. Burgess 2000).[1]

A new twist on the argument that Canada is not an imperialist power has recently been made by J.Z. Garrod and Laura Macdonald (Garrod and Macdonald 2016; Macdonald 2016a, 2016b). They do not argue that Canada is a dependency or mere satellite of the United States, but instead argue that the very idea of imperialism rooted in a nation state, and the related notion of U.S. hegemony within the world system, are anachronistic. Their argument pivots on a few key premises. To start, they argue, with a focus on Latin America, that American power has declined significantly in the face of the rise in power of China and Brazil as regional counterweights, and of an increasing number of governments that now inhabit a space outside the orbit of U.S. influence (such as the pink tide governments in Latin America). "Brazil in particular", Macdonald (Macdonald 2016b, p. 30) argues, "has become a major regional and global actor" while other "post-neoliberal states" in Latin America, which experienced steady economic growth in the 2000s and pushed successfully for regional multilateral institutions, have been able to act more independently of the United States (Macdonald 2016b, 30, 2016a, p. 3). The United States, Macdonald concludes quite strikingly (Macdonald 2016a, p. 4), "lacks the clear political, economic, and military pre-eminence in the region that it enjoyed for most of the twentieth century." Notably, Garrod and Macdonald never explain why the supposed decline of American power means, *ipso facto*, that Canada is not imperialist – it is simply assumed that if American hegemony has declined or disappeared so too has Canadian power (Garrod and Macdonald 2016). We would suggest, however, that it is conceivable that if Canadian power is not dependent solely on American power then a decline in the latter – if such a decline is even in motion in the way Garrod and Macdonald presume – does not by definition mean the absence of the former. In any case, we will return to the Chinese, Brazilian, American, and Canadian roles in the region below.

Garrod and Macdonald (2016, p.102) further argue pace William I. Robinson, Leslie Sklair and others, that we have witnessed a transformation in global capitalism that has led to the emergence of "new transnational forms of political economic authority" in which the nation state "does not adequately capture the complexities of the transformation of the global economy in recent years". Putting aside how this contradicts their claims that American hegemony in Latin America has been eclipsed by the rise of China or Brazil (nation states, both), they argue that traditional conceptions of imperialism are insufficient to address power dynamics at a time when capitalist classes have been transnationalized, and, following David Held (2005), globalization has reduced the power of the nation-state. If we want to understand global capitalism, then, they suggest we should look at transnational systems of political and economic governance.

With specific respect to Canada, Macdonald (Macdonald 2016a, 4) argues that writers who identify Canada as imperialist "adopt highly deterministic assumptions about ties between the Canadian corporate class and the Canadian state." On the one hand, she argues that the Canadian state seldom acts in a unified and coherent way, as evidenced in the Harper government's Americas strategy that was beset by a lack of coordination between and bureaucratic territoriality within government departments. On the other, it is claimed that Canadian investment into places like Latin America is in fact not that extensive (Macdonald 2016a, p.5). In other words, Canada's international economic interests are not those of an imperial power and its state has been either unwilling or incapable of making the advancement of those interests a central and coherent part of its foreign policy, beyond perhaps trade agreements. Macdonald (Macdonald 2016a, p.11) even critiques those (specifically Gordon and Webber 2013) who have suggested unequivocal Canadian support for a violent post-coup regime in Honduras should be identified as imperialist intervention. She argues instead that such support is, "ideologically driven rather than … a clear pursuit of Canadian corporate interests because Canadian companies have very limited ties with the country" (Macdonald 2016a, p.11). But this argument presumes that the broad geopolitical considerations driving Canada's actions in Honduras, and the ideological questions intertwined with them, cannot by definition be an expression of imperialism. Such an arbitrarily restrictive definition of imperialism, we would argue, is difficult to sustain under any scrutiny.

Finally, in a further expression of their reliance on theories of transnational capital, Garrod and Macdonald (Macdonald 2016, p.105) contend that the sector of Canadian capitalism which receives the greatest attention in the literature on Canadian imperialism, resource extraction, is really only "nominally Canadian." Mining capital, they suggest, involves a "global organizing dynamic," and, indeed, "much of what we [Garrod and Macdonald] refer to today as national capital simply consists of TNCs taking advantage of competitive regulations amongst countries," such as those found in Canada. Yes, they allow, the Toronto Stock Exchange and Venture Exchange (TSX and TSXV) are the most important in the world for raising equity in the mining industry, but following Deneault and Sacher (Denault and Sacher 2012) Garrod and Macdonald argue that in fact it is mining investors from around the world, not merely Canadian investors, who are listed on the Toronto exchanges. According to Garrod and Macdonald, such global investors have incorporated in Canada to benefit from the permissive regulatory environment. Canadian mining capital, then, for them is not really Canadian in the commonly understood sense. What is more, to the extent that we can still refer to Canadian companies, Garrod and Macdonald stress that these have been subject to major foreign takeovers, most notably INCO's purchase by Brazilian company Vale. It is here their analysis comes closest to traditional notions of Canadian dependency, which have always stressed that Canadian capitalism is dominated by non-Canadian owners, though the novelty here is Garrod and Macdonald's emphasis is not on American capital, but rather transnational capital.

To summarize the claims of Garrod and Macdonald, then, the concept of imperialism is anachronistic given the transnationalization of capital and declining relevance of nation-states in the world system due to globalization. American power has declined, two indications of which are the rise of significant regional counter-powers such as Brazil and China, and the independent initiative shown by left-wing governments in Latin America in recent decades. By association, Canadian power has declined. Canada, in particular, cannot be accurately conceived as imperialist (a crudely reductionist position), nor can Canadian mining capital – key to the imperialist thesis – really be considered "Canadian." Such capital is better understood as transnational in character, operating in Canadian territory for regulatory advantage. In what follows we counter these claims, arguing (i) that Canadian capital generally, and mining capital particularly, can in fact be identified as "Canadian," (ii) that this capital has expanded abroad in ways that should be understood as imperialist, and (iii) that such expansion has been facilitated by the coordinated support of the Canadian state, acting in its capacity as a secondary imperial power. Although it is beyond the scope of our analysis to delve more deeply into this matter here, we would also simply point to the fact that much of the recent scholarship on Latin American political-economic development refutes strong claims about the decline of U.S. hegemony in Latin America, and the concomitant rise of Brazil and China, as highly exaggerated (Webber 2017; Katz 2011, 2016).

Can We Measure Canadian Capital?

Despite claims to the contrary, Canadians own the majority of capital in Canada. Those that study ownership patterns in Canada have been arguing this for a long time (for example: Kellogg 2015; Carroll and Klassen 2010; Burgess 2000; Carroll 1986). Yet, as we have the seen, the myth of foreign ownership persists, whether expressed in the dependency or new transnational capital arguments, both of which similarly extend their theoretical claims well beyond what the evidence allows. Precisely because of concerns raised about foreign ownership in the Canadian economy, Statistics Canada has been collecting data on this issue for several decades via the Corporate Returns Act (CRA), and presents it in the Cansim database. National ownership of specific enterprises and subsidiaries based in Canada can also be found in the Inter-Corporate Ownership (ICO) database. All companies that file a tax return in Canada must fill out information regarding residency of owners, directors, and shareholders that are not directors but own greater than five percent of shares, while ICO staff further collect information from other available sources on company owners and whether or not they are Canadian (Leonard, 2017). The metric they use for nationally identified control is 50 percent of voting shares. This is a conservative measure, given that considerably less than 50 percent of voting shares in many shareholding contexts translates into controlling influence for said investor. There is a built-in bias, then, toward underreporting effective Canadian ownership in terms of controlling shares.

Even with this conservative methodology, Statistics Canada data indicates that from 1999 (the earliest date for the current Cansim series covering foreign ownership) to 2015 foreign-controlled assets in the Canadian economy as a whole declined from 20 to 17.2 percent, while from 1999 to 2012 there was also, Kellogg argues, a decline of foreign-controlled medium and large enterprises (Kellogg, 2015, pp.75ff, 181; Cansim, 179-0004).[2] Foreign ownership in finance and insurance, which would include investors in mining companies listed on the Toronto exchanges – investment in the exchanges can also originate internationally – is much lower than the economy as a whole, declining from 17.1 percent in 1999 to 12 percent in 2014 (Cansim, 179-0004). Further, and consistent with the growth of FDI discussed below and the declining rate of foreign ownership in Canada, and despite the attention that foreign acquisitions of Canadian companies have received in the media and scholarly literature, from 1993 to 2016 Canadians were net buyers in mergers and acquisitions, both in terms of numbers of companies purchased and the value of assets purchased (Kellogg, 2015, p.89; Crosbie & Co., 2014 and 2016; for discussion of the supposed hollowing out of Canada in scholarly literature and media, see Kellogg, 2015, pp.86ff). Clearly, most capital based in Canada is Canadian, as determined by the data compiled through the CRA and presented in the ICO. As Kellogg (2015, pp.176) concludes, "Canada has its own capitalist class, with its own interests, its own projects, its own pursuit of profit."

This general pattern holds true in the mining industry, despite claims to the contrary in extant scholarship. Garrod and Macdonald's argument on the transnational character of Canada's mining industry rests on Alain Deneault and William Sacher's *Imperial Canada Inc*. (Denault and Sacher, 2012), as well as the anecdotal observation that most of the directors of Canadian-incorporated Gran Colombia, a company cited for human rights violations in Colombia, are not Canadian, and that another Canadian-identified company embroiled in a human rights conflict in El Salvador, Pacific Rim, was actually incorporated in the United States. The implication, according to Garrod and Macdonald, is that companies commonly viewed as Canadian should be understood differently. However, a close examination of the work of Deneault and Sacher (2012, 16) on this point shows that they extrapolate from narrow, anecdotal examples to make wide-reaching claims regarding what they suggest is the "transnational" character of the TSX/TSXV, and by association, the mining industry in Canada. They note, for instance, that the most of the world's companies are headquartered in Canada "even though their capital is not necessarily Canadian in origin."[3] But neither Deneault and Sacher, nor the government report they cite, actually offer systematic empirical evidence to support their argument that we can no longer meaningfully refer to the "Canadian" mining industry as a result of the significant weight of foreign-controlled assets (Foreign Affairs and International Trade, 2009). Instead of evidence, there is merely a supposition, one repeated by Garrod and Macdonald that because we live in an age of transnational capital, it is likely that mining capital in Canada is not identifiably Canadian.

Statistics Canada, through the CRA, tracks foreign ownership in the mining sector using the metrics noted above. According to CRA data, foreign control in the sector remained fairly consistent from the late 1990s to 2005 averaging just over eleven percent, and then, indeed, jumped sharply to 47.6 percent in 2006. That jump was driven by two major takeovers of large Canadian companies that together totaled $37 billion: Brazilian-based Vale's purchase of INCO and Swiss-based Xstrata's purchase of Falconbridge-Noranda (now owned by Swiss-based Glencore). These two major takeovers were followed in 2007 by a third major takeover, this time Rio Tinto's purchase of Alcan. Nonetheless, foreign ownership in the sector declined over the next two years and has remained at roughly one-third of all Canadian-based mining assets. That one-third foreign ownership is obviously higher than the pre-2006 ownership rate. However, it is buoyed by those three large acquisitions, while CANSIM data shows that Canadian-controlled assets once again grew at a more rapid pace (by approximately four times as much from 2009-2013) than those of foreign-controlled (Cansim, 179-0004). And given that the overwhelming majority of TSX/TSXV-listed mining companies are incorporated in Canada, and thus participate in the CRA survey, it follows that most TSX-listed mining companies are Canadian-controlled (TSX, 2016).

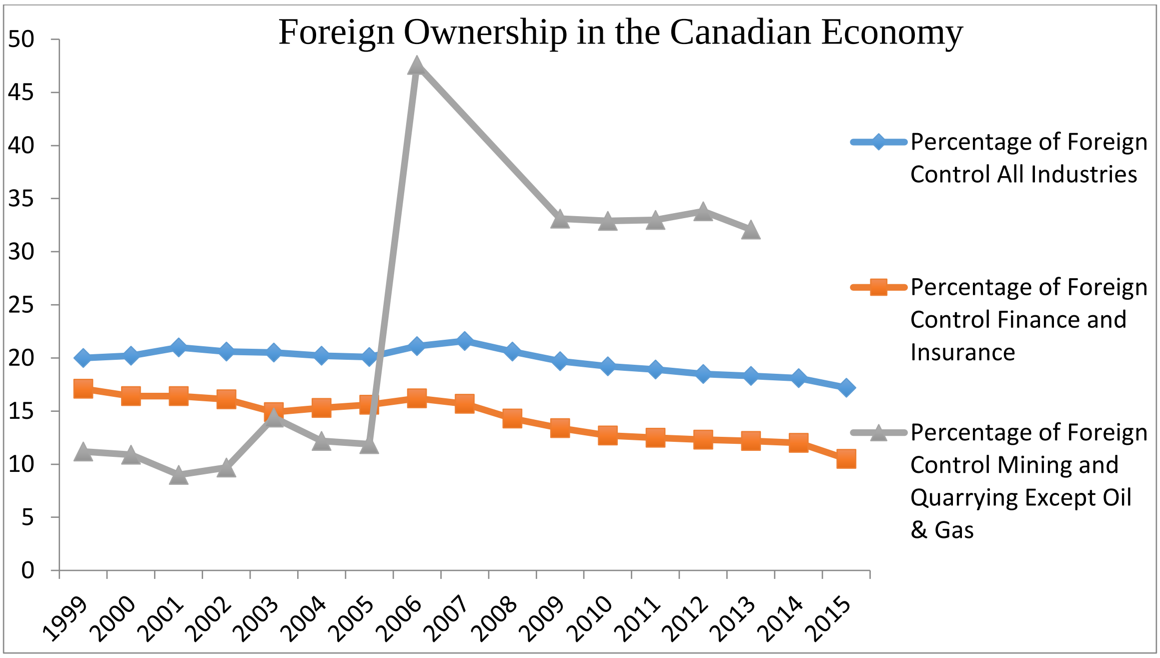

Chart 1. Source: Cansim Table 179-0004. Data for the mining industry for 2007, 2008, 2014 and 2015 were unavailable.

This is not to say that foreign investment in the Canadian-based mining industry is insignificant, or that Canadian-controlled companies do not receive foreign investment, but this data does falsify the supposition of a transnational mining industry in Canada, rather than one that is identifiably Canadian. More broadly, *contra* Robinson (2004, 2003) et al. we can note both the increase in foreign investment over the last several decades *and* the persistence of nationally-identifiable capital: companies that may receive investment originating from more than one country that are still controlled by owners (typically shareholders, majority or minority) who are based in (that is, were founded in and maintain headquarters and often R&D networks in) and identify with a country, and receive support from and maintain connections with their respective states (Katz, 2011; Albo, 2003). These two things are not mutually exclusive.

As for the specific cases of Gran Colombia and Pacific Rim, according to the ICO database the former is Canadian-controlled despite the important role of foreign investors and directors; and the latter, before it was purchased by Australian company OceanaGold in 2013, was also Canadian-controlled despite its incorporation in the United States. It was Canadian-controlled, in other words, when five opponents of its Salvadoran project were murdered between 2009 and 2011. Its incorporation in the U.S. was an obvious tactic to seek benefit from the U.S. free trade agreement with El Salvador, which it used to sue the Salvadoran government over its mining policy (ICO database; Jason Leonard, 2017).

Canadian Capital in Latin America

Not only is most capital based in Canada owned by Canadians, but Canada is consistently one of the largest foreign investor nations in the world measured in both absolute and relative terms; furthermore, a considerable portion of outwardly flowing Canadian FDI is oriented toward countries of the Global South (Kellogg 2015; Gordon 2010). In Latin America, Canadian investment grew by over 2000 percent from 1990 to 2013 to almost CAN$60 billion (Cansim table 376-0051). From 2007-2012 Canada was the second largest source of external FDI to Latin America (ECLAC, 2012).[4] In 2014 it was third, and in 2014-15 Canada ranked third in announced greenfield projects in the region (UNCTAD, 2016, pp 51, 52; ECLAC, 2016, p.34). And while Brazil's Vale is clearly a large mining concern with international interests, it is still the case that companies from the Global North dominate both the global and Latin American mining sectors. In Latin America and the Caribbean, Canada was the largest investor nation in the sector, and four countries – Australia, Canada, the U.K. and the U.S. – accounted for seventy-four percent of mergers and acquisitions from 2000-2015. Thus while both Canada and Brazil have only one acquisition each among the ten largest mergers and acquisitions (valued at over US$10 billion) in the Latin American and Caribbean mining sector over the period from 2000-2015, and three Canadian companies were the subject of such an acquisition (the ones we listed above in the discussion of Canadian ownership data that were largely responsible for the spike in foreign ownership), it is obviously the case that Canada remains a dominant investor nation in the sector in the region. Not surprisingly, then, we also find that seven of the twenty largest mergers and acquisitions in Latin America and the Caribbean between 2010 and 2015 were by Canadian companies, while only one was Brazilian (ECLAC, 2016, pp.106-107). Canadian companies, furthermore, have earned significant profits from extractive investments in recent years, due in part to the commodities boom driven by China (2003-2011).

According to the Canadian International Development Platform, the eighty operating mines owned by Canadian-controlled companies in 2012 generated a combined revenue of nearly CAD$20 billion (Canadian International Development Platform, 2013). The three biggest gold mining companies by revenue operating in the region – all Canadian – earned a net profit of US$15 billion off of the fifteen mines they operated from 1998 to 2013, with an extraordinary average rate of profit of forty-five percent.[5] At the same time, the Economic Commission for Latin America and the Caribbean (ECLAC) argues that, on the one hand, capital-intensive resource extraction is the worst job creator of the economic sectors in the region and, on the other, can contribute to serious balance of payments problems for countries with large extractive sectors as profit repatriation outstrips new inward capital flows after the initial construction phase is completed for new mines (ECLAC 2012, 2016, pp.13-14, 38). ECLAC’s findings correspond to the critical development literature on extractivism, which argues that the sector creates enclaves with poor forward linkages to the local economies (Bebbington, 2012). Canadian-led extraction, in other words, draws more wealth out of Latin America (and the Global South in general) than it contributes to development.[6]

In terms of the international presence of Canadian capital, Canada's mining industry receives the most critical attention. This is not surprising, as its human rights and ecological footprint is perhaps the most direct and visible among Canadian multinational sectors.[7] But contributors to the research on Canada's role as an imperialist nation, including Klassen, Kellogg, Burgess, and Gordon and Webber, connect it to broader patterns of Canadian capitalism, as one of the wealthiest countries in the world, whose industrial base and national ownership patterns are comparable to other wealthy countries, and whose capitalist class has grown extensive international interests, including in the Global South. These interests – in mining, but also in banking, oil transport, dam building, and clothing manufacturing, among other sectors – often bring Canadian capital into conflict with local communities and, on occasion, local governments. Undoubtedly some of these international investments involve connections to investors from other nations. Canadian banks, which own a very large portion of banking assets in the English Caribbean (through whose offshore financial centres corporate profits in Latin America often flow) and have engaged in a wave of acquisitions in Latin America since the 2000s (Gordon and Webber 2016, p.16), do not discriminate against American investments in the region. But Canadian capital's role as an important nodal point in global imperialism should not be reduced to a straightforward expression of transnational capitalist class power. The evidence does not support such a reduction. Canadian capital is identifiably Canadian, as statistical data consistently demonstrate; it seeks out profit where it can as part of its own objective interests; and it relies on the Canadian state operating both bilaterally and multilaterally to facilitate its expansion.

The Canadian State in Latin America

Over the past few decades, the distinct apparatuses constituting the Canadian state have together lent their coherent support to a repressive post-coup regime in Honduras, and provided military and ideological backing for successive regimes in Colombia, a country which boasts the hemisphere's worst record on human rights (Shipley 2017; Gordon and Webber 2016, pp. 32–81, 148–81). In Honduras, Canada downplayed the violence of the pro-coup military forces, publicly supported a president elected in a context of repression and boycott by coup opponents, worked behind the scenes to support a new mining law, and subsequently funded the country's security apparatus. In Colombia, Canadian aid money has gone to financing the rewriting of the country's mining code. Canada has also signed a free trade agreement with Colombia, despite the high rates of violence and dispossession in the country's mining zones. Finally, Canada has sold the Andean nation military technology despite its problematic human rights record. The Canadian state has also aggressively interfered in the domestic affairs of left-of-centre Latin American governments, such as that of Hugo Chávez and Nicolás Maduro in Venezuela and Rafael Correa in Ecuador, including funding opposition groups in the former and supporting pro-mining ones in the latter (Gordon and Webber 2016, pp. 208–42, 243–58). The Canadian state has facilitated ecological destruction and the dislocation of vulnerable populations in the region through its support for Canadian natural resource companies (Gordon and Webber 2016, pp.1–29; North, Clarke and Patroni 2006). Canadian governments have provided cover for exploitative working conditions in the factories of Canadian companies operating in the export processing zones of Central America (Gordon and Webber 2016, pp.72–74; Maquila Solidarity Network 2000). The Canadian state has sought to delegitimize, co-opt, or coerce popular movements that have directly challenged the economic interests of Canadian capital. This is the multifaceted reality – coherent, systematic, and self-reproducing – with which any holistic and thoroughgoing study of Canada's growing political and economic engagement with Latin America must start (Gordon and Webber 2016).

It is plainly evident that Canadian capital's penetration of Latin America has not been accomplished on its own. It has received the steadfast support of the Canadian state in all of its institutional and bureaucratic complexity — from the prime minister's office to Foreign Affairs, including embassies, the Canadian International Development Agency (CIDA) (as of 2015 Foreign Affairs, CIDA, and International Trade are now part of Global Affairs Canada), National Defense, Natural Resources Canada, and Health Canada. As Gordon and Webber (2016) have show using documents obtained through Access to Information, often times several of these departments work together (typically under the lead of Foreign Affairs and the embassies) to develop a broad strategy to support Canadian investors, particularly in countries where there is strong social movement and public opposition to Canadian extractive investment, most notably in Ecuador, Guatemala, and Honduras in the 2000s and 2010s. Canadian foreign policy in Latin America has been intimately bound up with the outward expansion of Canadian capital, both responding to the imperatives and shaping the actions of Canadian MNCs as their investment in the region has steadily grown and encountered various political and social obstacles. Canadian state managers have prioritized new and aggressive engagement with states in the region, hoping to create the best possible conditions for the accumulation of profit.

Further expansion of Canadian investment into the region has become a strategic goal of policymakers. Latin America was clearly on the radar of the Jean Chretien and Paul Martin Liberal governments of the 1990s and early 2000s, who signed the initial free-trade agreements (FTAs) in the region, as well as a series of bilateral investment treaties (or Foreign Investment Protection Agreements as they are called in Canada), including the North American, Chilean, and Costa Rican FTAs. But foreign policy engagement in Latin America was given an extra boost, and received clearer articulation, under the Harper Conservatives, who signed another four FTAs while attempting to sketch out — publicly and privately — an agenda for Canadian intervention.

Does it make sense, therefore, to identify Canada as a secondary imperialist power? Macdonald's important claim that the imperialism thesis is deterministic and fails to comprehend the fundamental incoherence of the Canadian state, including its bureaucratic rivalries, and its inability to act in a unified way, has a degree of surface plausibility. She argues that the entire premise of the imperialism thesis rests on a reductionist conception of the relationship between Canadian corporate power, on the one hand, and state management, on the other. At the level of appearance, it is easy enough to point to moments of inter-bureaucratic rivalry and policy clashes between different departments. It is also true that the interests of particular Canadian capitals are sometimes out of step with state policy. But this says little about the structured relationship between the Canadian state and Canadian capital in general, nor does it amount to a theory of the state. If Macdonald's perspective is accepted at face value we are left with a hyper-contingent explanation for state behaviour, coupled with a merely empiricist approach to describing surface-level policy developments. Against this perspective, we argue that a theory of the Canadian state is possible, and that such a theory, if properly developed, cannot escape characterizing the Canadian state as a secondary *imperialist* power in the hierarchy of the world system.

Neil Davidson has argued that when we theorize the capitalist state we ought to consider state managers and capitalists as comprising different components of the shared category of the bourgeoisie, or what is sometimes referred to as the ruling elite. The bourgeoisie, in this view, is comprised of, "a series of concentric circles," with the capitalist class – the owners and controllers of capital – occupying the centre, surrounded by various additional layers that radiate outwards. At the centre, capitalists are directly involved in "the core economic activities of production, exploitation, and competition," while the outer layers, occupied by state managers, are "more involved with those of the ideological, administrative, or technical aspects, which are nevertheless essential to the reproduction of capitalism" (Davidson 2012, p.30).

In a relatively straightforward – if indirect – way the salaries of state managers are reliant upon the total social surplus value generated by the working class, principally through taxation, while capitalists draw their profits, interest, and rent from the same total social surplus value, but in a more direct fashion. Both state mangers and capitalists are ultimately dependent on the continued exploitation of wage labour – and of our ecologies – and, at this level of abstraction, share a common set of interests (Davidson 2012, p.30). While the state shapes the dynamics of capitalist accumulation, it is itself dependent on the reproduction of capitalist social relations insofar as the latter undergird the reproduction of our society more generally. State managers also depend on individual national capitals to generate the resources that reproduce their salaries, status, and prestige, while national capitals require state managers to pursue policies that enhance their competitive position within the international economy. In this way, they are "drawn together into a series of mutually supportive relationships" (Davidson 2012, p.30).[8]

If understood in their essence, and not merely in their form of appearance, the relationship between state managers and capitalists need not contradict the processes of state fragmentation that Macdonald points to in her argument against "reductionism." The form of appearance of bureaucratic territorialism within the Canadian state, for example, does not undermine our argument in favour of a certain underlying coherence of interests between state managers and national capital. Indeed, the apparatuses of the state, "in order to maintain links to capital in all its multiple incarnations," Davidson contends, "must partly mirror capital's fragmentation" (Davidson 2012, p.31). Actual bureaucratic state administration is not a closed system, but a conglomeration of partially linked apparatuses that respond in distinct ways to divergent interests and hostilities between individual national capitals, which are themselves in competition with one another, as well as responding to certain demands of dominated classes and strata in order to ensure social order at home and abroad (Davidson 2012, p.31).

Ultimately, however, the reproduction of both state managers and capitalists depends on state managers not ceding excessive policy ground to specific national capitals, or even specific sectors of national capital, but rather on reproducing the institutional, financial, juridical, and coercive conditions – and associated predictability and stability – for capitalist accumulation in general, as well as for the sustained competitiveness of national capitals within the international system. State managers will, therefore, sometimes see their interests as distinct from specific national capitals, but not from national capital in general (Davidson 2012, p.31).

Secondary Imperialism

One useful theoretical point of departure for understanding the ways in which the Canadian state exercises its secondary imperial power in a coordinated fashion to facilitate the international expansion of Canadian capital, is Tony Norfield's recent book, *The City* (Norfield 2017).[9] *The City* is interesting to our discussion because it offers the only serious attempt to date to measure the relative weight and influence of different capitalist powers in the world today. Norfield argues that focusing too much on a single imperialist power such as the United States incorrectly "leads to the assumption that other capitalist powers are, at most, only minor accomplices in America's plans, ignoring how *their own interests* are also promoted by their actions" (Norfield 2017). Such an analysis can obfuscate the ways in which secondary powers are both embedded in and actively promote imperialist dynamics today in which capitalist powers, primarily located in the Global North, maintain self-serving asymmetrical relations with countries of the Global South. Norfield identifies Canada as an imperialist power, though not surprisingly not at the pinnacle of such power.

Norfield deploys several metrics to weigh the power and influence of imperialist countries today. First, is a country's Gross Domestic Product, which measures the value of output in an economy and includes sale of products produced elsewhere, such as cheap imports, which implies, Norfield argues, a relatively privileged position within the global economy in terms of a country's ability to invest abroad and draw on cheap foreign labour. Second, Norfield includes the stock of outward FDI, which he argues is a "simple index of one way in which companies in one country exploit workers in others" (Norfield 2017). Third, is the size of banks' international assets (what banks in one country have loaned to other countries) and liabilities (what banks have borrowed from other countries). Countries whose banks can lend large funds are powerful creditors that can draw surpluses from (often chronically) indebted nations and from global borrowers, while at the same time those that can borrow very large sums (such as the United States) have considerable power too and thus are not necessarily "vulnerable as a debtor to foreign banks" (Norfield 2017). Fourth, is the role of a country's currency in global foreign exchange trading, which can give a country influence in foreign markets and the benefit of seigniorage. Last, is the size of a country's military spending, which is an obvious marker of its ability to project hard power.

As Norfield notes, these measures are not without their limits. No one statistic can capture processes that are dynamic and rooted in often-complicated long-term interaction between countries. Nor do the metrics capture the ecological consequences of a country's actions, from production of carbon emissions to the export of pollution and ecological destruction that effects people in other parts of the world – an area in which, ignominiously, Canada is a leading player, both as a major domestic centre for mining capital and oil production (through the Alberta tarsands), and as an international contributor to the expansion of oil and gas production. The five metrics used, furthermore, are weighted equally by Norfield, even though it is conceivable that some might be more important than others at a given moment in time in determining the power and influence a particular country has in the world. Nevertheless, despite these shortcomings they can still offer a useful way of measuring a country's weight on the world stage in what are very important political-economic dynamics. By these metrics, Canada ranks eleventh on the list behind the superpower (the United States); a possible future challenger to American power, in East Asia if not beyond the region (China); six major former colonial powers (the U.K., Japan, Germany, France, the Netherlands, and Italy); a country whose large outward FDI stock is related to its large and regulatorily permissive banking sector (Switzerland); and Australia, whose military spending relative to GDP is higher than Canada's and which has historically played an important geopolitical role within the Asia-Pacific region. Interestingly, Norfield ranked Canada ahead of Russia and Brazil. Canada is obviously not a superpower, but its political-economic and military power, and its willingness to project that power – as a number of observers increasingly demonstrate – is not insignificant either.

None of this is to gainsay the growth of Brazil's role in Latin America, nor for that matter China's. Nor does it mean that the United State's role in the world or Latin America specifically is uncontested or impermeable to change. But Norfield's presentation of Brazil within the hierarchy of the world system, which contradicts the assertions of Garrod and Macdonald, comports with a significant body of literature, and empirical data, including that which we presented above with respect to the mining industry. Indeed, Garrod and Macdonald's claims about the decline of American power in the region and the concomitant rise of challengers, such as Brazil and China – which they problematically mobilize to critique the notion of Canadian imperialism in Latin America – seem considerably overstated at this point. The United States, after falling behind China, has returned as the main source of foreign direct investment *flows* (as it is for *stock*) in the region, while its military capacity is simply incomparable to that of China's. Brazil, furthermore, is in the midst of a severe economic crisis in which it has witnessed a decline of its already slight global economic influence manifest through the BRICS partnerships and an intensification of a dependency on raw material exports to rich countries that has plagued Global South countries for centuries, while during the heyday of its recent economic rise it never genuinely represented – or sought to represent – a challenge to American global hegemony or the neoliberal model that came with it (*inter alia* Saad-Fihlo, 2014; ECLAC, 2016; UNCTAD, 2016; Roberts, 2015; Bond, 2015; Jenkins, 2012).

Conclusion

We have shown that claims regarding the "transnationalized" character of investment in Canadian territory are deeply exaggerated, and that there is an identifiable Canadian capitalist class. This is hardly a marginal proposition. If we are correct, the foundations of much of contemporary literature on Canadian political-economic foreign policy are profoundly flawed. Likewise, the twin argument that transnationalized capital signifies the relative decline of the nation-state and the relevance of imperialism has been shown to be highly spurious. Rather than deterministic and reductionist, furthermore, the thesis that Canada is a secondary imperialist power accurately reflects the essence of the relationship between Canadian capital and the Canadian state, particularly as seen in their integrated operations in Latin America in recent decades. All of this has significant implications for research into imperialism going forward.

Any competent theory of imperialism has to deal with relations of competition, coordination, and power between the dominant centres of global capital accumulation – inter-imperial relations – and the uneven and hierarchical forms of accumulation and imperial domination between dominant and dominated states within the world system (Albo 2003, 89). In our view, capitalist imperialism today is characterized by deep structural inequalities between regions and countries of the world. These inequalities are exacerbated by the uneven development of global capitalist relations, and are reproduced through the active policies adopted by imperialist states and powerful international financial institutions (IFIs), such as the International Monetary Fund (IMF) and the World Bank. Capitalist imperialism involves the draining of the wealth and resources of poorer countries to the benefit of capital of the Global North, at the cost of the majority of the peoples of the Global South. Most inhabitants of imperialized countries experience imperialism through the blunt end of economic, political, ideological, and military bludgeons. ‘Underdevelopment’ or ‘dependency’ in the Global South is not a necessary structural corollary of growth and development in the imperialist core—as per classical dependency theory. Rather, it is a product of the uneven way in which capitalist growth takes shape, itself a product of the logic internal to capitalism at the national, regional, and global levels that leads the most productive capital to concentrate in already wealthy regions and spread slowly, haltingly, and often under fairly specific conditions (for instance, to access raw materials, or in response to economic crisis at home) to other parts of the globe.

What concerns us particularly, however, is not simply a question of uneven development, or simply market forces internal to capitalist accumulation. We are interested in the manners in which uneven development is amplified and reproduced through the actions of capitalist states of the Global North in order to create and recreate conditions to the benefit of Northern capital. In some cases, these actions benefit all capital, but because of uneven development the patterns of contemporary capitalist imperialism tend to concentrate benefits in the hands of capital from the Global North. State managers of core imperialist countries introduce policies such as structural adjustment, free trade, market liberalization, and political interference of various kinds in order to structure the domestic political economies of weaker nations to the benefit of imperialist capital. Within this complex, uneven, and hierarchical world system Canada is a secondary imperialist power, which defends identifiably Canadian capital, both at home and abroad.

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[1] It should be noted, however, that the argument that Canada is an imperialist nation with a well-developed capitalist class of its own has a longer historical legacy, even if the literature has grown over the past decade. See, for example, Burgess (2000), Carroll (1986), Niosi (1985), McNally (1981), and Moore and Wells (1975). A slightly different thesis which nonetheless shared the critique of Canada as a mere subordinate or satellite power was advanced by Dewitt and Kirton (1983), who argued that Canada was already a "principal power" by the 1970s.

[2] The pre-1999 Cansim table is 179-0001. Tables are terminated and replaced as a result of methodological changes that make integration between the two tables a difficult if not analytically problematic exercise.

[3] The two Toronto exchanges regularly account for fifty to over sixty percent of equity financing raised globally in recent years (Toronto Stock Exchange, 2014; 2015).

[4] According to the ECLAC report investment from the Netherlands was higher than Canadian, however ECLAC notes that Dutch FDI is in fact largely non-Dutch capital rerouted through the Netherlands.

[5] Profits and rate of profit were calculated through their annual reports produced over the years in question.

[6] Canadian FDI data is not broken down by country of control, but it cannot be reduced to foreign-controlled capital driving Canada's international mining investment (Kim, 2017 personal correspondence). For starters, the expansion of Canadian FDI in mining began before the 2006-07 takeovers noted above, when foreign ownership was very low according to Statistics Canada. At the same time, it is reasonable to assume that non-Canadian companies with assets in Canada would not necessarily initiate their foreign investment from Canada rather than from their home country. Some such companies might, but if they are headquartered, incorporated, and listed on stock exchanges elsewhere (as is the case with Vale, Glencore, and Rio Tinto) and simply own assets in Canada, then it is unlikely. Companies that are foreign-controlled and listed on the TSX/TSXV might appear in the FDI data, then, but they are a minority of TSX/TSXV-listed companies. And most of the biggest TSX/TSXV-listed companies are incorporated in Canada and – as we know from the Statistics Canada and TSX/TSXV data – most mining companies incorporated in Canada are in fact Canadian. That is not to say that non-Canadian companies do not use Canada's permissive regulatory environment and the access to capital provided by the TSX/TSXV. They do. But the evidence that most mining companies listed on the TSX/TSXV or are incorporated in Canada are not Canadian or Canadian controlled is not there as Garrod and Macdonald would suggest.

[7] Human rights violations and environmental destruction by Canada's mining industry globally is now well documented. The most recent, and thorough such study, with a focus on Latin America, is Imai, Gardner, and Weinberger (2016).

[8] While we caution against mechanistically reducing the character of the state to individuals, it is at least worth noting the movement between the extractives boardrooms and high levels of policy making in Canada in recent years, such as Jim Baird's move from the Harper cabinet to Barrick Gold or Neil Reeder, former ambassador to Honduras and official in Global Affairs Canada, to B2Gold.

[9] Gordon (2010, pp. 55-58) offers a short theory of what he described as "sub-superpower" imperialism. Similarly to subsequent understandings of secondary imperialism found in Klassen (2014) and Gordon and Webber (2016), it attempts to sketch out imperialist power dynamics of rich and powerful countries with significant international political-economic interests that nonetheless are not hegemonic like a superpower. While, as we note in endnote one above, the literature on Canada as an imperialist power stretches back several decades, Gordon, Klassen, and Gordon and Webber are deploying these concepts – sub-superpower and secondary imperialist – to theoretically frame Canada's role in an international context that is, in some important ways, different than the more bipolar international system of the Cold War, which provided the context for the early writing on Canadian imperialism in the 1970s and 80s.

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