INTRODUCTION

Throughout the course of the last two decades, Canada has experienced unparalleled levels of economic and social decline. Indeed, many would argue that—other than the depression era of the 1930s—the 1990s was Canada's worst economic decade of the century, one which continues to resonate into the present. The ongoing effect of this decline is evidenced by many markers, including Canada's drop from first place on the United Nations Human Development Index between 1995 and 2001, to third place in 2002, to eighth place in 2003. Moreover, social inequality is now greater in Canada than in most other developed nations.

Currently, Canada spends just under 19 percent of its Gross Domestic Product on social programs, which is 15 percent less than a decade ago (Barlow 2004: 7). Not surprisingly, these changes to the social infrastructure have had devastating impacts on the lives of many Canadians, especially those most dependent on social support. Since the late 1980s, the number of homeless people in Canada has markedly increased. Likewise, the number of people who receive emergency groceries from food banks has doubled between 1989 and 2000, with over 760,000 now relying on such subsidies to make ends meet (Barlow 2004: 7). Though the Canadian parliament unanimously voted in 1989 to "end child poverty" by the end of the century, the number of poor children in Canada increased 60 percent in the ten years following the promise. At the same time, the number of children in families with incomes less than $20,000 grew by 65 percent and the number of children in families on social assistance increased by 51 percent (Barlow and Clarke 2001: 119–120). Canada's approach to and record in dealing with poverty, among adults and children alike, have been attacked by international agencies whose mandate it is to track poverty levels throughout the world.

In 1999, for the first time in Canadian history, the country spent less on supporting the elderly and the unemployed than did the U.S. (Barlow and Clarke 2001: 120). Significant reductions in employment insurance (formerly unemployment insurance) benefits in the last decade has meant that only about one-third of unemployed workers presently receive employment benefits, compared to 75 percent in 1990 (Economic Policy Institute 2001: 28). Those who work for wages have also been adversely affected by recent changes. Specifically, there has been an increase in the number of contingency workers, those who work part-time or are self-employed and do not receive job security, pensions or benefits. The market incomes of the bottom 10 percent of families with children fell 84 percent from 1990 to 1996; those of the next 10 percent fell by 31 percent (Economic Policy Institute 2001: 24). And for many, the 40-hour work week has become a thing of the past. In fact, working conditions have become so onerous that thousands of Canadians have been forced to delay starting a family, this at a time when corporate salaries grew at an average rate of 15 percent per year and the number of Canadian millionaires tripled (Barlow and Clarke 2001: 120). With the decline of their social protections, Canadians have become more reliant on the private labour market than at any time in the past four decades.

In Canada, as in most industrialized nations, the gap between the rich and the poor is becoming increasingly pronounced. In 2000, this disparity was greater than at any point in the previous thirty years. By the end of 2001, Canada's 100 wealthiest citizens were worth approximately $120 billion, which equals the combined wealth of 5.4 million Canadian families at the other end of the spectrum (Hurtig 2002: 271). In 1999, "an almost unbelievable" 94.4 percent of the wealth was controlled by the wealthiest 50 percent of family units, leaving only 5.6 percent of the wealth for the bottom 50 percent of families (Kerstetter 2003: 4). Put another way, there are "millions of families and individuals living on the brink of financial disaster, while others have managed to accumulate huge slices of the wealth pie" (Kerstetter 2003: 9). If the extent of such disparity is surprising, the fact of its existence is not. Recent opinion polls indicate public awareness of the growing problem: "Canadians believe that in recent years Canada and its corporations have been doing well, but Canadians have not" (Environics poll cited in Barlow and Clarke 2001: 121).

How can we explain these changes? What accounts for increasing levels of economic and social inequality?

This book is not about the tens of thousands of Canadian citizens who have suffered the brunt of these dramatic changes. Rather, it critically examines Canada's "economic elite"—a collection of the country's richest and most powerful individuals, many of whom preside over Canada's largest corporations. The argument advanced here is that the economic elite in Canada is, increasingly, a unified and class conscious group. As a direct result of the elite's solid organizational unity and coordinated lobbying efforts, numerous policies and programs have been either cut or implemented to the benefit of this elite group—and at the expense of the majority of Canadian citizens. Specifically, this book focuses on a number of key questions. To what extent do the Canadian economic elite constitute a unified group? What mechanisms facilitate the unity of this elite? Has globalization affected the nature or extent of elite unity? What are the consequences of the unity of this group? What does their unprecedented access to power and resources mean for the majority of Canadian citizens? Put very simply: does Canada have a ruling class? If so, how does it rule?

An analysis of this kind can inform our understanding of the nature of corporate domination. Indeed, this type of class-based analysis may be more critical today than at any point in history. Corporate power has reached unprecedented levels and has taken hold of the state and public spheres, influencing decisions about who governs and how, the production process, the distribution of resources, the nature and generosity of social programs, the quality and quantity of jobs, the extent of environmental pollution and the content of media and communication systems. In short, corporations have gained an alarming degree of control over the most important aspects of our lives. What is more, corporate control has become so pervasive that these issues are now regularly treated as problems of the market, and therefore as outside the sphere of democratic politics.

An informed understanding of elite organization is also a necessary first step to understanding how economic supremacy is translated into political domination. There has been relatively little analysis done on the political influence of modern corporations, the power they exercise over governments, or the implications this has for democracy. The extent to which the elite is unified directly impacts its ability to pursue—and achieve—a common policy consensus. In other words, to be a leading social and political force, the economic elite must achieve and maintain a certain social cohesiveness as a business community with a shared perspective on what is to be done.

The wealthy and powerful have always figured prominently in this country's social and economic affairs. What is new today, however, is that economic elites appear to be increasingly politically aware and sophisticated in their dealings with government and the public. Speaking of corporate power, Tony Clarke (1997: 113) says that in recent times "big business has become much more strategic and dominant in its political activities ... corporations have begun to think and act, both individually and collectively, as a 'political machine.' ... [They] have learned how they can more effectively translate their considerable assets into political clout."

An accurate assessment of the organizational capacity and political workings of large corporations also helps to illustrate the extensive degree of class consciousness and political awareness among the elite. Many people believe that business leaders are concerned with only the short-term profit interests of their own firms. This is a false and dangerous misconception. In reality, some business leaders are highly class conscious and motivated to defend the interests of the entire class. They recognize, correctly, that they are engaged in an ongoing class struggle, and that protecting "the system" in which they thrive is crucial to maintaining their positions of power and privilege. This may be especially true in Canada because, as Thomas d'Aquino, head of the Canadian Council of Chief Executives (CCCE), tells us, "no business community in the world at the CEO level has taken such an active interest in politics" (cited in Newman 1998: 159-160). The same structures and organizations that facilitate elite unity also directly facilitate class consciousness and, subsequently, unified political action.

CLASS AND THE ECONOMIC ELITE

If you asked a typical Canadian about the range of social classes in Canada, he or she would probably speak in terms of an upper, middle and lower class, with the characteristics of each being associated with some combination of income, occupation and education. Most often, families and individuals are grouped together on the basis of income. Those with the highest incomes are said to constitute the upper class, those with the lowest incomes represent the lower class, and most other workers combine to form the middle class. While these differences are meaningful, differences in income (as well as occupation and education) are more reflective of a person's socio-economic status than their class position. In the social sciences, class is usually understood in terms of one's specific relationship to the current economic system. Drawing on Marxist terminology, this perspective assumes that the attributes noted above matter less than does a person's location within the structure of capitalism.

At its most basic level, capitalism is a mode of production (or way of producing and distributing goods) consisting of two major classes. The dominant class owns and controls the principal means of material production and is usually referred to as the capitalist or owning class. Because productive activity is central to human existence, owning the means of production is a source of enormous economic and political power. The subordinate class is represented by those who work for wages. This class is commonly referred to as the working class because its members own no significant means of production. In economic terms, the owning class is sometimes referred to as capital, while the working class is referred to as labour. Most members of the working class must sell their labour power to capitalists (who "own" the jobs) in exchange for a salary or wage. Capitalists buy labour power in the same way they purchase other commodities: the lower the purchase price, the better able the employer is to secure profits. Given that the structure of capitalism presumes an inherent power differential between capital and labour, the relationship between these two classes is characterized by class conflict and exploitation.

In recent times, the corporation has emerged as the most powerful organizational unit of capital. A major historical trend in the Canadian capitalist structure (and those of other countries) has been the increasing concentration of capital in a relatively small number of dominant corporations. In Canada, and to varying degrees in nations throughout the world, the economy, state and political systems are now heavily influenced by these vast institutions.

While it sometimes makes sense to restrict class membership to the two broad classes noted above, doing so can often inhibit meaningful analysis. A person's position in the labour process is certainly important, but it does not strictly coincide with a person's class position. Class, status and power are distinct but entangled in very complex ways. The subtleties involved in defining class membership extend to all members of society, including those people who occupy the most powerful positions. Individuals who own the means of production (or the majority of shares in major corporations) often stand in similar relation to capital as those who operate corporations on their behalf. Thus, some researchers have found the term "economic elite" more accurately characterizes class and power in modern society.

In Canada today, there exists an economic elite that controls the country's major industrial, financial, and commercial companies and utilities. The elite consists of two major groupings: the capitalist class—large shareholders in major corporations—and the senior executives of business management. The inclusion of these two groups in one category—the economic elite—generated considerable criticism and debate in previous writings. Two of the most prominent writers, C. Wright Mills (1956) and Ralph Miliband (1969), argued that these different groups should not form distinct analytical categories, as they are united by their interest in the ownership of big business. Both stressed the fact that professional managers and executives are often among the largest shareholders, regularly buying shares through preferential purchasing schemes. Furthermore, they argued, even those top executives who do not become major shareholders are easily assimilated by the elite and have similar goals, motivations and commitments.

In the upper echelons of corporate power there is another group, many members of which are included within high management, active in corporate governance. This group Gramsci (1971) calls "organic intellectuals"; they may be lawyers, academics, consultants and other professionals. Gramsci did not view capitalists and organic intellectuals as mutually exclusive categories; rather, he recognized a considerable convergence of the two groups. Indeed, because of their social position, the needs and interests of organic intellectuals harmonize with those of major shareholders.

Other scholars have criticized the alleged unity between capitalists and their high managers. For example, Jorge Niosi (1982) points out that upper-level managers and advisors often hold few shares and are not typically assimilated into the world of major shareholders. Accordingly, a clear distinction must be made between these two groups. The term "economic elite" tends to blur this distinction, leading to theoretical and empirical errors. In this view, the power of managers and advisors is ultimately derived from that of the capitalist class; they were hired and can be fired, holding on to their positions only through satisfactory performance. In other words, high-level managers and advisors do not own the means of production. Therefore, they cannot belong to the economic elite. Other analysts, such as Nicos Poulantzas (1969, 1975b), go further and argue that any focus on elite individuals warrants theoretical concern because it is the structure of capitalism that is "all-determining." In other words, it is the positions that have power, not individuals, who are replaceable.

Even with these contrary perspectives in mind, it seems appropriate to see the economic elite as including the capitalist class and its upper-level managers and advisors. Insofar as the latter group does possess and exercise considerable power—power that is derived from ownership but also rooted in organizational position—it makes sense for the two groups to be considered together in an analysis of corporate power. Moreover, the relative power of each group cannot be easily or obviously distinguished. Does a high executive with few shares, for example, have less than, the same as or more power than a major shareholder who is not involved in the control of his or her company? Put simply, the relationship between investors, directors and managers in the structure of power is a very close one. Each group relates to the corporation and derives its power from that relationship.

UNDERSTANDING THE ECONOMIC ELITE

The debate about economic elites includes theoretical disagreements. "Unity theorists" claim there is strong social cohesion and political solidarity among corporations and their elite members. In contrast, "disunity theorists" argue that different segments of the business community do not form a cohesive whole and routinely oppose one another on political issues. Individual corporations or fractions of capital, disunity theorists maintain, are far too concerned with their own particular goals and interests to come together as a united force. Chapter One explains this theoretical debate and talks about some of the economic and political changes in the world since the early 1970s.

Part Two of the book begins to show how the ruling class rules. Chapter Two focuses on concentrated economic ownership. In general, through corporate mergers and acquisitions, diversification patterns and intercorporate ownership, increasing levels of concentration have resulted in fewer competing interests in the domestic market, which, in turn, has resulted in greater economic cooperation among elites. Further, these processes have expanded the range of economic sectors and activities that corporate executives are involved in, broadening their focus and tying them together in pursuit of common goals. Canada's mass media is given special attention in Chapter Two because of the role it can play in setting agendas of public debate. Chapter Three defines and explores the Canadian network of interlocking directorates. The boards of dominant corporations serve to integrate the elite and establish a broad, class-based outlook among corporate executives.

In Part Three, the discussion turns to three important—and often overlooked—organizational sources of unification: intersectoral policy organizations, advocacy think tanks and free-enterprise foundations. Together, they comprise the "policy formation network." Policy organizations and think tanks (Chapters Four and Five) both provide a setting for members of the elite to establish a common policy outlook and a set of strategic initiatives that help put policy consensus into action. Chapter Six outlines how foundations provide a key source of funding for think tanks and enable the elite to direct vast sums of money towards particular political projects. The organizations of the policy formation network are heavily interlocked with each other and with the corporate community. Together, these organizations unify the elite by helping to clarify their political agenda and by giving the veneer of objectivity to the political interests of the ruling class.

Part Four of the book discusses the mechanisms that tie Canada's economic elite to the state and political systems. These ties play a key role in establishing a common policy perspective within the state elite, as well as among capital, the state and political parties. In Chapter Seven, the focus is on overlapping interpersonal ties between capital and the state, the social class backgrounds of elites, and the connections between Canada's major political parties and their corporate benefactors. These ties are important because some degree of continuity and cohesion between the major systems of power is needed for a united business class to assert its dominance effectively. From this perspective, the networks of elite relations detailed in Part Four are unifying mechanisms in their own right.

The concluding chapter shifts the focus from elite unity and business power to the ways in which Canadians and citizens around the world have started to resist corporate domination. If Canada's economic elite is indeed the cohesive and powerful political force suggested here, the implication is that challenging such power will not be easy. Citizens who wish to promote progressive social change must realize that the odds are not in our favour. This is made clear by Tom D'Acquino, head of the CCCE. He states:

> If you ask yourself, in which period since 1900 has Canada's business community had the most influence on public policy, I would say it was in the last 20 years. Look at what we stand for and look at what all the governments, all the major parties… have done, and what they want to do. They have adopted the agendas we've been fighting for in the past few decades. (cited in Newman 1998: 151)

Only a highly organized business community, effectively unified around key public policy issues, would have been able to achieve what D'Acquino describes. Because social and economic policy is largely the product of organized and conscious effort on the part of business leaders, what this actually makes clear is that there is nothing remotely inevitable about the current situation. That is to say, a great deal of potential exists for citizens to alter current economic arrangements to realize the interests of the vast majority. Collective social action could change the public policy consensus. If the goal is genuine democracy—in which the economy serves the needs of the general population—the current conditions of corporate rule must be challenged.

The overall purpose of this book, then, is not only to illuminate some of the critical aspects of power relations in Canadian society and around the globe, but also to emphasize that these relations are not inevitable, that they could be modified through networks of social activism and unified resistance. An essential pre-requisite to opposing corporate rule is to understand how the elite is able to dominate economic, social and political life. To confront this stark political reality, people must become conscious of it. It is hoped that this book makes a small contribution to such an understanding. Today, given the intensive corporate efforts to undermine the significant gains that have been won through decades of popular struggle, in the West and elsewhere, these issues could not be more important. If people become aware of the present reality, construct alternatives and implement the necessary mechanisms to realize those alternatives, corporate power could be seriously challenged in the years ahead. Society's energies may then be devoted to genuine and urgent human needs.