

STATE REORIENTATION AND DISCURSIVE STRATEGIES OF THE CANADIAN
COUNCIL OF CHIEF EXECUTIVES

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Abstract

The Canadian Council of Chief Executives (CCCE) is a lobby group for Canada's top 150 CEOs. This organization consolidates the various demands of corporate capital into a unified voice to influence Canadian public policy. This thesis will periodize the CCCE's policy recommendations from 1988 to 2008 to historically examine the evolving trajectory of discourses produced by the CCCE. To theorize processes of state reorientation and economic restructuring occurring in Canada, and the CCCE's role within these transformations, this thesis draws on Jessop's (2002) concept of the "Schumpeterian Competition State". I also employ Gramsci's (1971) theory of hegemony to frame how the CCCE persistently attempts to replace existing forms of "common sense" with their own particular form of economic rationality. I conclude that the CCCE provides strategic-discursive frameworks that positively interpret processes of economic restructuring, helping reorient Canadian public policy, thus illustrating the CCCE as a conduit of hegemonic discourses.

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The Canadian Council of Chief Executives (CCCE) is a non-partisan lobby group whose membership consists of Canada's top 150 CEOs. Representing CEOs from all sectors of the economy, this organization consolidates the various demands of corporate capital into a unified voice to provide more leverage when lobbying Canadian governments and other private and public institutions. Founded in 1976 as the Business Council on National Issues (BCNI)¹, the CCCE has taken an active lead in its attempts to shape public policy in Canada. According to their website, the CCCE's mandate is "to ensure the Canadian chief executives play an influential role in the international financial, trade, investment, environmental and foreign affairs domain" (Canadian Council of Chief Executives, 2008). This is achieved through an "active program of public policy research, consultation and advocacy" (Canadian Council of Chief Executives, 2008). In their attempts to shape Canadian public policy, there are two key methods operationalized by the CCCE. The first method is to act as a "shadow government", closely examining government policies and proposing policy recommendations often before government officials have given the issue at hand close attention. The second method consists of "consensus formation" with specific constituencies and the public at large. As opposed to other centers of business activism—such as C.D. Howe and Fraser Institutes—who identify themselves as "think-tank" organizations, the CCCE publicly states their purpose as being consensus formation. Therefore, as opposed to simply producing research which advocates the needs of corporate Canada, the CCCE claims they want to bring all Canadians into a national discussion in how to best shape the national economy and ultimately Canadian society. Through this dialogue, the CCCE acts as a conduit

¹ Prior to 2001, the CCCE was known as the Business Council on National Issues (BCNI). For convenience purposes, I will use both names interchangeably through the remainder of this thesis. Depending on the time period at hand will dictate which name I will use.

administering the general concerns of the executives of the corporate elite with those of Canadian civil society with the intent of aligning the interest of the former with the latter. With its membership representing more than C\$3.5 trillion in assets and earning over \$800 billion in revenue annually (Canadian Council of Chief Executives, 2008), the CCCE is a influential organization with deep pockets that enjoys access to a wealth of campaigning resources in the Canadian business activism community.

The objective of this thesis is to offer an historical examination tracing the discursive strategies used by the CCCE in their attempts to shape public policy in Canada. This means that this thesis is concerned primarily with examining the second method of the CCCE—consensus formation—and the discursive techniques used to consolidate this consensus. In relation to understanding how the CCCE consolidates consensus, this thesis is also concerned with examining the degree of discursive power the CCCE exercises in forming Canadian public policy.

Before proceeding, it is important to define some key terms. The term “discourse” can be defined as being illustrative of a series of social practices. “Social practices” can be defined as a continuous series of interconnected networks of economic, political and cultural activities. These social practices belong to a dialectical relationship with different forms of meaning-making such as text or language. This dialectical relationship between social practice and meaning making is where discourse is born. Social actors are constantly producing language, text and any other form of meaning making to reposition their self in society to a position which they see as being more rational and morally superior to their opposing lines of discourse. Discursive power is different from corporate power. Corporate power can be defined as: “the power that accrues to enormous

concentrations of capital—in the modern world, large corporations” (Carroll, 2004: 2). This power is born from the asymmetrical relationship between large pools of capital and workers, communities, and states which are dependent on large corporations to “invest in a given place at given time, and in this fundamental sense the concentration of corporate capital is a concentration of corporate power” (2). Discursive power, on the other hand, describes the ability of one set of social actors to successfully present their positions as more legitimate in the eyes of targeted audience than those of competing social actors. This thesis is primarily concerned with the degree of discursive power exercised by the CCCE.

The research objectives stated above are relevant for two reasons. First, as an organization which represents the collective interests Canada’s largest and wealthiest companies, the CCCE has seen many successes over the past thirty years which have significantly transformed the economic, social, and cultural fabric of Canadian society. For example, during the mid-1980s the CCCE was instrumental in both lobbying the federal government led by Brian Mulroney, and the Canadian public, using a multi-million dollar public campaign to help create Canada’s Canada-United States Free Trade Agreement (CUFTA) in 1987. Other success stories of CCCE recommendations include the consumer-based taxation system of the Government Sales Tax (GST), legislated in 1990 and pushing for increased fiscal conservatism through restructuring of various social programs such Unemployment Insurance (UI) and the Canadian Pension Plan (CPP). Although the CCCE did not single-handedly catalyze these events, they did, however, play a key role in publicizing these issues transforming the space in which these debates were allowed to take place. Second, since the work of Languille (1987), there has

been no extensive research conducted exclusively on CCCE. Although there have been many authors who have included the CCCE in part of larger research projects (Browlee 2005; McBride 2005; Smith 2005; Gabriel and Macdonald 2004; Carroll 2004; Carroll and Shaw 2001; McDowall 1994; McQuaig 1991; Atkinson 1989), none have traced the evolving trajectory of power of this organization and the position and role they currently hold in Canadian society today². Thus the CCCE has escaped a focused examination for the past twenty-one years.

In order to more fully understand consensus formation, there will be a brief discussion illustrating public space in which the CCCE operates and battles with other activist groups in hopes of molding public policy. From here I will introduce the role of “consent” which plays a vital role in the CCCE’s attempt at “consensus formation”. I will draw a distinction between the two terms and illustrate how the CCCE attempts to confuse the latter with the former in order to pursue the ideas and aspirations of their members. To theorize the relationship of the CCCE vis-à-vis corporate Canada and civil society, I will introduce Gramsci’s (1971) concepts of hegemony and the organic intellectual. The intention is to illuminate *why* the CCCE pose their recommendations in a particular language and *how* they have legitimated their mandate in the face of oppositional forces. From here the discussion will be brought back to the role of consent and strategies of hegemony used by the CCCE to maintain leverage over their opposition. Finally, I will outline the structure of the remaining chapters of the thesis.

² Carroll and Shaw (2001) is the only exception of this through conducting an analysis of the CCCE along side four other Canadian business activist organizations. See *Consolidating a Neoliberal Policy Bloc in Canada, 1976 1996*.

Discursive Terrain

Since it is the CCCE's main priority to establish the general parameters in which public policy formation in Canada takes place, it is useful to conceptualize this organization as operating on a discursive terrain with other interest-oriented public organizations and social movements. There are many critics who attempt to portray large Canadian corporations in a negative light³. In general, these critics argue that large corporations help maintain structures of socio-economic inequality and are allowed to exist in an economic position of gross imbalance vis-à-vis the middle and working classes in Canada. In light of these negative views, it is the task of the CCCE to continuously challenge political discourses that criticize the economic position and very existence of their membership. It is the CCCE's ultimate goal to transform the Canadian psyche, to construct a reality which rejects views that illustrates the corporation as a vehicle of economic injustice, and instead replace it with the idea that these businesses are active participants in local communities and the vehicle of wealth creation for all Canadians. In other words, the CCCE wishes to build consensus among all Canadians, whether it be with trade unions, the Council of Canadians, or government policy makers. According to the CCCE, this is achieved by persistently placing the role of big business in a positive light while simultaneously challenging public figures who disagree.

It is important to note the relationship between public discourse and government policies. Without the consent of Canadians, many social and economic policies would simply be short-lived, threatening the credibility of both the elected officials and the mandate of the organizations which publicly support the policies in question. Therefore,

³ Generally speaking, opposition comes from left-leaning organizations such as the Canadian Center for Policy Alternatives and the Council of Canadians, labour unions, environmental organizations, and any other organization which problematize neo-liberal forms of capitalist expansion.

for the CCCE to provide corporate-friendly policy recommendations that are sustainable in the long-term, they *must* successfully campaign the general public to earn their consent. Thus, it is equally important for the CCCE to both engage the public imagination as it is to act as a “shadow government”. It is useful to think of the CCCE as having a dual-function: a) a lobby organization which advocates the ideas and aspirations of their membership; and b) a consent builder to legitimize the agenda of their membership.

The CCCE must also find consensus both within their membership and with other leaders in the business community. Capital is not a monolith, but rather a series of competing fractions of capital. Different fractions of capital have different needs that must be met in order to successfully expand. For example, the needs of a small restaurant franchise will be different from those of a large multi-national corporation. Also, large corporate fractions of capital often compete with one another—such as finance versus industrial capital and domestic versus international capital—for both the augmentation of surplus-value and the political representation to influence state policy. Furthermore, fractions of capital are differentiated by the degree which they are “integrated into the international economy and constrained to the national economy” (Bryan, 1987: 263). For example, financial capital is more fluid, quickly moving between international borders in the pursuit of profit, whereas manufacturing capital is often tied to specific national economic jurisdictions with less mobility. This divisiveness between fractions of capital can produce contradictory demands, situating different fractions of capital in potentially conflicting relationships. Therefore it is the task of the CCCE to find a common ground within this community to help optimize their lobbying power.

Theoretical Formulation

The prime objective of the CCCE as stated by the CCCE is to build “consensus” in finding acceptable economic policies for all Canadians. However, the contention of this thesis is that the CCCE—through the veneer of “building consensus”—seeks to *create* consent to set the general guidelines in which public policy is created in Canada. Through setting these guidelines, the CCCE garners the ability to draw sympathetic reactions from the Canadian public during processes of capitalist expansion. Achieving consent in this context deepens the economic position of Canada’s largest businesses, legitimizing processes of economic restructuring to create new forms of capital accumulation.

Building “consensus” is different from building “consent”. The term “consensus” implies a democratic process, where final decisions are reached by a majority view through a process of participation. Consent, on the other hand, means to agree and comply; to give permission to an already existing criteria or belief system. It is for this reason the CCCE pose their mandate in a language which implies collectivity and diplomacy as opposed to asking for permission to pursue a self-serving agenda.

To frame the relationship between consensus and consent and the function of the CCCE in relation to the corporate class and the general public, I will employ Gramsci’s theory of hegemony and the concept of “organic intellectuals”. Gramsci used the notion of hegemony to explain why capitalism was becoming more entrenched in western societies, as opposed to shifting towards a socialist revolution, as predicted by orthodox Marxists. For Gramsci, the answer to this question lies in examining the cultural bond between the bourgeoisie and the proletariat. Entrenching capitalism was not simply a question of maintaining economic and political structures of coercion, but also conveying

the values of the bourgeoisie as universal, a form of “common sense” to be understood by the proletariat, creating a cultural common-ground between the former and the latter. Accomplishing this feat resulted with the working class identifying their ideas and aspirations with those of the bourgeoisie, thus preventing any type of revolutionary activity—or a “counter-hegemony” of opposing forces. For a socialist revolution to occur, the proletariat would first have to reverse this process of cultural assimilation, beginning by drawing clear ideological boundaries between themselves and the owners of the means of production. Once these ideological boundaries were established, only then could a socialist revolution pose a legitimate threat to the bourgeoisie.

One key mechanism in establishing and administering hegemony was the function played by the “organic intellectual”. For a hegemonic class to exist and maintain a position of domination there must be class of intellectuals who can both articulate and direct the ideas and aspirations of this dominating class. Gramsci claimed: “Every social group, coming into existence on the original terrain of an essential function in the world of economic production, creates together with itself, organically, one or more strata of intellectuals which give it homogeneity and an awareness of its own function not only in the economic but also in the social and political fields” (1971: 5). In other words, maintaining a position of hegemony does not rely exclusively on access to coercive structures and institutions, but also on a group of intellectuals that emerge “organically” from this class who continuously recreate the cultural conditions necessary to the expansion of their own class. These organic intellectuals are the “organizers” of society, the consensus builders, bridging the ideas and aspirations of the bourgeoisie towards those of the proletariat. The key to success for these “consensus builders” lies in their

ability to pose ideas and aspirations in a language which the proletariat could not express themselves. Furthermore, the proletariat would internalize these aspirations of the ruling class and begin to reproduce these very ideas themselves, permeating the attitudes, values and beliefs of the general public, thus reaffirming hegemony. The ultimate product would be the construction of consent from the working class, in turn legitimizing the bourgeoisie's position of domination and preventing any talk of revolution: "Mass adhesion or non-adhesion to an ideology is the real critical test of the rationality and historicity of modes of thinking. Any arbitrary construction are pretty rapidly eliminated by historical competition...whereas constructions which respond to the demands of a complex organic period of history always impose themselves and prevail in the end..." (341).

The relationship between hegemony and consent is a mutually reinforcing one. A class which gains consent for the reproduction of their class will exist in a position of hegemony over other classes. Conversely, once a class is in a position of hegemony, it must maintain consent to ensure hegemony, therefore making hegemony a constant process of re-legitimization. Once hegemony is achieved, organic intellectuals must create new forms of common sense, capable of smothering new forms of opposition (and potentially counter-hegemony); a cycle that continues until the current hegemon can no longer stamp-out the voice of opposition with their own forms of rationalities. It is at this point when a crisis of legitimacy occurs, where the ruling class loses legitimacy and ultimately their domination.

The CCCE is an organization of organic intellectuals who express "the organic relationship between the business of capital accumulation and the politics of policy

formation” (Carroll, 2001: 196). The CCCE are the 'deputies' who are entrusted with the "activity of organizing the general system of relationships external to the business itself" (Gramsci, 1971: 6). Through the veneer of “building consensus”, consent is established through bonding together the ideas and aspirations of the CCCE members to that of the general public, where the specific course of social development elaborated by the CCCE are posed in universal terms. Instead, however, these terms are catalyzed by the needs of CCCE members and promote the continuing expansion of their own class. Since 1976, the CCCE has successfully fulfilled this role of establishing, re-legitimizing and expanding the needs of its membership, thus ultimately entrenching hegemony. What has yet to be examined is how the subject of consent has transformed and why?

Strategies of Consent

Hegemony, in relationship to the CCCE, also involves a degree of compromise. Gaining consent is not simply a process of aligning interests of one group with another to establish hegemony, where the hegemonic force dictates all ideas and aspirations.

Hegemony is negotiated through a set of compromises. Mahon describes the relationship between compromise and hegemony:

First, [the ruling fraction] must be able to make sacrifices, which allow other forces to realize certain of their material interests. This is the price it must pay to secure their consent. Second, such sacrifices cannot be allowed to threaten the leading fraction's core material interests. *Both of these conditions must be met on a continuous basis if the leading fraction is to maintain its hegemonic position* (original emphasis) (1984: 12).

Although Mahon is discussing hegemony in the context of competing fractions of capital within a national economy, her logic is pertinent to this discussion.

The CCCE realize that if they portray themselves as uncompromising in their demands, they will be increasingly vulnerable to oppositional criticisms. Blatant neo-liberal demands are quickly rejected by many Canadians, especially when they involve diminishing social spending. Therefore the CCCE must compromise both the language in which they pose their recommendations and compromise the policy recommendation itself if it substantially threatens the material interests of competing social forces. It is for this reason that the CCCE describe their mandate as “consensus” builder as opposed to a creator of consent.

When the CCCE seeks consent from Canadians in establishing the boundaries of public policy, it does not take place on a single isolated issue, such as free trade or the environment. Instead, the CCCE looks for consent on a spectrum of issues, which aggregately coalesce towards the general goal of increased capital accumulation. This becomes apparent through an examination of the policy objectives of the CCCE over the past thirty-one years. The CCCE has provided recommendations on issues covering the social, cultural, environmental, political and economic realms of everyday life. Although these issues are seemingly distinct, they share the common thread of promoting economic competitiveness in an increasingly globalized economy, persistently venerating the tenets of neo-liberalizing economic and social policy in Canada.

It is important to note that building consent also involves a process of destroying alternative options. Since giving one’s consent implies complying with an already existing set of ideas, the CCCE must make sure that Canadians comply with *their* set of economic aspirations for Canadian society. Therefore, to ensure hegemony the CCCE

must actively denounce alternative arguments as irrational and unrealistic to the “goals” of Canadian citizens, replacing one set of rationality with another.

However, replacing one set of arguments with another is not simply a process of trying to make one’s opposition look unreasonable; it is also a matter of influencing the very ideas and aspirations of one’s intended audience. To ensure consent, the CCCE must transform the very aspirations of Canadians, replacing them with their own moral and intellectual order in which Canadians can build their aspirations. Simply put, through aligning the goals of Canadians with the leaders of big business, the easier it is to prescribe “reasonable” recommendations and gain consent. By unifying the interests of big business with those of regular Canadians, the CCCE gains an advantage over their opposition on the discursive terrain of competing rationalities, thus establishing a position of hegemony: “That is what hegemony entails—not that the BCNI [CCCE] should dictate public policy, but that it evoke a sympathetic set of compromises. The Business Council should not be judged on whether it always gets everything it wants but on whether it is generally able to have its way, that is, on whether it sets the framework for public policy” (Langille, 1987: 52-53). Consent, (and ultimately hegemony), comes from Canadians acquiescing to the general guidelines set by the CCCE.

Research Methods

There are two methods which were used to fulfill the research objective of this thesis. The first is a close reading of secondary sources that allowed me to reconstruct a series of political economic events that were occurring nationally and globally from 1945 to the present. Since I have not conducted any original research beyond the examination of

CCCE policy reports, this thesis relied on the work of others to help recreate the historical conditions that shaped the creation of this organization. I have used primarily academic texts—with the exception of a several newspaper and magazine articles—that were concerned with the political economic forces relating to the CCCE both directly and indirectly.

The second method of analysis consisted of a textual periodization of major policy recommendations published by the CCCE from 1983 to 2008. Each year, the CCCE conducts research on a series of issues that are published into papers presenting particular policy recommendations on a variety of issues. These policy reports are the main vehicle in which the CCCE deliver their demands publicly and are critical to fulfilling the mandate of this organization. The intent of this method is to examine the evolving discursive strategies of the CCCE. Over the course of the past thirty-one years, the CCCE has expanded their repertoire of contention to include new policy items into their recommendations. An example of this would be the incorporation of environmental and security issues into their policy reports during the past decade. Over time, the epistemological framework in which they build their recommendations evolves, growing in breadth and nuance as economic transformation occurs both nationally and globally. The type of language they use also transforms in order to produce new symbols that can effectively portray their position as morally and rationally superior to their opposition's. At the same time, the type of audience that the CCCE targets develops, influencing how the CCCE communicate their messages. Through analyzing these documents historically, and presenting them in the form of a periodization, one can shed light why the CCCE have changed their discursive strategies in a particular direction. Furthermore, by

juxtaposing this periodization beside political economic conditions of their time, one can make claims to describing the type of power and influence the CCCE exercises in transforming Canadian public policy.

It is important to note at this point that this periodization begins in 1988, even though there are policy papers going back to the early 1980s. I have chosen to structure my analysis in this fashion since the period from 1976 to 1988 has been examined in detail by David Langille (1987) in his paper titled *The Business Council on National Issues and the Canadian State*. The original research conducted for this thesis was structured with the intent of focusing primarily on the period immediately following Langille's work. Close analysis of this period from 1988 to the present has not occurred. Thus, I will build on the work of Langille by focusing my analysis on this period. Furthermore, chapter two outlines the political activities of the CCCE during this time from 1976 to 1988, giving the reader a strong sense of what occurred during this time.

Research Procedure

To begin analysis, chapter two will introduce the historical conditions that led to the birth of the CCCE in 1976. It is here where I will employ the first method described above. This chapter will begin with a brief overview of the general political economic conditions in both Canada and globally beginning after WWII until the early 1970s. From here, my analysis will then focus on a series of political economic relationships between the state, corporate Canada, and the labour movement that coalesced with the creation of the CCCE in 1976. Next I will examine the composition of the BCNI's original membership in 1976 and their bureaucratic structures for policy formation. Finally, chapter two will retrace the

CCCE's infiltration into the policy formation process that led to the signing of the Canada-U.S. Free Trade Agreement (CUFTA) in 1989. In doing so, this chapter will provide the necessary contextualizing on which the succeeding chapters will build.

Chapters three through five will present the discursive periodization of the CCCE's policy recommendations, where each chapter represents one period that I have identified through my research. The boundary between different periods constitutes a major research initiative undertaken by the CCCE. Each research initiative indicates a significant reorientation of the CCCE's epistemological and ontological assumptions used in constructing their policy recommendations, thus transforming the character of their demands. These three chapters are concerned with *why* the policy demands of the CCCE have taken a particular direction.

Chapter three examines the period from 1988 to 1993, looking at how particular political and economic issues nationally and globally influenced the CCCE to reconstruct the meaning of competitiveness to embody the notion of "social progress". Chapter four analyzes the period from 1994 to 2000. I will retrace how forces opposed to processes of economic restructuring and neoliberal forms of social regulation compelled the CCCE to develop further the definition of competitiveness to justify their policy demands. Chapter five will examine the post 9/11 era from 2001 to 2008. I will consider how processes of securitization shifted policy recommendations towards a new strategy of global competitiveness based on deeper continental integration and heightened securitization. Furthermore, this chapter will observe how consecutive years of budgetary surpluses turned the CCCE into a watchdog of public spending, using discourses of risk posed by globalizing forces to persuade government officials not to spend large sums of money

sitting in government coffers. It is the intent of these chapters to illuminate why the CCCE developed particular discursive strategies in hopes of demystifying the veneer of objectivity and rationality which the CCCE depict their recommendations.

Unlike chapters three through five, chapter six is concerned with *how* the CCCE has influenced Canadian public policy over the course of its existence. The purpose of chapter six is to theorize processes of economic and social change in Canada and the CCCE's participation in this transformation. Using Jessop's (1993, 2002) theoretical framework titled the "Schumpeterian Competition State" (SCS), I will illustrate how the CCCE has been instrumental in producing successful policy recommendations that have been used to reorient state regulation, business, and the minds of Canadians towards a new form of capital accumulation. Outlining how the CCCE present recommendations that are "Schumpeterian" in character, I will focus on the discourse of "innovation" used by this organization to establish their influence in shaping Canadian public policy. Closed national boundaries and economies of scale are no longer viewed as competitive by the CCCE, which now looks to increased competition with other national economies and the production of new and innovative technologies to maximize wealth creation. Contextualized within a framework of "progress" and "objectivity," the CCCE presents "innovation" as the only means that can lead Canadians towards a secure life of social and economic well-being. However, I will argue that "innovation" is used in part to generate consent for economic restructuring while simultaneously depicting the interests of capital as universal. I will conclude that the discourse of innovation is an ideological project threading together the aspirations of elite corporate capital to produce a new

hegemonic order of understanding of what it means to remain competitive in the international global economy.

Chapter Two: Historical Conditions of the CCCE: 1945-1976

The creation of the CCCE in 1976 by a group of corporate executives belongs to a larger process of economic restructuring that was occurring both in Canada and internationally. Therefore, to fully comprehend the events which catalyzed the birth of the CCCE, it is necessary to trace the rise and fall of Keynesian economic policy in Canada beginning in the early years following World War II.

The years shortly preceding World War II were marked by a historical juncture which made feasible new arrangements between labour and capital through a role of heightened state intervention; a new arrangement of what would become known as the Keynesian welfare state (KWS). After enduring ten years of economic depression and the brutalities of participating in World War II, Canadian workers demanded a sense of social security and economic well-being. Also at the time, structures of capital accumulation were in tatters succeeding five years of war, during which a relative shortage of labour-power due to the war increased labour's ability to demand new terms of secure employment. Open to new ideas and fearful of socialist ideologies penetrating the ranks of the middle and working classes, business leaders were willing to adopt new strategies of economic renewal and to compromise their needs to ensure a strong capitalist system of reproduction. In this atmosphere of social and economic uncertainty, the notion of an active state was legitimated since "capital needed an expanded role for the state to aid in reconstruction and to lend support in the heightened competition of the liberalizing world economy" (Teeple, 2000: 61). Thus, along with many other western industrial countries

at the time, the general tenets of Keynesianism were embraced by the Canadian federal government and the business community.

Keynesianism embodied a two-track formula for state-activism: “on one level, counter-cyclical macro-economic adjustment, and, on the other, direct transfers to individuals through public spending on social programs such as unemployment insurance and baby bonuses, publicly provided medical care and old age security” (Clarkson, 2003: 21). Through stimulating higher levels of economic productivity and granting state-regulated collective bargaining which helped guarantee labour’s share in the returns of this mass-production, the Canadian state was able to strike a balance between the demands of workers and the needs of continued capital accumulation (21). Between the late 1940s and early 1970s, social and economic reproduction flourished in what would be termed the “golden-age” of Anglo-American capitalism. Full-employment grew along with increased economic productivity. Simultaneously, personal incomes augmented as did the social spending of Canadian governments. However, buried within this “golden-age” of economic prosperity in Canada were the structural weaknesses of economic dependency which would eventually become exposed in the in the late 1960s and early 1970s.

During this period, Canada remained an export-oriented economy whose largest growing export sector continued to be natural resources (Brodie, 1980: 217). In fact, little had changed since the days of the National Policy of 1878 in terms of Canada’s economy relying primarily on staples extraction as the engine of economic growth. Substantial diversification into other forms of economic growth such as manufacturing did not occur, where instead, tariffs and depreciation allowances made it attractive for American

corporations to set up branch-plants in Canada. Foreign ownership in the Canadian manufacturing sector grew from 35% in 1946 to 60% by 1963 (217). In turn, Canada's "technologically advanced industries were in most cases dominated by American companies, which supplied consumer goods from their local branch plants..." (Clarkson, 2002: 21). As a result, Canada remained economically dependent on the United States for new technologies, stifling the creation of an indigenous culture product innovation and new forms of capitalist expansion. Furthermore, through the overwhelming growth of the American economy at the time, the United States became Canada's largest trading partner, consuming the vast amounts of Canada's unprocessed natural resources. Canada was now heavily relying on high levels of U.S. economic expansion to drive its economy, thus upholding Canada's colonial economic heritage as an exporter of unprocessed or semi-processed natural resources to larger industrialized metropolises. Indeed, "this meant that the Canadian economy remained inherently vulnerable, being neither highly technologically developed nor labour intensive" (Brodie, 1980: 217).

This vulnerability became salient in the late 1960s and early 1970s, where contradictions within Keynesianism-style policies were increasingly exposed. As the bargaining power of labour grew in Canada during the "golden-years", so did labour's demands for new employment and stronger social programs. As a result, the state apparatus required to administer these social programs was growing in size to unsustainable levels vis-à-vis government revenue. Also during this period, capital was becoming more global in scope in search of increasing levels of profitability. National economies of scale were no longer seen as profitable for many fractions of capital. Events such as the substantial increases in energy prices and growing competition from newly-

industrializing ex-colonies were putting added pressures on the profit margins of many companies who traditionally enjoyed large rates of profit in the 1950s and 1960s. With growing government expenditure and decreasing productivity, Canada's economy began to suffer from rising unemployment and inflation.

Furthermore, August 15th, 1971 ushered in the era of "Nixonomics", where President Richard Nixon detached the U.S. dollar from the price of gold and imposed a surcharge on all imports (Clarkson 2002: 25). This new surcharge on imports "broke bilateral conventions developed over previous decades, threatening to throttle Canadian exports and close down American direct investment" (25). Canada could no longer depend on its "special" relationship with the United States, forcing Canada to compete more equally with other economies. Additionally, Canada could only helplessly watch as the Americans continued to negotiate the lowering of international tariffs with other trading partners at the General Agreement on Trade and Tariffs (GATT), further exposing Canadian markets to international competitors.

These factors that threatened the health of the Canadian economy began to coalesce against the economic paradigm which the Western world had embraced for the past quarter-century. McBride notes:

As time passed, and as certain types of unemployment—regional and seasonal among them—seemed resistant to Keynesian measures, the paradigm itself came under challenge. The challenges picked up strength in the 1970s when Keynesianism appeared to be unable to account at the theoretical level for the simultaneously high levels of inflation and unemployment. More to the point, the approach seemed to have no policy solution for these problems (2001: 42).

It was in this context of political economic transformation that the CCCE was born.

The Birth of the CCCE

With many corporations beginning to internationalize their operations, economic restructuring was required to liberalize the international flow of goods to lower the costs of doing business. However, as large corporations began to pressure government officials to create new favorable economic policies, Canadian corporations quickly met with a series of difficulties.

During this period, Canadian corporations struggled to influence policy makers for a variety of reasons. First, this agenda encountered a well-entrenched organized working class with the political power to stop business from attempting to lower labour costs. Another problem was that Canadian capital in general was a quagmire of different needs and aspirations, creating an environment of disorganization and contradictory demands. Throughout the early 1970s, the corporate community suffered from strong sectoral differences, where fractions of capital competed to draw the attention of the federal government in often reactionary pursuits of short-term gains. Some firms simply were not interested in liberalizing international borders, especially those oriented towards the domestic market, such as Canadian-owned cultural industries and agri-food sectors (Atkinson, 1989: 51). In fact, they were vehemently against policy recommendations which threatened the boundaries of the Keynesian welfare state that had protected their industries from international competition. And those export-oriented companies who were interested in trade liberalization struggled to find common ground with other businesses. The result of this poor cohesion frustrated government officials who struggled with the multitude of demands made by various business leaders. This diminished capability of big business to successfully offer a unified voice that could provide more

leverage over the demands of labour when lobbying Canadian governments. In light of this conjuncture of forces, it became imperative that “business leaders had to regain more control over the state because they faced a squeeze on profits that was brought on by changes in the international political economy, mediated by the domestic class struggle, and exacerbated by the state” (Langille, 1987: 45).

The attempt to regain more control over the state came in 1976 in the form of the Business Council for National Interests (BCNI). Led by W.O. Twaits—a retiring Chairman of Imperial Oil—the BCNI was formed by a group of increasingly concerned Canadian corporate leaders. At the time, Twaits and his colleagues claimed the BCNI was formed out of a sense of frustration that there was no organization that the government could negotiate with which could represent the shared ideas and aspirations of big business. Covering all major sectors of the economy, membership of the BCNI consisted of ninety-one corporate executives. The BCNI was intended to take a unique approach to business activism in comparison to fellow business lobby groups, such as the Canadian Chamber of Commerce and the Canadian Manufacturers’ Association, whose parochial sectoral attempts at changing public policy were viewed by the BCNI as a major source to their problems. Twaits and his colleagues desired to avoid approaches of activism which clearly attempted to influence government policies and legislation *only* in the interests of business. In the face of a strong labour movement which suspiciously observed the interests of large business, growing state intervention, and the emergent negative public perception of the Canadian corporation, Twaits wanted to create an organization that could look beyond the short-term demands of big business, and instead “raise the hope that the council [would] have regard for the broader national interest as

perceived by the BCNI members” (Anderson, 1977: b2). In other words, the council would attempt to weave these interests of big business into a larger context of “national issues”, which incorporated the needs and aspirations of the Canadian public. In Twait’s words: “We intend to strengthen the voice of business on issues of national importance, and to put forward constructive courses of action for the country” (b2).

The formation of the BCNI was also a strategic attempt by business leaders to quell the position of political power held by labour and the increasingly intruding state into the affairs of corporate business. As far as BCNI members were concerned, these forces were becoming an ominous threat to their very survival. This group of corporate leaders were not shy to point out at their first press conference: “the purpose of the BCNI is to correct what is seen as a need for a cohesive and responsible business voice on national issues to deal with organized labour and governments that have grown in size as well as propensity to regulate and intervene in the economy” (Davies, 1977: 30-31).

This new approach to advocating the needs of the BCNI would largely consist of using membership fees to employ a permanent staff who would establish series of task forces where the objective was to parallel federal government departments. Research produced from these task forces was used in conjunction with surveys conducted of BCNI members to provide a series of policy recommendations with a strong business orientation, all within the context of the “national interest”. Furthermore, belonging to this new philosophy of business activism, the BCNI

...did not react to government initiatives—the old Chamber of Commerce approach—but developed well-informed, fully developed policy options which it presented to the government *before* it acted on its own. Building a consensus within its constituency, and anticipating pressures from other interest groups, *the BCNI presented to politicians and bureaucrats complete policy documents, ready to be implemented* (original emphasis) (Dobbin, 1992: 8).

Corporate leaders were no longer willing to offer reactionary recommendations, but to be pre-emptive in their approach in hopes of influencing the very grounds on which policy was discussed. What was also unique to this approach was that big business could identify their existence in society as a group of concerned Canadian citizens who wished to make Canada a more economically prosperous place. In turn, this group of corporate executives could more easily reconstruct their image in a positive light as the “good corporate citizen”, as opposed to the “corporate welfare bums”, a term popularized by NDP leader David Lewis in the early 1970s.

Composition and Structure of the CCCE

From the beginning, the co-chairmen of the BCNI articulated “that the BCNI won’t try to speak for all business people” (Davies, 1977: 30-31). This organization was not intended to represent the all fractions of Canadian business. As its membership requirements easily illustrated, it was to be an organization of *only* executives of Canada’s “top” corporations. Membership was by invitation only. The executive committee of the BCNI was merely interested in inviting business leaders who they believed shared in their interest of specific forms of capitalist accumulation which would attempt to restructure the KWS in its current form. Therefore, the BCNI “consciously excluded from the association based on its constitution...all publicly owned corporations such as PetroCanada; less consciously and more informally excluded...large co-operative enterprises in the agri-food sectors and prominent firms...in the nationalist coalition⁴” (Atkinson, 1989: 49). According to the BCNI, these fractions of capital did not share

⁴ Atkinson defines the “nationalist coalition” as industries which are heavily dependent on government procurement as a springboard to foreign markets and new cultural industries that have received state support (49-50).

their ideas on how to best mitigate economic and social policies which they viewed as problematic.

Four elements of the Canadian business class were strongly represented in the formation of the BCNI: (1) the resource-staples sectors, (2) the financial sector (all six leading chartered banks are members as are eight of the leading ten life insurance companies), (3) manufacturing sectors with linkages to staples production (steel, construction, pulp and paper), and (4) US-owned manufacturing sectors producing consumer goods (Atkinson 49). Indeed, the BCNI was an alliance of monopoly capital where the traditionally powerful “staples fraction” (a mix of mercantile and finance capital)⁵ dominated this focus of this organization.

Since the work of Naylor (1972), some Canadian political economists (Mahon 1984; Brym 1985; Langille 1987;) have identified Canada’s “staples fraction” of capital as “hegemonic”, with the ability to exert its will politically and economically over other fractions of capital. Recognizing the CCCE as being dominated by a “hegemonic fraction” of capital will be useful in illuminating *why* the BCNI created a specific mandate in the mid-1970s, and *how* they were successful in fulfilling many components of this agenda in the following years.

The leadership and direction of the BCNI is provided by the Executive Committee and the Policy Committee. The Executive Committee consists of a Chairman, five Vice-Chairmen, the President, and Chief Executive. Since 1981 Thomas d’Aquino has been the president of the BCNI. His position has been to act as the public face of the BCNI and

⁵ More specifically, Atkinson defines the staples fraction as “...transportation interests and the chartered banks...These institutions are at the head of networks composed of investment or holding companies, affiliated financial intermediaries, and resource and related manufacturing companies” (48).

to deal with the day-to-day activities of the organization. The general policy direction of the BCNI is undertaken by the Policy Committee which consists of the Board of Directors (d'Aquino, 1991: 194). Made up of 33 members, this committee meets at least four times annually to provide strategic directions which are then carried out by special task forces (d'Aquino 194).

Task forces are the prime method used by the BCNI to form policy recommendations. They are formed when the Policy Committee deems specific social, economic, and political forces as a threat to their membership's interests. Task forces are composed of usually six to twelve members, led by a chairperson that usually sits on the Policy Committee (d'Aquino 194). The process in which the work of task forces unfolds is:

Task force mandates are established by the Executive Committee; these mandates are executed by the task force, e.g., studies are prepared, consultations are carried out, proposed strategies are devised; task force reports and recommendations are then the subject of Policy Committee deliberation and approval; following this, it is then primarily the responsibility of the president and his staff to ensure that the Policy Committee decisions are implemented. Great care is taken to consult with the membership on important issues and to keep the membership apprised of all decisions and plans for implementing them (d'Aquino 195).

From Keynesianism to Neo-Liberalism

In response to the reality that Canadian businesses were becoming increasingly exposed to the forces of international competition and that Nixon had made it clear that Canada could no longer rely on their "special relationship" with the United States to fuel Canada's economic growth, the Trudeau government had to make a decision on how to best restructure Canada's economic position vis-à-vis their southern hegemonic neighbors. Trudeau's government drew the conclusion that Canada had to become less dependent on foreign capital for economic growth and become more economically self-

sufficient to protect Canadians from international economy that had the ability to devastate Canadian competitiveness. Thus Trudeau turned to new forms of economic nationalism and introduced a series of measures that increased governmental intervention into the functioning of the Canadian economy.

The two most controversial policies of this strategy were the Foreign Investment Review Agency (FIRA) and the National Energy Program (NEP). To arrest the growth of foreign-owned branch plants, and to promote Canadian business, Trudeau introduced the FIRA in 1974. In 1980, Trudeau brought to life the NEP; a program designed to promote Canadian industrial ownership, and “to channel economic rents from resources into industrial development” (Clarkson, 2002: 25).

Trudeau’s nationalistic policies that intended to mitigate the augmenting economic pressures facing his government ultimately failed, where “Canadian business generally, both indigenous and foreign-owned, became increasingly nervous about the degree of state interventionism inherent in the Liberal strategy...” (McBride, 2001: 44). Businesses which depended on exports and secure access to larger markets saw Trudeau’s policies as a significant threat to their economic viability. Furthermore, the profit margins of US multinationals would also be compromised, which transformed into pressure raining down from the Reagan administration, further alienating the relationship between Trudeau and his American counterparts. In lieu of Trudeau’s interventionism during this time, “the Canadian business community underwent a significant organizing spurt in reaction to the some of the interventionist policies of the Trudeau era. This resulted in the establishment of new business organizations, most notably the BCNI” (Smith, 2005: 74).

Langille notes that: “Since the members of the BCNI are governed by the dictates of the world marketplace, they have to lower their costs in order to be competitive in international markets or even to retain their share of the Canadian market. This preoccupation determines their macro-economic policy prescriptions” (1987: 57). Pressured by un-welcomed interventionist policies and the economic needs of their membership, the BCNI embarked on a mission to scale back the penetrating reach of the Trudeau government into the economic affairs of their members and to gain more secure access to the American market.

In the late 1970s and early 1980s, the BCNI was marked by a number of successes in terms of bringing together many different factions of capital together and developing a stronger voice and more political leverage vis-à-vis labour and the state⁶. However, the first significant policy victory of the BCNI came in the late 1980s when the Mulroney government introduced the Canada-United States Free Trade Agreement (CUFTA) in 1989.

Several events coalesced in 1980s resulting into what McBride called a “paradigm shift” from Keynesianism to neo-liberalism. First, was the BCNI’s—along with other business activists—successful protest of the 1981 Liberal budget led by finance minister Allan MacEachen that “unabashedly went after the rich” (McQuaig, 1991: 95). Through relentlessly attacking the budget, the BCNI was able to push the government into rescinding many of its planned measures. Also, the departure of the Trudeau government and the victory of the Conservative party in 1984 ushered in a new institutional base into the Canadian government of corporate friendly politicians, largely represented by the new

⁶ For a more detailed account of the political economic activities of the BCNI during this period, see Langille (1987).

finance minister—Michael Wilson—who challenged Trudeau’s post-Keynesian micro-economic interventions (Clarkson, 2002: 28-29). Furthermore, the Macdonald Royal Commission was published shortly after Mulroney came to power. Originally commissioned by Trudeau to review his government’s options after his failed interventionist policies, the report concluded that trade liberalization and heightened competition with international competitors was the best policy to propel Canada’s economy out of rising inflation and unemployment. It was argued that protectionism and statism should be abandoned and free trade should be the new policy of the Canadian government that would fuel Canada’s economic growth (29-30).

The BCNI, which had always supported the liberalization of trading barriers, had been involved in demanding policies which supported this agenda throughout the early 1980s. During this period,

...the BCNI undertook a major media campaign in favor of free trade with the US. In 1985, it called for the establishment of a new disputes settlement resolution mechanism with the US and for a forum of bilateral free trade. BCNI leaders were important in convincing the Macdonald Commission on the Canadian Economy, which reported in 1985, to support free trade. They appeared in the media extolling the virtues of a free trade deal and testified before key parliamentary committee hearings that considered Canadian trade policy in the mid-1980s (Smith, 2005: 75).

The conclusions drawn by the Macdonald Commission were in part a product of the BCNI’s ability to represent a stronger collective voice of business and their capacity to quickly take advantage of opportunities to lobby government officials whenever possible. Mulroney saw this report as a potential remedy to Canada’s economic problems, shifting his original position on free trade when he campaigned on a platform which had supported interventionist policies. Sensing that the federal government was more open to the idea of free trade, the BCNI further used this report as an opportunity to lobby the

government more aggressively. Mulroney was soon on board and began to promote the merits of smaller government, deficit reduction, and most importantly, ratifying free trade with the Americans.

The 1988 federal election was coined the “free-trade election”, during which Mulroney promised to implement the neo-liberalization of key social and economic policies. The BCNI played an important role by offering Mulroney unfettered support for his campaign. Furthermore, during the 1988 federal election, the BCNI “formed a coalition in favor of free trade with other business groups. The coalition spent \$4.2 million on political advertising during the election campaign, substantially outspending and outgunning the anti-free trade forces” (75-76).

This quest for free trade with the United States spanned over a decade and cost the BCNI millions of dollars. However, it proved successful, engraving the BCNI’s role into Canadian economic history, when in January 1988 the Canadian and US governments signed CUFTA, signaling a new era in Canadian economic policy. The BCNI could now benefit from the removal of most tariffs and securing the American market for Canadian exports, significantly entrenching further the power of the BCNI.

Chapter 3: Transforming the Meaning of “Competitiveness”: 1988-1993

With the success of the Canada-United States Free Trade Agreement (CUFTA), the Business Council on National Issues (BCNI) had proven to be a powerful business lobby, both reifying their mandate to bring together various fractions of capital and helping shape economic policy. This accomplishment also gave President D'Aquino and the BCNI's policy committee a growing sense of confidence in their method of placing the needs of big business within context of “national issues” and approaching the government and labour in a non-confrontational manner. Through providing detailed policy reports which efficiently brought together the general needs of BCNI members, posed in a constructive tone which emphasized “national issues”, government officials and union representatives were more willing to listen and work with the BCNI.

But with the accomplishment of the CUFTA, the BCNI's work was only beginning. In the words of the BCNI: “the [CUFTA] is not a panacea. It will not solve all our economic problems. It will not supplant the need for Canadians to develop our own economic priorities...” (T. d'Aquino, and Alfred Powis, 1987: 1). More work was to be done to produce policies which would aid the needs of the BCNI's membership. This chapter is concerned with tracing both the shifting political economic forces on the national, continental, and global levels, and policy recommendations of the BCNI between 1988 and 1993. During this period, the mandate of the BCNI shifted to meet new pressures facing their membership. However, the discursive strategies of the BCNI in building “consensus” also evolved, during which their ability to offer a stronger and

more unified voice of big business developed, illustrating a more mature and experienced business activism.

Since Canadian companies were increasingly competing in the global market with the liberalizing of trade barriers and economic policy, the BCNI began to increase its attention to producing policy recommendations which could make Canada's economy more competitive. Although the BCNI had from its origins advocated for heightened competition in the global market, their song for competition was taking on a new form to fit the surrounding political economic forces shaping Canadian society. In the eyes of the BCNI, Canada was no longer going to remain a "complacent" country, riding the coattails of larger economies for economic prosperity. Instead, the BCNI during this period wished to make Canada "the best performing economy among the G-7 countries [by] the year 2000" (Business Council on National Issues, 1994b).

Three issues dominated the gaze of BCNI policy recommendations with the potential to threaten their goals for Canadian society: fiscal restraint; implementing a new Government Sales Tax (GST); and ratifying the Meech Lake Accord to create a stronger federal system. It was these issues that would eventually bring the BCNI to repackaging their recommendations into a more coherent national vision.

Fiscal Responsibility, GST, and Meech Lake

In the mid-1980s, Brian Mulroney and his Conservative Party inherited a government which was deeply immersed in debt from deficits which had been used to fuel the web of social programs born earlier from Keynesian policies. Although finance minister Michael Wilson had announced in 1990 a budget which would reduce government expenditures

by \$8.5 billion over the following five years, Canada was still in the grips of a federal deficit above \$30 billion (Clarkson 2002: 285). The BCNI viewed this economic reality as a profound threat to Canada's ability to increase economic competitiveness. "Persistent deficits and a soaring national debt undermine confidence in Canada and abroad in our ability to manage our public finances. These fears contribute to higher interest rates and to a weaker currency. Jobs are more difficult to create or to keep in such an environment" (Business Council on National Issues, 1987b). As far as the BCNI was concerned, the health of Canada's economy was in grave danger due to fiscal irresponsibility, and drastic changes had to be made if BCNI members were to remain competitive and profitable. Thus from the mid-to-late 1980s and into the 1990s, the BCNI built their policy recommendations around decreasing the national debt through increasing private sector competitiveness as a means to pay-off this debt. Out-of-control social spending had to stop and instead be replaced with economic austerity. In using the garb of nationalism to dress their demands, the BCNI also employed the discourse of nationalism to lay blame: "Irresponsible spending, for which Canadians collectively bear blame, must stop. We must learn to live within our means. We must pay for our past excesses" (Business Council on National Issues, 1989: 4).

One facet of achieving this goal was the restructuring of Canada's tax system. The BCNI had been involved in advocating taxation reform since the early 1980s. In 1986, the federal government tackled the issue of tax reform in a comprehensive document, titled the *White Paper on Tax Reform*, which according to D'Aquino, was "an initiative which [had respected] some of the fundamental principles recommended by the BCNI" (Business Council on National Issues, 1987a: 1). The initiative embodied demands made

by the BCNI which recommended lowering corporate and personal income tax rates and shifting the burden of taxation towards consumption. The BCNI believed going in this direction would allow Canadian businesses to compete more aggressively in the international market. The reasoning was that less corporate taxation would increase corporate investment and competitiveness, creating a trickle-down effect of producing more jobs and ultimately government revenue.

Although the federal government seemed to be moving in this direction of taxation restructuring, the BCNI was concerned it was acting too slowly on implementing these reforms, with no comprehensive plan or date. The BCNI was further frustrated about the stalled negotiations between provincial and federal governments on how to implement a new taxation system and urged both levels of government to come to an agreement as soon as possible:

We do not accept this federal-provincial standoff as a *fait accompli*, however, and strongly urge that all first ministers commit themselves to producing a single, national sales tax as a matter of the highest priority. This is what the majority of informed Canadians are demanding. This is what will serve the country's economic interests best. In the meantime, we expect that the federal government, while vigorously pursuing a federal-provincial agreement, will proceed with its plan to have the GST in place by January 1, 1991 (Business Council on National Issues, 1989: 2).

The BCNI's language was marked by a tone of urgency, since the longer provincial and federal governments stalled on this issue, the longer it would take to make Canada's economy more competitive, to attract more investors, and to create more wealth for all Canadians.

Another issue of concern was the Meech Lake Accord. Negotiated by Mulroney with Canada's ten premiers in 1987, the intent of the Accord was to include Quebec in constitution amendment process, which Quebec had boycotted in 1982 when Trudeau

patriated the constitution to form the basis of the Constitution Act in 1982, amending the British North American Act. Although the accord seemed poised for success, it eventually failed due to a number of issues, one being the disagreement made by other provinces over Quebec being recognized as a “distinct society”. The failure of the Meech Lake Accord helped reignite separatist fervor in Quebec, and the strength and future of Canadian federalism seemed to be once again in question.

Since the BCNI is a business lobby concerned with the “national interest”, it was not surprising that they supported the Meech Lake Accord. However, the premise of their position was based on economic assumptions rather than national ones. The BCNI viewed a weak federation as a substantial threat to Canada’s ability to remain competitive. The mere act of discussing a weak federation they believed hurt their capacity to turn a profit. Just months before the deadline of signing the accord, the BCNI claimed: “Uncertainty and diminished confidence carries with it an all too familiar price—a flight of investment, and a fall in economic growth and incomes” (Business Council on National Issues, 1990: 3). Furthermore, this “uncertainty” was creating a “rising nervousness in economic circles...translating itself into upward pressure on our interest rates, jitters about our currency, and an increasingly cautionary attitude towards investment in Canada” (4). Through constitutional deadlock, BCNI claimed Canadians were doing a poor job of advertising Canada as an attractive place to invest. Thus throughout the early 1990s, the BCNI continued to vehemently support a strong Canadian federation in hopes of persuading nervous businessmen—domestic and foreign—from taking their capital elsewhere.

A New Face for Competition

Although fiscal responsibility, a new taxation system, and Meech Lake were seemingly separate issues, for the BCNI, these problems mutually reinforced one another, with the net effect of making Canada's economy less competitive. As far as the BCNI was concerned, the residue of Canada's old economic order—of an insulated economy marked by market protection and the accumulated attitudes of both individuals and businesses—was still lingering in the cultural milieu of Canada's policy makers. Economic globalization was multiplying, in which new forms of trade and investment spurred on by rapid technological development was changing how countries competed with one another. Canada's sluggish movement towards increased fiscal responsibility, implementing the GST, and maintaining a strong economic federation were all signs of Canada's weak "competitive potential". The BCNI were frustrated and felt changes had to be made to combat the accumulative product of these forces. Resultantly, "In September 1990, concerns about Canada's faltering economy and stagnating living standards prompted the BCNI to launch a major review of Canadian competitiveness. It was the first such review ever undertaken on a collective basis by Canadian chief executives" (Business Council on National Issues, 1993: 1).

The main component of this review was a study financed by the BCNI and the Canadian federal government titled: *Canada at the Crossroads: The Reality of a New Competitive Environment*. Presented in October of 1991 by Professor Michael E. Porter of the Harvard Business School, the study's intent was to conduct a comprehensive examination of Canada's economic anatomy and its relative competitive position vis-à-vis the shifting dynamics of the global economy. Porter used findings from his previous

work, *The Competitive Advantage of Nations* (1990), as a framework in which to analyze the capacity of Canada's economy to remain economically competitive and the implications for policy formation.

Porter argued that the structure of Canada's economy was not congruent with the new demands presented by the technologically driven global economy. As an export-led staples extracting economy of semi- and unprocessed natural resources, a condition of low productivity growth remained in Canada, stifling Canada's ability to compete more aggressively. If Canada's economic composition did not change to meet the new economic realities of globalization, Canadians could not expect a higher standard of living in the future. According to Porter:

The underpinning of competitiveness, and thus of a country's standard of living, is productivity. Productivity is the value of output produced by a day of work or a dollar of capital invested. In the long run, productivity determines the standard of living by setting wages, profits, and ultimately the resources available to meet social needs. To achieve sustained productivity growth, an economy must continually upgrade itself. An upgrading economy is one that relentlessly pursues greater productivity in existing industries by improving products, utilizing more efficient production processes, and migrating into more sophisticated and higher value industry segments. It is also an economy that has the capability to compete in entirely new industries, absorbing the resources made available from improved productivity in existing industries (original emphasis) (Porter, 1991: 5).

In other words, if Canadians were to enjoy a rising standard of living, Canadian policy makers would have to transform Canada's economy into one with the capacity to produce higher value products using newer innovative forms of technology.

However, to achieve this was not simply a question of transforming policy, but also the mind-set of Canadians who, in Porter's eyes, remained stuck in an "old economic order" of an insulated economy protected from external pressures (6). The result of this past economic order was that "many of the critical requirements for upgrading to more

sophisticated and sustainable competitive advantages in Canadian industry have been missing or are only weakly present” (6). Furthermore, those unwilling to accept this new reality “both magnify long-standing competitive weakness and hasten the pace of structural adjustment to a new competitive reality” (6). If Canada did not want to risk a slowly eroding standard of living over the coming years, a change in attitude on the part of all Canadians was required to accept the new “competitive reality” of globalization.

Besides low productivity growth, Porter outlined four other “worrisome performance trends” which illuminated Canada’s underling economic weaknesses: unit labour costs; unemployment; lagging investments in upgrading skills and technology; and a macroeconomic environment that is not sufficiently supportive of investment (7-8). Although rising labour costs and unemployment were issues of concern, what was more distressing for Porter was Canada’s lagging investments in upgrading skills and technology and the macroeconomic environment which facilitated the degree of new investments.

Since Canada was still primarily dependant on staple extracting industries to generate its wealth and standard of living, Canada enjoyed growing trade surpluses in resource dependent goods, but conversely suffered from rising trade deficits in non-resource sectors. Porter claimed that “higher deficits in most non-resource industries point to weaknesses in Canada’s competitive profile” (18). Echoing Harold Innis’ staples theory, Porter explained that “dependence on semi- and unprocessed resources...leaves Canada vulnerable to commodity price shifts, technology substitution, and the emergence of lower-cost competitors, often in less developed countries” (12). Hence, to eliminate these economic weaknesses, Canada would have to develop their non-resource sectors in

earnest. Instead of relying primarily on natural endowments, Canada could only raise economic productivity and competitiveness (and ultimately standard of living) if it began to focus on industries which typically competed on the basis of technology. Therefore, Canadian policy makers had to begin to increase their attention in promoting science, technology, education and training. Moreover, economic and social policy had to be restructured in a way which made it easier for business—domestic and foreign—to invest their capital in technology-driven enterprises that made Canada's economy more competitive. Doing so would give Canadian industries more breadth and depth, thus strengthening the power of the national economy.

Following the presentation of the Porter report, the BCNI's position on competitiveness and what it means for Canadian society started to shift, where their policy recommendations began to construct a policy framework which placed economic competitiveness, fiscal responsibility, and social prosperity in a mutually reinforcing context. In a paper titled *The Challenge of Competitiveness*, published several months later in October of 1991, the BCNI defined "competitiveness":

[It] is about producing more and better quality goods and services that are marketed successfully to consumers at home and abroad. It leads to well-paying jobs and to the generation of the resources required to provide an adequate infrastructure of public services and support to the disadvantaged. Competitiveness speaks directly to whether a nation's economy can provide a high and rising standard of living for its citizens (Business Council on National Issues, 1991).

The BCNI had argued that increased economic competition would produce better jobs before. However, what was different was that they were now specifically identifying competitiveness as being beneficial to aspirations of every citizen, thus giving economic competitiveness an inherently social dynamic.

To combat potential opposition to their argument, the BCNI wanted to make it very clear that: “Competitiveness is not part of any ‘business agenda’ to transform the Canadian way of life. Rather, it is the foundation upon which a better economic performance, a fairer society, and an improved environment necessarily rest” (26). The BCNI were not engaged in some neo-liberalizing ideological project, but instead pushing for change grounded in common sense, using the needs and aspirations of *all* Canadians as a framework in which to guide their recommendations. As far as the BCNI was concerned, the social well-being of Canadian citizens was almost exclusively dependent on the ability of Canadian companies to compete.

Furthermore, the BCNI wanted to deconstruct the “myths” of competitiveness which they believed many Canadians held: “First, building a more competitive Canadian economy does not mean driving down wages and benefits to levels prevailing in ‘low-wage’ countries...[nor does] becoming more competitive requires dismantling social programs and the social safety net” (6-8). Although the BCNI were asking Canadians for their consent to restructure the national economy, they were not asking Canadians to forfeit beliefs in having strong social programs. Instead of simply cutting wages and social programs, the BCNI wanted to reform social programs and tax policies “in order to strengthen incentives to invest, save, work and upgrade skills, while still preserving the essential social safety net” (8). In other words, Canadians could keep those things most important to them such as their wages and social programs, but the philosophy in which these programs were administered had to be restructured to facilitate more effective and efficient structures which embody the philosophy of competitiveness.

Thus, through combining the economic realm with the social realm by employing the discourse of “competitiveness”, the BCNI concluded that their

...vision of a competitive Canada is one of a high productivity economy increasingly based on more sustainable forms of economic development. It competes by selling high-quality goods and services in world markets; its workers are well educated and skilled, its tradeable goods and services are competitive, and it is thus able to maintain high incomes, a superior standard of living, and essential programs to aid the poor and disadvantaged (11).

In March of 1993, the BCNI produced another report focusing further on the tenets of economic competition titled: *Building a New Century Economy: The Canadian Challenge*. However, the language of this report was stronger in emphasizing the connection between the social and economic realms in the context of competitiveness:

Some Canadians see ‘competitiveness’ as incompatible with the goal of building a fair and compassionate society. The BCNI strongly disagrees. There is an ***inextricable connection between competitiveness and social progress***. Economic success is the foundation for a society that offers maximum opportunity and benefits to all of its citizens. Economic and social goals in fact are mutually re-enforcing (original emphasis) (Business Council on National Issues, 1993: 7).

The BCNI believed in their recommendations of economic restructuring of both policy and the psyche of Canadians so vehemently that they claimed Canadian society in general would stagnate if policy makers did not take Canadians down their prescribed path of economic transformation.

The BCNI were also quick to point out that Canadians could not rely on the government to foster the conditions necessary to produce a competitive economy. Therefore, this policy paper was directed at business managers and individual Canadians, calling on them to do their part to help make Canada more competitive:

The primary responsibility for building successful companies and healthy industries rests with the private sector. This point cannot be made too strongly. Canada’s prosperity is based in large measure on the skills and vision of enterprise managers and entrepreneurs. To a significant

degree, Canada's sub-par economic performance can be linked to failures on the part of our managers – as reflected, for example, in poor investment decisions, insufficient attention to developing international markets, and a sluggish pace of technological innovation...But relying on governments to produce a more competitive economy is a recipe for disappointment. For their part, individual Canadians also have a responsibility to be adaptable and to equip themselves with the skills relevant to a fast-changing economy (5).

Within the private sector lay both the source and solution of Canada's economic woes.

Canadians had to take matters into their own hands, or risk falling mercy to government policies which stagnated the prosperity of Canadian citizens.

These last two quotes presented above are also illustrative of the ontological lens in which the BCNI viewed the world. "Social progress" was contingent on economic progress. Failure to allow the process of economic progress to run its course would mean the failure of a society, thus implying a form of social-economic determinism.

Furthermore, it is through this line of reasoning which allows to the BCNI to criticize the role of government in the affairs of business. Since it is only individuals from the private sector who can build a successful economy, any attempt made by government to circumvent these duties represents a risk to the social evolution of a society. It is through this lens which the BCNI dictate their policy recommendations

The Rising Importance of Innovation and Entrepreneurialism

Part of the process of upgrading to more sophisticated and sustainable competitive industries is in innovating new technologies which can bring new products to the market. Competitive advantages are no longer based on large quantities of natural resources, but instead came from new technologies from firms investing in R&D programs and an entrepreneurial spirit of Canadian ingenuity.

Prior to Porter's study in 1991, there was only small mention of the importance of creating an economic atmosphere which facilitated an environment of innovation and entrepreneurialism. However, following Porter's study, the BCNI began to incorporate the importance of innovation into their policy recommendations

Reararticulating conclusions reached in his ten-nation study prior to his 1991 report prepared for the BCNI, Porter stated that:

...sustained international competitive advantage results from ongoing improvement and innovation, not from static advantages. Here, innovation is defined very broadly, to encompass technology and the full spectrum of activities relevant to competing in the marketplace. Creating competitive advantage requires that its sources be relentlessly upgraded and broadened (Porter, 1991: 23).

Without this "relentless" upgrading and broadening of innovating technologies, Porter's recommendations for increased competitiveness in the Canadian economy would never realized.

In 1993, the BCNI began to aggressively integrate the concept of innovation and entrepreneurialism into their policy recommendations for a competitive national economy. The dawning a new century (and a new millennium) marked a perfect time for Canada to make transforming economic resolutions which would place Canada's standard of living amongst the top in the world. Following the conclusions made by Porter, the BCNI argued that: "We must make the shift to a more innovative and entrepreneurial economy, one based on higher skills, stronger investment, greater technical literacy, a shared commitment to quality, and more active participation in international markets (Business Council on National Issues, 1993: 63). Since innovation and entrepreneurialism were the foundation of heightened economic productivity and

competitiveness, innovation and entrepreneurialism were also fundamental components to the “social progress” of society.

Conclusions

The ability of the BCNI to extend the meaning of economic “competitiveness” towards including important social implications for Canadians signified the maturing effectiveness of the BCNI lobby. Furthermore, by transforming the meaning of economic competitiveness, the BCNI has been able to call for the major reorganization of Canadian economic policies, which include items such as fiscal management, research funds, restructuring of social programs, taxation structures, and shrinking of government. All these policy items were pieces of a larger puzzle, which, when put together, constructed a project of major state reorientation in hopes of making Canada’s economy increasingly competitive within a larger context of global economic restructuring. Under the auspices of “competition”, the BCNI has constructed an ideological framework based on diminishing the role of government in the affairs of the private sector, thus allowing the private sector to dictate how Canada should compete with global economic forces.

It is also during this period that the BCNI was able to bring together various policy issues into a single and coherent economic paradigm which was seemingly based on common sense and logic. By connecting economic competitiveness with “social progress” and the standard of living of Canadians, the BCNI has made their policy recommendations increasingly accessible to the average Canadian, thus expanding the CCCE’s audience beyond state officials and other key social institutions. Furthermore, there was no longer a scattered repertoire of policy ideas, but a clear national agenda

which the BCNI desired to implement. This new found coherency gave the BCNI's voice additional power and veracity, making the BCNI more efficient in their pursuits as the united voice of Canadian corporate capital.

Chapter 4: From NAFTA to the CEO Summit: 1994-2000

With this transformed definition of competitiveness, the Business Council on National Issues (BCNI) charged into the mid-1990s with a sense of conviction and determination. From 1993 to 2000, the findings from the BCNI's major review of Canadian competitiveness began to permeate further into the ontological foundation of BCNI policy recommendations. Attempting to pull Canadian society away from a staple-extracting economy towards an advanced, technologically-driven economy based on R&D systems, innovation, and entrepreneurialism, would continue to be the general agenda driving all proposed policies.

What would be different about this period, however, is that the call for innovation would become louder and more nuanced, where the BCNI began to draw more specific links between the role of innovation and economic and social reproduction. Furthermore the BCNI began to identify and raise the entrepreneur onto a pedestal of unequivocal importance as the able-minded individual who could lead the economy (and society) into the new millennium.

The BCNI also continued to dress their policy recommendation in the rhetoric of "social progress"—to the extent that economic policy seemed synonymous with social policy later in the decade. The discursive strategies employed by the BCNI further matured during this period by developing the complexity their arguments through forming more links between social reproduction and their specific form of economic expansion. In their arguments for a technologically driven economy, the BCNI incorporated all facets of social reproduction—from the education of young children to

saving for retirement—into their policy recommendations. The result was a comprehensive system that encompassed all stages of life, with the intent of transforming all components of Canadian society into a wealth generating machine.

The intent of this chapter is to analyze the policy recommendations and the discursive strategies of the BCNI between 1994 and 2000 to understand how and why their policy recommendations shifted in this particular direction. This will help to further illuminate how the BCNI is able to frame the boundaries in which public policy debates occur.

NAFTA, Small Government, and Fiscal Responsibility

In 1994 the BCNI continued on their mission of pushing for smaller government, increased fiscal restraint, the further implementation of the GST, and demanding policies with the ability to ignite private sector activity in creating new innovative technologies to increase competitiveness.

The BCNI strongly supported the ratification of North American Free Trade Agreement (NAFTA) in 1994. In November of 1992, the BCNI made a submission to the Subcommittee on International Trade of the House of Commons Standing Committee on External Affairs and International Trade, presenting the government with an “either/or” scenario: “The choice for Canada is clear, either we adopt an open trade policy toward our own hemisphere, or we will be left outside of a future trade arrangement that may eventually stretch from Alaska to the southern tip of South America” (Business Council on National Issues, 1992: 20). The BCNI reasoned that the United States and Mexico were going to sign a free trade agreement regardless of Canada’s position on the issue.

Also, involvement in a continental agreement fit into the BCNI's belief that securing access to international markets would increase Canada's competitive potential.

Yet, just as with Canada-United States Free Trade Agreement, NAFTA was not viewed as a panacea to Canada's larger economic problems. As far as the BCNI was concerned, Canada's economy was still far away from filling its potential as a post-industrial leader in the world's economy. Many problems still plagued the federal government, such as "...public indebtedness, over-governance, bureaucratic gridlock, slowness in adapting to change, failure to deliver programs and services that have real value at a reasonable cost, declining respect for public institutions and officials, and the erosion of the rule of law..." (Business Council on National Issues, 1994a: 5).

To offer solutions to these problems, the BCNI continued to venerate ideas of a society whose social needs were met by the private sphere. Importantly,

Government must recognize its limitations. It should deliver programs and services that are essential, i.e. only those with clear public policy objectives and which cannot be delivered more effectively by the private sector. It should encourage the non-government sector to address other programs and services that are deemed to serve the public good (original emphasis) (6).

In other words, Canadians could take care of themselves if given the chance. The federal government remained too large, uselessly intervening in the private sector and administering social programs that were fiscally unsustainable. Instead, it was the government's role to spur Canadians into providing these services privately, where they could be administered more "efficiently".

In September of 1994, the BCNI tried to simplify further their recommendations with a "ten-point" scheme titled: *A Ten Point Growth and Employment Strategy for Canada: A synthesis of the Work of the Task Force on Economic Growth, Social Renewal*

and Fiscal Reform: "Project Renaissance". "Project Renaissance" represented a new phase of the BCNI's extensive studies on competitiveness that had begun several years earlier, resulting in the formation of the Task Force on Economic Growth, Social Renewal and Fiscal Reform (Business Council on National Issues, 1994c). The ten-point strategy consisted of:

1. a coherent vision of our economic future
2. a dynamic and innovative private sector
3. an economic climate and policies that promote job creation
4. a well-educated, skilled, innovative and motivated people
5. social policies that have as their cornerstones need, affordability, equity and efficiency
6. non-inflationary growth as a central tenet of national economic policy
7. balanced government budgets with low levels of public indebtedness
8. competitive levels of taxation that encourage saving and investment
9. international economic policies that promote aggressive trade development and diversification
10. a federation characterized by free trade internally, and smaller and more efficient governments working more closely together (Business Council on National Issues, 1994c).

This scheme offered the most succinct version of the breadth of BCNI policy recommendations. It combined the BCNI's intent of transforming Canada's psyche towards a new definition of competitiveness, while also embodying the calls of fiscal responsibility, increasing an educated and innovative workforce, cultivating an "outward-looking" approach to macro-economic policy based on free trade, and a small laissez-faire style government. This was the vision the BCNI had for Canadian society. Whatever the topic, the BCNI would somehow bring their recommendation back to this "ten point growth and employment strategy".

Through 1995 and 1996, the BCNI continued to advocate their social and economic visions for Canadian society. On November 21st 1995, Thomas d'Aquino made

a statement before the House of Commons Standing Committee on Finance concerning the 1996 federal budget. d'Aquino's intent was to reify the importance of paying off the federal deficit, arguing that the government should have in place plans for a balanced budget no later than 1998-99 (d'Aquino, 1995: 4). What was noteworthy about d'Aquino's statement was his ability to skillfully tie together the BCNI's policy recommendations on fiscal responsibility with investor confidence, taxation structures, social programs and political stability.

d'Aquino argued that with a large deficit, unsustainable fiscal policies and political instability, investors were short in confidence when investing in Canada, thus increasing risk premiums (d'Aquino 6). Balancing the books and reestablishing a united Canadian federation would increase the level of investor confidence, thus lowering interest rates. Resultantly, this would ignite new investments, jobs and economic productivity that would kick-start the economy away from recession (which the BCNI feared was going to happen in the United States at the time). It was essential that government diminish spending on social programs such as Unemployment Insurance and Canadian Pension Plan to reduce expenditures, and to tighten eligibility requirements to keep more Canadians in the workforce for longer. For d'Aquino, fiscal responsibility, government sustainability, and a politically strong Canadian federation, were all ingredients in creating a unified, confident and competitive economic powerhouse in the global economy.

Creating the Good Corporate Citizen

The extensive process of economic restructuring occurring nationally, continentally, and globally was negatively affecting the lives of many Canadians. Opposition to the neo-liberal reforms—which the BCNI had been so active in promoting—was growing as thousands of secure full-time jobs with benefits disappeared and were replaced with new part-time employment, which were typically insecure with little to no benefits.

Furthermore, the economic austerity of government spending saw significant cuts to social programming, where eligibility for programs such as UI and CPP tightened, forcing many Canadians to endure the harsh realities of a transforming job market.

Increasingly, large multinational corporations were targeted as the perpetrator of these hardships, where corporations were depicted as villains pursuing a “corporate agenda” that was obsessed with dismembering government and gutting social programs.

In response to these voices of opposition, the BCNI published a paper titled, *Jobs, Growth and Community: Large Enterprises at Work* in June of 1997. The intent of the document was to defend the image and role of big business in Canadian society and how corporations were vital to generating wealth in Canada. This paper was the first time the BCNI recognized that “the process of economic restructuring has been painful” (1), acknowledging the growing voice of opposition. However, the BCNI claimed these changes were necessary, and part of a larger economic plan that would eventually benefit all Canadians. It was important that people had faith in big business and must not be persuaded by critics into believing otherwise.

It was at this juncture that the BCNI began to aggressively portray the private sector as the main creator of new jobs in Canada:

The creation of sustainable, high-quality employment has been driven by private sector initiative and investment, not by government make-work programs. And within the private sector, large and small businesses are playing essential complementary roles that must be understood if we wish to accelerate the pace of job growth (1).

The BCNI were speaking directly to those who still believed in an interventionist state, challenging the Keynesianist residue which still gripped the minds of many Canadians.

The BCNI continued: “Even hobbled by the public debt overhang, high taxes and excessive regulation, the private sector has been able to create jobs fast enough to bring the unemployment rate down significantly” (3). Corporations were not the culprits of economic and social hardships experienced by Canadians, but the leaders capable of directing Canada to greener pastures of economic prosperity. Instead, it was Canada’s over-sized government interfering and restricting the potential of the private sector that was to blame.

Here, the BCNI began to pick up the thread of innovation once again, weaving together a vision of Canadian society that *would* occur if Canadians were patient through this “painful” period of economic restructuring. The BCNI claimed that: “The challenge of freer trade forced companies to invest heavily in improving productivity, and no one has invested more aggressively than Canada’s major corporations” (8). Free trade (for which the BCNI was also in large part responsible), allowed the pressure of international competitors to lean up against Canadian industries. This fierce competition coerced local companies, both small and large, to reinvest in productive capabilities (such as machinery) and to innovate in new technologies which would give them the edge against their competitors in the global market. If they did not respond to these pressures, these

companies would simply fail. Thus free trade was inexorably linked to innovation, forcing companies to find new innovative ways of producing things cheaper.

The BCNI also argued that forcing companies to compete in this way would result in the creation of new types of higher-quality jobs. For companies to innovate and compete more efficiently, workers with higher levels of post-secondary training would be in growing demand. Engineers, scientists, entrepreneurs, and other types of white-collar professionals would be called up to turn Canada's companies into global competitors. In light of these new realities, the BCNI argued:

This scale of investment dwarfs government attempts to create jobs through 'investments' such as infrastructure programs. While investment in productivity and innovation may not produce the same rate of short-term job gains, it lays the foundation for future economic growth and the creation of long-term and higher quality employment (10).

Although people were losing their jobs now, new different types of higher-quality jobs would be replacing them in the future that were congruent to the demands of competing in the international economy.

The BCNI also challenged oppositional voices by depicting the corporation as a member of the community who has been experiencing the same hardships as all Canadians: "This period has tested every one of us, changed the face of the workplace, placed new stresses on families and left many Canadians uncertain and fearful of the future" (1). In light of these changes, corporations should not be "portrayed as villains [who are] pursuing a 'corporate agenda' of dismembering government and gutting social programs..." (1). According to the BCNI, corporations did not represent some type of elite class that controlled Canada's economy, wielding power over the state and

Canadians, since corporations were in fact largely representative and controlled by the needs and aspirations of regular citizens:

Corporate ownership is no longer the preserve of the well-off...Over the past ten years, the proportion of Canadians who own shares has more than doubled...About 7.5 million Canadians now own shares either directly or through intermediaries such as mutual funds...More Canadians now benefit directly from corporate profits than collect interest on Canada Savings Bonds or guaranteed investment certificates (34).

The BCNI was depicting Canada as a classless society, where all Canadians—whether it is a corporate board member or a retail sales clerk—were experiencing the same tough realities of economic restructuring. Labeling corporations as “villains” was simply misleading and inappropriate, since corporations were a reflection of Canadian aspirations, where regular Canadians substantially influenced the decisions made in the boardroom through corporate ownership.

The consequence of this paper was an increasingly complex depiction of innovation and its relationship with job creation, economic productivity and social prosperity. Furthermore, these connections made by the BCNI justified the unharmonious process of economic restructuring, promising a brighter future lay just around the corner. Moreover, the BCNI depicted themselves as insulted and confused by the oppositional voices that portrayed corporations in a negative light, since it was corporations that worked in the service of Canadian interests.

CEO Summit 2000

On April 15th 1999, the BCNI launched the *Canada Global Leadership Initiative*. Similar to the research initiative undertaken in the early 1990s resulting with Professor Porter’s report (1991) on Canadian competitiveness, the BCNI endeavored to undertake a new

comprehensive research project that would further illuminate how to make a stronger national economy. The BCNI stated:

Despite the progress of the past decade, Canada is underperforming in a number of key areas. Gains in productivity and innovation are not keeping up with those of our major competitors. Our standard of living is in relative decline. The unemployment rate remains too high. Our currency continues to trend downward. Our global share of foreign direct investment keeps falling. Public debt is too high. Personal taxes are too heavy. The real after-tax incomes of Canadians have stagnated. And Canada's ability to retain and build knowledge-intensive activities such as head office operations and research and development is being seriously challenged (Business Council on National Issues).

No specific economic event was given as a reason to form the initiative. Instead, a series of broad issues and a general sense intuition was felt on the BCNI's part that Canada's overall economic performance was unsatisfactory, thus catalyzing this research initiative.

According to the BCNI, the major purpose of the initiative was to

...offer fresh insights into persistent problems that are not well understood. This includes Canada's weak productivity performance, poor record of innovation, relatively high unemployment, currency and stock market underperformance, and its declining global share of foreign direct investment. [Furthermore] the overall goal of the initiative is to develop a list of actions and policy directions that would create in Canada a uniquely attractive home base for competitive global enterprises, ensuring healthy economic growth and a rising standard of living for all Canadians within a global, knowledge-based economy (Business Council on National Issues).

Canada was still suffering from an array of old problems, such as high unemployment, public debt, and heavy personal taxes. However, these issues had been exacerbated by other factors which had been identified in Porter's report in 1991 such as the unshakable force of globalization and the need to innovate. Moreover, new technological advancements in the global economy such as the growth of electronic commerce and the internet, and the rapid industrialization of emerging markets were placing new types of competitive pressures on the economy which Canada had to respond to.

The product of *Canada Global Leadership Initiative* was a series of four papers presented at the CEO Summit in Toronto in April of 2000. The BCNI's central policy statement was titled, *Global Champion or Falling Star? The Choice that Canada Must Make*, which outlined the general conclusions and vision produced out of the *Canada Global Leadership Initiative* research. Tackling more specific issues, three other papers were presented: *Winning the Human Race: Developing and Retaining World Class Talent*, focused on the importance of and how to attract human capital to stay in Canada; *Risk and Reward: Creating a Canadian Culture of Innovation* discussed the need to transform economic structures that promote innovation and entrepreneurialism; and *Magnetic North: Powering Canada's Growth* outlined a plan of how to attract new investors to ignite productivity and wealth creation. The product of these four papers signified the BCNI's ability to enhance the scope, depth and veracity of their recommendations. Although these papers were on seemingly different issues, they were pieces of a larger puzzle, interwoven into a comprehensive system of economic, social, and cultural restructuring. The guiding principles of these recommendations were based on factors that could boost economic productivity in a context of global competition. These factors included: shrinking government, lowering taxes, fiscal responsibility, attracting new investment, innovation, entrepreneurialism, risk, and transforming the Canadian psyche. Furthermore, this newly constructed system of transformation was contextualized in the rhetoric of "social progress", where the BCNI attempted to depict their policy prescription as "natural" and grounded in "common sense".

The BCNI outlined four strategic imperatives in their central policy statement: (1) be a leader, not a follower; (2) support people rather than jobs; (3) focus on innovation,

not just ideas; and (4) reward success instead of subsidizing failure (Business Council on National Issues, 2000a: 2).

Be a Leader, Not a Follower

Concerning the first imperative, the BCNI claimed that “in the technologically-driven economy, the biggest returns go to leaders rather than followers” (Business Council on National Issues 7). The most competitive companies were those who were willing to take risks in producing new technologies that could be exploited on the market. Companies with the imagination to create new high-demand products such as today’s Apple’s “ipod” or Nintendo’s “Wii” were companies that would find the most success. And the country in which these companies were located would reap the most economic rewards. However, to create new cutting-edge products required companies to embody a particular business philosophy, based on ambition, risk and innovation. Conversely, “Companies that wait to see what works and what does not are left to pick up the crumbs” (Business Council on National Issues 7-8).

This imperative was also meant to speak to the BCNI’s depiction of Canadians as being generally complacent and lacking in ambition. This new reality of technologically-driven globalization required individuals who were willing to change and be flexible. According to the BCNI: “Innovation is disruptive, but it pays off. Getting ahead is not always comfortable, but it is better than going nowhere” (8). If Canadians insisted on being a “follower”, “nowhere” was exactly where Canadian society was going to end up.

Support People Rather Than Jobs

The BCNI stated that “A company’s profitability is now driven less by the amount of money invested in their machines and their efficiency than the investment of ideas by employees and shareholders” (9). Furthermore, “For a country, the first step to creating more value must begin with building human advantage. This process extends from earliest childhood until complete retirement from the labour force” (10). This imperative argued that the government should not waste its money supporting old jobs that were no longer relevant to the changing demands of global competition, but instead focus their attention and resources to producing a highly educated workforce with the expertise and will to create new ideas and innovative technologies to drive economic productivity.

However, once an individual earns a set of credentials that are in high demand, Canada risked losing these valuable workers to competitor countries that could offer them more lucrative forms of economic prosperity. Commonly termed the “braindrain”, Canada’s efforts of increasing the quality of educational programs were lost if these individuals emigrate once they have graduated.

Winning the Human Race: Developing and Retaining World Class Talent investigated this issue in more depth. The paper claimed that lowering personal and corporate taxes could stop this process of losing skilled individuals. Describing the relationship between high taxes, investment, innovation, and skilled workers, the BCNI stated that:

Uncompetitive personal tax rates also hurt the ability of Canadian companies to recruit and retain the people they need most to succeed in the global market. Uncompetitive taxation of capital gains chases away entrepreneurs and the creators of future global success stories. And uncompetitive corporate taxation discourages the investment that is need to fuel innovation and productivity growth and the creation of the leading-edge job opportunities needed to persuade Canada’s best and brightest to succeed from their home base (Business Council on National Issues, 2000d: 29).

If Canada did not lower personal and corporate taxes, Canada's "braindrain" would endure, and paradoxically, government coffers would shrink due to lower productivity caused by the loss of talent and their potential to innovate. Rigid labour laws "may appear to protect some jobs in the short term, but they undermine both business investment and human initiative" (2000a: 11). Hence, only through protecting the needs of skilled individuals would Canada become a "global champion".

Focus On Innovation, Not Just Ideas

The Canadian government was beginning to spend more money on research, where finance minister Paul Martin recognized the importance of creating a "culture of innovation" in his 2000 budget speech. Too often, however, research remained trapped in university labs. Research money was wasted by investigating things that could not be sold on the market, or were not patented quickly enough to capitalize on the research. Universities needed to be increasingly operationalized as institutions of commercialized research.

Risk and Reward: Creating a Canadian Culture of Innovation examined this issue in more detail. The report claimed that the individuals who could bridge the gap between ideas, innovation, research and the market were entrepreneurs: "A culture of innovation depends not just on research, but on a dynamic process of entrepreneurial investment that turns new ideas into growing business, new jobs and higher incomes" (2000c: 14). Canada had to create an environment of "entrepreneurial dynamism" if Canada was to become a "leader" in the global economy, requiring a "fundamental change in attitude in both the public and private sectors" (22).

Part of the solution could be found in “venture capital”, and creating an economic environment that could easily facilitate the function of “angel investors”. Although Canada has a relatively good supply of venture capital, Canada “lacks the dynamic network of informal capital that has played such a critical role in the growth of the high-technology sector in the United States” (2000a: 12). These “informal networks” are typically represented by “angel investors”—affluent individuals who invest capital in business start-ups. The BCNI believed “that early-stage angel investors are the key to a ‘virtuous circle’ of wealth creation, especially in the high-technology sector” (2000c: 18). These individuals could provide entrepreneurial experience and pools of capital and were willing to accept higher levels of risk than traditional financial institutions. Therefore, new business ventures with innovative ideas for new products were dependent on investors who were willing to undertake the high level of risk involved with bringing these products to the market. The higher the risk, the higher potential economic rewards, thus generating more economic productivity and wealth in Canadian society. However, if Canadian policy did not provide competitive tax policies, these types of investments would not flourish, therefore making Canada less competitive. Tying these recommendations back to a notion of social progress, the BCNI concluded their report by claiming: “A society that discourages initiative and penalizes successful risk-takers is a society determined to decline” (2000c, 24).

Reward Success Instead of Subsidizing Failure

This fourth and final imperative performed as a summary of the BCNI’s general recommendations and complaints concerning Canadian governments and society. For

Canada to become a “global champion”, Canadians had to pull up their boot-straps and embrace the realities presented by the demands of globalization. Canadians needed to become victorious risk-takers who could rise to the challenges posed by fierce competition through creativity and innovation. The government’s job in this process was to “encourage change, not stagnation, if they really want to help more Canadians to get ahead” (2000a: 13).

The report *Magnetic North: Powering Canada’s Growth* elaborated on this issue. Although change in this direction was occurring, the process of change was too slow. The main problem was that public policy remained out-dated to fit the needs of this new economy:

Many Canadians as individuals have launched themselves into this new era, but public policy is still geared to the past. Vast numbers of public sector are employed and huge sums of money continue to be poured into vain attempts to maintain the status quo. Government programs prop up companies that can no longer compete, subsidize jobs in traditional industries and encourage people not to move, not to acquire more marketable skills, not to shake off persistent dependence on the public purse (2000b: 11).

People who wanted to take risk and bring new ideas to the market were not rewarded by public policy. Taxation structures remained uncompetitive, and current public policy was constructed in a manner that did not push people towards risk-taking in technologically driven industries, but instead subsidized complacency and dependency on uncompetitive jobs.

Conclusion

The period 1994-2000 illustrates the BCNI’s capacity to pre-emptively provide policy recommendations. Due to their ability to catalyze large expensive research projects that

result in a comprehensive tightly-knit program of policy recommendations seemingly founded on “common sense”, the BCNI strongly influenced the boundaries in which specific policy debates occurred.

One major success of the *Canada Global Leadership Initiative* was the BCNI’s ability to compellingly blur the lines between the economic and social realms, where “social progress” was presented as unfathomable without economic change. To begin the *Canada Global Leadership*, the BCNI created a new mandate for their organization: “...we pledged to do everything in our power *to make Canada the best place in the world in which to live, to work, to invest and to grow*” (original emphasis) (Business Council on National Issues). The concepts of “work” and “invest”—which have a clear economic connotation, were juxtaposed between “live” and “grow”—concepts with strong social implications. Posing the social and economic realms together portrays the BCNI as organization which is concerned with social activism on the part of all Canadians, as opposed to simply representing the economic needs of their membership. This has the effect of presenting the two as inseparable, as if the interests of Canada’s top 150 CEOs and general public were homogenous. By co-opting the ideas and aspirations of Canadians, the BCNI can more easily define the boundaries in which debates surrounding public policy occur.

Furthermore, by posing their demands in relationship to notions of social progress, the CCCE expanded their targeted audience and changed the language they used to communicate with this audience. As an organization that was now identifying itself with social activism on behalf of all Canadians, the CCCE was making claims of wanting to be more inclusive, attempting to bring all members of society into this

“national debate” in forming social and economic policy. Since economic success and social progress was dependent on the determination and capabilities of all Canadians, each Canadian had a stake in the recommendations of the CCCE.

This period is also illustrative of the BCNI’s function as a lobby organization to continuously apply pressure on policy makers. Although public policy in Canada was incorporating significant changes such as increased fiscal responsibility, lowering personal income and corporate taxes and implementing a consumers tax, embracing free trade, and tightening spending on social programs, the BCNI were predictable in that they continued to express frustration with government policy. According to Carroll and Shaw: “The fiscal crisis of the state provided a pretext for [the BCNI’s] calls for restraint and deregulation, and in the late 1990s the challenge posed by alleviation of fiscal crisis was met with a rhetorical shift from the state deficit to global competition as the looming threat to national health” (2001: 200). No matter what success their recommendations found in Canadian public policy, the BCNI would persistently create new types of pressure. If success is found in one area of policy recommendations, the BCNI will either demand further commitments in that area, or simply shift their attention to other policy recommendation that indirectly embody similar demands.

Chapter 5: Security and Competition: 2001-2008

Following the success of the CEO Summit and the rhetorical shift towards identifying global competition as the main threat to Canadian economic and social prosperity, the BCNI changed the name of their organization. On December 6th, 2001 the BCNI announced that they were adopting a new name to help represent their new global mandate. It was argued that “as Canada entered the 21st century, it became clear that ‘national issues’ increasingly had global dimensions. Addressing the key challenges facing the country therefore required a much greater degree of global engagement on the part of Canadian chief executives” (Business Council on National Issues, 2001). The BCNI needed a name that would represent this new mandate. From this point on, the BCNI were to be known as the Canadian Council of Chief Executives (CCCE)⁷.

The year 2001 also belonged to the terrorist attacks on the World Trade Center in New York City, occurring on the morning of September 11. This attack transformed international relations and signaled the growing securitization of US borders. Within just a few days, the movement of people and goods across US borders significantly slowed as US customs agents tightened access into the country in fear of further terrorist activity. As a result, Canadian economic integration with the United States was about to face a series of new hurdles. At the time, US\$1.2 billion in trade crossed the Canada-US border on a daily basis, accounting for 80 percent of Canada’s exports. The slow down of trade across this border had large implications for Canadian economic prosperity. This new reality of securitization would quickly catch the attention of the CCCE.

⁷ For the remainder of this thesis, the BCNI will be referred to as the CCCE.

The post-9/11 world of international trade created a shift in the policy recommendations of the CCCE. Prior to 2001, security was merely a small factor in their repertoire of recommendations. However, after 2001, the discussion of security proliferated, where the CCCE began to incorporate security measures into their system of economic competition and social prosperity. Canada's CEOs recognized that tightened border security was here to stay. Any type of policy recommendation would have to embrace the securitization of international borders.

The post 9/11 period, however, was not dominated by discussions of security. The CCCE continued to present papers that focused on keeping Canada economic competitive on a global level outside of a context of security. However, these particular papers offered no new substantial ideas that broadened the concept of competitiveness. Unlike the 1990s where the definition of economic competition transformed in meaning and scope after the Porter report in 1991 and the *Canada Global Leadership Initiative* in 1999, no comprehensive research initiative concerning economic competition was undertaken by the CCCE after 2001. Instead, the purpose of these papers was to maintain pressure on the government to make sure they were exercising prudence and to avoid growing social spending. These papers were intended to act as quality control recommendations to ensure the government did not fall back into old habits of fiscal irresponsibility.

This chapter will examine the CCCE's major policy recommendations from 2001 to 2008. First, I will first trace the development of the CCCE's involvement in creating a discourse of economic competitiveness and heightened securitization and illustrate how this discourse transformed their policy recommendations into calling for increased

continental integration. Second, I will look at the CCCE's other major policy reports that were not primarily concerned with security. Here I will illustrate how the CCCE uses the rhetoric of global competition as an excuse to demand that the federal government does fall back into old habits of increased social spending and remains fiscally prudent when passing new budgets.

New Institutions of Security and Commerce

Following 9/11, the CCCE launched the *North American Security and Prosperity Initiative* in January 2003. The intent of the initiative was to accelerate progress by further integrating security and economic aspects of the continental relationship between Canada, the United States, and Mexico. The initiative called for action on five fronts:

- ***Reinventing borders*** by eliminating as many as possible of the barriers to the movement of people and goods across the internal border and by shifting the emphasis to protection of the approaches of North America
- ***Maximizing economic efficiencies***, primarily through harmonization or mutual recognition across a wide range of regulatory regimes;
- ***Negotiation of a comprehensive resource security pact***, covering agriculture and forest products as well as energy, metals and minerals, based on the two core principles of open markets and regulatory compatibility;
- ***Rebuilding Canada's military capability***, both to defend our own territory and to do our share in ensuring continental and global security; and
- ***Creating a new institutional framework*** based not on the European model but on cooperation with mutual respect for sovereignty, perhaps using joint commission models to foster coordination and to prevent and resolve conflicts (original emphasis) (Canadian Council of Chief Executives, 2003b: 1).

The main ambition of this initiative was to share the process of increased securitization, as opposed to the United States single-handedly imposing a new security regime without the involvement of their trading neighbors, south and north of their borders.

Over the course of the next year, the CCCE further developed their ideas about deeper integration with their continental neighbors, publishing these ideas in April 2004 in a paper titled: *New Frontiers: Building a 21st Century Canada-United States Partnership in North America*. The CCCE argued that

...Canada and the United states must take the lead in developing a new paradigm for cooperation, one that will increase the security of our respective citizens and maximize the ability of our countries to prosper in a world marked by increasingly intense competition among developed and developing countries. Given ever-growing international flows of goods, services, people, investment and ideas, this new paradigm must be based on respect for sovereignty while achieving more effective and mutually beneficial interdependence (Canadian Council of Chief Executives, 2004: ii).

The CCCE viewed increased securitization after 9/11 as an opportunity to reconstitute their economic relationship with the United States, where it was now possible to call for deeper integration with the United States on an institutional and economic basis in the name of safety. Furthermore, not only was the North American economy threatened by terrorism, but also increased competition from “developed and developing countries” (ii). The CCCE was quietly incorporating other economic threats besides security into their new discourse of global competition. This “new paradigm” would be able to fight terrorism and combat global competition all while keeping North America economically prosperous.

The CCCE believed deeper integration was best administered through NAFTA: “The economic competitiveness of all three countries will be enhanced if we continue to build on the success of the NAFTA” (2). In order to secure a deal with the Americans, the CCCE claimed “only an exciting and ambitious proposal can attract attention and mobilize political leadership in the United States” (4). Canada had to offer ideas that could garner the United States’ attention, and this would most likely occur on a trilateral

basis where “a broad set of negotiations [could] provide enough room to discuss mutually beneficial trade-offs” (4). Small, incremental agreements would unlikely secure any substantial changes that could benefit Canada’s national economy. Rather, through using NAFTA as a platform in which to present a new framework of North American integration, Canada could hope to assert its needs in a global context.

Yet, although this “new paradigm for cooperation” meant deeper integration with the United States, the CCCE were careful to point out that their recommendations did not attempt to breach Canadian sovereignty:

Where Canadians once approached big ideas on this front with great trepidation, we are now confident that neither stronger economic ties with the US nor a common security agenda will imperil our political sovereignty, our social values or our cultural vitality. Canadians understand that sovereignty is not an abstract goal, but a tool to be used in serving our interests and doing our duty as citizens of the world (30).

In fact, the CCCE believed that pursuing a security partnership with the United States would allow Canada to affirm its sovereignty, both globally and internationally with a more competitive continental trade regime. Since Canada was a small country neighboring the largest economy in the world, Canada could only hope to assert its presence internationally by taking a leading role in forming multilateral agreements.

In 2005, several recommendations of the CCCE were fulfilled when the political leaders of Canada, the United States, and Mexico launched the Security and Prosperity Partnership of North America (SPP). The SPP was intended to “increase security and enhance prosperity, improving the quality of life of the citizens of all three countries by providing an institutional framework that would help advance cooperation and information sharing across issues as diverse as security, transportation, the environment, and public health” (Canadian Council of Chief Executives, 2007: 10). Leaders from each

country agreed with elements of CCCE's NAPSI recommendations and created a new form of continental integration concerned extensively on securitization of national borders.

After celebrating the first anniversary of the SPP, North America's political leaders decided that private sector consultation would be required to accelerate the progress of the SPP in achieving their mandate of continental integration. The product was the North American Competitiveness Council (NACC). The NACC consisted of Canadian, Mexican, and American secretariats respectively: The Canadian Council of Chief Executives; the Mexican Institute for Competitiveness; the Council of the Americas and the US Chamber of Commerce. The NACC represented the first ever continental organization of private sector interests in North America. In February 2007, the NACC published their first set of recommendations. They offered a series of priorities and recommendations on border-crossing facilitation, standards and regulatory cooperation, and energy integration.

The NACC shared the CCCE's original commitment of protecting the economic accomplishments of NAFTA. They argued that "because production patterns within North America have become so closely integrated, any tightening of the borders between Canada, Mexico, and the United States threatens to erode the North American advantage created by the NAFTA" (12). Therefore the priority of the NACC was to ensure their policy recommendations increased the flow of goods across continental borders, while also ensuring these continental borders became more secure. Moreover, the NACC would apply pressure on policy makers from all three countries if political movement on these

issues was seen as too slow, hurting the interests of businesses that relied on efficient continental borders.

Quality Control

Leading up to 2001, the CCCE saw many of their past policy recommendations of fiscal restraint and lowering taxes successfully find their way into Canadian public policy.

Finance Minister Paul Martin had answered the CCCE's call to balance the books, where in 1997 Canada saw its first budgetary surplus in years. The drastic cuts to social spending were beginning to pay off, and by the year 2002, the federal government had enjoyed several years of budgetary surpluses and "recorded the strongest pace of economic growth among the G-7 industrialized nations" (Canadian Council of Chief Executives). New jobs were being created, incomes were rising, and a decrease in interest rates made houses and other major purchases more affordable. Furthermore, money from government surpluses was now being directed towards Canada's large national deficit. The CCCE's tireless demands of fiscal prudence over the past twenty years seemed to be paying-off.

Yet, the CCCE remained worried. Although Canadian economic policy was enjoying economic success, the CCCE believed ominous forces were looming on the fringes of this prosperity. In October 2003, the CCCE made a submission to the Standing Committee on Finance titled: *Managing for Growth: Fiscal Prudence, Competitive Taxation and Smarter Spending*. Here, the CCCE wanted to make sure the government spent its money with caution and was wary of the powerful forces of the global economy. For the first time, the CCCE identified signs of a weakened American economy, in which

the United States was fuelling economic growth with massive government deficits and foreign borrowing. Furthermore, the US dollar was slumping, while Canada's dollar was starting to rise. Canada's rising dollars placed new pressures on the national economy, in which local manufacturers struggled to remain competitive and profitable as their products became more expensive on the global market.

However, what concerned the CCCE the most was the "unsustainable growth in public spending" (Canadian Council of Chief Executives, 2003a). According to the CCCE, "the easy money of the past five years unleashed a massive wave of new spending" (2003a). With the new pools of cash available from five years of consecutive budgetary surpluses, and years of tightened social spending, pressure was growing on the federal government to spend some of this money. The CCCE disagreed, however, and called for the federal government to remain fiscally prudent. Simply because money is available did not mean that it should be spent. The CCCE argued:

Given the continuing degree of risk to the world's economic outlook, the federal government should continue to budget in full measure for its contingency reserves and include significant prudence factors in its economic projections. This prudent approach to budgeting may frustrate some who have come to assume that the Finance Department is always sitting on a huge pile of hidden money, but it remains an essential tool for preventing the unexpected from plunging the government's accounts back into deficit. It also ensures slow but steady reduction in the tax burden represented by the accumulated federal debt (2003a).

As far as the CCCE was concerned, economic prudence should continue to be the government's guiding principle during policy formation. Although Canada's economic fortunes were changing for the better, and many of the CCCE's past demands of fiscal restraint were being achieved, the CCCE remained steadfast in their recommendations. Furthermore, the CCCE saw Canada's economic prosperity as a window of opportunity to call for the lowering of corporate taxes. Money spent on social programming was

wasteful in the eyes of the CCCE since it did little to ignite economic activity and new investment in Canada's economy. By lowering corporate taxes, new jobs and investment would grow, making Canada's economy more productive and competitive, ultimately putting more money into government coffers from growing economic activity, allowing the government to further direct money towards the national debt and social spending. Thus, it was unidentifiable risks caused by unforeseen economic forces which threatened Canada's economy, and it was imperative that Canada not veer from their path of fiscal responsibility, a path that had originally led them to their first surplus in 1997.

This line of fiscal restraint and lowering corporate taxes would continue into future policy recommendations. What would change was the list of threats that Canada had to prepare for and the tone of urgency in the CCCE's language to describe Canada's increasingly worrisome position in the global economy. The CCCE would continue to demand Canadian policy makers pre-emptively tackle these issues while it was still in a position to do so.

In November 2004, the CCCE made another submission to the Standing Committee on Finance titled: *Hope for the Best, Plan for the Worst: Sustaining Canada's Growth through Good Times and Bad*. Here, the CCCE rearticulated the need for policy that could pre-emptively prepare Canadians for economic downturn: "...Canadians should not wait for the hammer to fall before responding. As a country, we should be taking advantage of today's good fortune to prepare our economy to weather the worst of the turbulence that may lie ahead" (3). To support this position, the CCCE developed their list of worrisome economic forces threatening Canada's prosperity. Besides

Canada's growing dollar and the United States account and fiscal deficit, the CCCE included rising oil prices and the extreme economic growth occurring in China.

The following year in 2005 the CCCE amplified the tone of urgency in their recommendations. In a paper titled *Canada First! Taking the Lead in a Transforming Global Economy*, the CCCE claimed that "Canada [was] a nation adrift", where "the very idea of strategic policy making is drowning in the swirling search [of provincial and federal politicians] for momentary tactical advantage" (1). The CCCE continued: "What is painfully absent today is any ambitious vision of what Canada could achieve over the next five to ten years and any coherent strategy for realizing this vision in ways that could mobilize support across Canadian society" (Canadian Council of Chief Executives, 2). Canadian politicians were too involved in short-term partisan politics and not concerned with long-term national strategy. This threatened Canada's position of economic prosperity, and for this reason, the CCCE wished to put "Canada first".

In February 2006 continued to apply pressure, albeit a somewhat different form. In a paper titled *From Bronze to Gold: A Blueprint for Canadian Leadership in a Transforming World*, the CCCE argued "...despite all the good economic news that Canadians have enjoyed in recent years, we believe that Canadians had become dangerously complacent about a wide range of emerging challenges to our country's ability to sustain the wellbeing of its citizens" (ii). Similar to the past three years, the CCCE were concerned with Canada's lack of long-term economic planning. However, the CCCE used this paper as an opportunity to restate their belief in fostering a strong "creative economy" based in innovation and entrepreneurship to reignite long-term economic planning in Canada. As if to remind Canadians of past conclusions drawn from

the CEO Summit in 2000, this paper was used to rearticulate demands the CCCE was making at the beginning of the decade, yet offering no new substantial ideas to the concept of competition itself.

Conclusion

The period from 2001 to 2008 saw the CCCE use Canadian nationalism as a tool in both continental and global contexts. To incorporate the process of border securitization taking place in the United States after 9/11, the CCCE called for deeper continental integration through NAFTA, to both increase securitization and the economic competitiveness of North America. Instead of diminishing Canadian sovereignty, the CCCE was attempting to strategically strengthen Canada's national economy through a discourse of continental integration. This use of nationalism by the CCCE supports Gabriel and Macdonald's (2004) claim that "the evolution of the Canadian business community depends not on an antinationalist discourse, but on a reformulation of nationalism to make it congruent with Canadian business interests with the continental economy" (82). The CCCE recognized that if Canada was to have any chance of asserting its sovereignty as the United States securitized its borders, success would most likely come from a process of continental trilateralism.

Canadian nationalism was also used as a cue to prescribe policy recommendation that could preemptively protect Canada from global forces of economic competition and uncertainty. During this period, the CCCE's system of economic competition and social progress discussed in chapter four remained the same, with the exception of amalgamating increased securitization into this scheme. Now it was more a question of

keeping Canadian policy makers on a tight leash, ensuring they did not fall to mounting pressure to spend growing sums of money sitting in government coffers. The CCCE would increasingly use the unforeseeable “risks” posed by globalization as ammunition to justify their calls of fiscal prudence, even when money was available for new social programming.

Chapter 6: Towards a Schumpeterian Competition State?

Chapters three through five have attempted to periodize the CCCE's policy reports since the late 1980s in hopes of examining the changing trajectory of the CCCE's policy recommendations over the course of the last twenty years. During this time, the CCCE's recommendations have shifted towards embracing policies which promote global competition and the so-called "knowledge-based economy" based on increased innovation and entrepreneurialism.

Throughout this period Canada's economy has undergone significant economic and social changes. The post-war Keynesian welfare state that was dedicated to Fordist forms of mass production, economies of scale, and extensive social programming was largely transformed towards neoliberal forms of capital accumulation and social regulation, characterized by fiscal austerity, debt payments, tax cuts and trade liberalization. Furthermore, through the tightening of eligibility and overall spending on social programming, more Canadians have been pushed off social assistance and into the labour market. Many full-time jobs diminished or disappeared altogether and were replaced with new part-time jobs with little to no benefits. In turn, an increasingly flexible labour market was created as Canadian businesses embraced new forms of capital accumulation. These economic and social transformations in Canadian society coincided with many of the CCCE's policy recommendations and facilitate the CCCE's calls for a knowledge-based economy as a new strategy of economic expansion.

The intent of chapter six is to theorize this process of economic and social transformation in Canada and the CCCE's involvement in this process of transformation

using Jessop's (1993, 2002) theoretical framework titled the "Schumpeterian Competition State" (SCS). I will argue that the CCCE has fulfilled the function of discursively mediating and positively interpreting processes of economic restructuring that have occurred in Canada over the past thirty-one years, leading to the reorientation of Canadian public policy.

Schumpeterian Competition State

Jessop fully develops SCS in his book titled *The Future of the Capitalist State*. Here, Jessop claims his "primary aim is to elaborate the theoretical foundations for a research agenda on the capitalist type of state in contemporary capitalism..." (2002: 1). As opposed to performing analysis of specific political regimes based on pre-existing theoretical frameworks of the capitalist state, Jessop wants to develop further theoretical explanations of transforming processes of state regulation in advanced capitalist societies. In doing so, Jessop hopes to construct a foundation on which new research can rest. This means that Jessop conducts his theoretical development on various levels of abstraction, often dealing with "ideal types" to generalize trends occurring across a series of national jurisdictions of advanced capitalism.

Jessop identifies the most basic features of capitalism as the key units of examination: mode of production and mode of regulation (1). Jessop borrows these concepts from the Marxian and French Regulation School traditions respectively. Mode of production consists of a combination of productive forces (labour power and the means of production) and the social and technical relations of production, meaning "the social structures that regulate the relation between humans in the production of goods",

such as labour unions, business associations, codified property laws etc. (Marx, 2001: 24). Mode of regulation can be defined as: “an institutional ensemble and complex of norms which can secure capitalist reproduction *pro tempore* despite the conflictual and antagonistic character of capitalist social relations” (Jessop, 1990: 174). A mode of capitalist production cannot exist without a mode of regulation, since it is the mode of regulation that ensures the development of social, cultural and political norms that present conflictual and antagonistic relationships as legitimate and justified. Constitutive of a mode of regulation is the capitalist state and other non-market mechanisms that participate in securing processes of capital accumulation⁸.

In light of these basic features of capitalism, Jessop claims: “The state apparatus and state power are critical factors here in shaping the dynamic of accumulation as well as being shaped by that dynamic” (Jessop, 2002: 1). The function of the state is an important structural and strategic force which ensured the expanded reproduction and regulation of capitalism. However, the power of a state is not autonomous, but contingent on global transformations in the mode of production. Due to this interplay between these forces, the capitalist state therefore becomes a focal point of examination in order to understand historical shifts in modes of production and regulation in the expansion of capitalist accumulation.

To expand on this argument, Jessop begins his analysis by tracing the capitalist state form from the postwar years to the present, and how it corresponds to stages of capital accumulation. To do so, Jessop must generalize different capitalist forms of state and accumulation regimes across various jurisdictions of advanced capitalism.

⁸ Accumulation in this context can be defined as: “a particular pattern of production and consumption considered in abstraction from the existence of national economies which can be reproduced over time despite its conflictual tendencies” (Jessop, 1990: 174)

To describe the mode of regulation prominent in the postwar years, Jessop employs the ideal-typical term of the Keynesian welfare national state (KWNS) (2). The characteristics of the KWNS can be defined as follows:

1. Keynesian insofar as it aimed to provide full employment in what was treated as a relatively closed national economy and to do so primarily through demand-side management to support mass production and consumption;
2. Welfare insofar as it tried to regulate collective bargaining within limits consistent with full employment levels of growth to help generalize norms of mass consumption;
3. National insofar as the national territorial state assumed the primary responsibility for developing and guiding Keynesian welfare policies on different scales;
4. Statist insofar as state institutions were the chief complement to market forces in the fordist accumulation regime (59-60).

This was the ideal-typical state that existed predominantly in Anglo-national jurisdictions of advanced capitalism during the postwar years. These countries included the United States, Canada, countries of Northwestern Europe, Australia and New Zealand under the KWNS.

The mode of production that flourished under this state form was “Atlantic Fordism”. Atlantic Fordism defined an accumulation regime that consisted of repetitive cycles of mass production and mass consumption, secured through the regulatory functions of the KWNS⁹ (55). Neither the mode of production or regulation stood alone, but instead constituted a dynamic relationship where each feature of capitalism was partly contingent on the movement of the other.

The KWNS flourished during the “golden years” of capitalist expansion from the late 1940s to the early 1970s (see chapter two). However, a series of crises occurred in the 1970s and 1980s that eventually led to transformations in the mode of production and

⁹ Other forms of Fordism existed in other national economies, particularly in East Asia, but they did not exist within the national boundaries of the KWNS as defined above.

new forms of state regulation. Jessop claimed that “The typical manifestation of the economic crisis in Fordism was a growing stagflationary tendency – that reflected the distinctive grounding of its mode of regulation in the wage and money forms – and a tendential decline in the rate and mass of profit as the Fordist growth dynamic was progressively exhausted” (81). Also, problems of stagflation hampered the ability of states to reignite contracyclical demand management (81). Furthermore, a combination of troubles grew such as increasing foreign competition; growing interest rates, energy prices and unemployment; and deepening public debt financed by foreign capital¹⁰. These forces challenged the logic the KWNS as a viable system capable of maintaining satisfactory levels of economic growth.

When policies of economic austerity and social retrenchment failed to combat these forces during this time, the emphasis changed towards restructuring and reorienting the state (Jessop, 1993: 9). In light of this, Jessop argued: “What is emerging, hesitantly and unevenly, from these attempts is a new regime which could be termed, albeit rather inelegantly, the Schumpeterian workfare state” (9). The general qualities of SCS were described as: “the promotion of product, process, organizational, and market innovation; the enhancement of the structural competitiveness of open economies mainly through supply-side intervention; and the subordination of social policy to the demands of labour market flexibility and structural competitiveness” (9). Jessop was careful to note that this transition from KWNS to SCS was by no means pre-determined or universal. Each national economic jurisdiction was distinct and would deal with economic crisis differently, depending on the context-specific social, political, and economic forces unique to that jurisdiction (9). However, the theoretical framework of SCS was useful to

¹⁰ For a more detailed account of crises and KWNS, see Jessop (2002), pages 80-94

understanding the general shifts in economic regulation occurring in advanced post-fordist economies.

This process of state reorientation towards SCS was largely catalyzed by global transformations of economic expansion in countries of advanced capitalism. To understand the restructuring of economic expansion and its relationship to changing modes of state regulation (KWNS to SCS), Jessop identified several changes in the global economy.

First was the global emphasis on new technologies with its ability to force economic expansion. To gain a competitive edge, many firms deepened and broadened their R&D capacity. To capitalize on this scientific research, firms also became increasingly “concerned with the utilization of research findings and their translation into commercial innovation” since “it is only through this conversion of research into innovation that the economic payoffs from scientific research is realized...” (Mowery, 1989: 3). As opposed to focusing simply on the scientific research of new products (which is the prime objective of R&D programs), structures of innovation combine technical knowledge with economic potential: to bridge ideas from the laboratory into consumer products. The most competitive firms successfully redesigned old products and created new products, broadening existing markets and producing new markets altogether, thus transforming structures of accumulation.

However, successful structures of innovation are often capital intensive, involve higher levels of risk and require collaboration among diverse interests (such as firms, institutes of higher education, public and private research laboratories, venture capitalist, public finance bodies, etc.) (Jessop, 1993: 13). In light of these changing forms of

economic expansion, Jessop argued that “states have a key role here in promoting innovative capacities, technical competence, and technology transfer so that as many firms and sectors as possible benefit from the new technological opportunities created by research and development activities undertaken in specific parts of the economy” (13). It was the state’s duty to ensure public policy did not hinder innovative forms of economic expansion. “Promoting innovative capacities” often entailed providing more money for R&D, offering industrial subsidies which could help cushion the risk involved in creating new innovative products, and loosening personal and corporate tax policies to encourage more investment from private pockets.

A second factor was the internationalization of monetary flows. Connections between firms, markets, and countries developed facilitate these flows. Resultantly, “...states [could] no longer act as if national economies were virtually closed and their growth dynamic were autocentric” (13). Global competition was beginning to penetrate national boundaries, boundaries that had been seemingly protected under the macroeconomic policies of the KWNS. Forms of economic expansion based on innovation were in many cases best served through international competition, according those engaged in large collaborative innovative endeavors. By escaping national economic spaces, many firms could ensure continued economic expansion and capital accumulation. To reap the benefits of the internationalization of economic growth, the role for many states became deepening insertion of their national economy into the global economy (14).

Thirdly, “there has been a paradigm shift from a Fordist growth model based on mass production, scale economies, and mass consumption to one oriented to flexible

production, innovation, scope economies, innovation rents, and more rapidly changing and differentiated patterns of consumption” (14). Jessop also calls this new growth model “post-fordism”. Fordist forms of production were viewed by many as no longer economically competitive, where instead, emphasis was being placed on flexible manufacturing to exploit international markets of scope¹¹ (15). Jessop argued that this “paradigm shift” was reorienting the state to produce policies which aided the development of the supply-side of economic competition (through innovative structures of economic growth in a globalizing economy), as opposed to the demand-side of mass-production through economies of scale (which had been traditionally embraced by forms of the KWNS). A major reorientation of social policy was occurring, where welfare policies were being subordinated to the demands of ‘flexibility’ (15).

Given these changes in the global economy, and the structural reorientation of various states that wished to benefit from the economic changes, Jessop claimed that the distinguishing features of the SCS was “a concern to promote innovation and structural competitiveness in the field of economic policy; and a concern to promote flexibility and competitiveness in the field of social policy” (18). Innovation was the driving force behind the SCS, and an increasingly open international marketplace was where this mode of state regulation would be rewarded.

The transition from the KWNS to SCS is not a purely economic one. There is also a political and discursive dimension to this process. Jessop argued:

¹¹ Jessop claims economies of scope “derive from the diversity of products that can be produced from a given technical and social organization of production rather than from the diminishing unit cost of long production runs of standardized commodities that generate the economies of scale typical of mass production” (98).

The rise of the competition state is reflected in, and reinforced by, changes in the economic discourse, modes of calculation and strategic concepts. Such changes are important mediations between the structural changes in the global economy and the transformation of the national state. For discourses provide an interpretative framework to make sense of these structural changes, the crises that often accompany them and appropriate responses thereto (Jessop, 2002: 133).

These discourses attempt to positively translate new forms of economic expansion in hopes of igniting new favorable state policies and legitimizing processes of economic restructuring. Those who benefit from this restructuring will advocate the demands posed by the SCS, where new meanings of economic and social reproduction are discursively constructed and expanded. For example, the meaning of competitiveness, learning, innovation, full-time employment, and knowledge-based growth develop a particular definition by those who embrace the tenets of SCS.

This process of discursive construction also included redefining the boundaries of the economic sphere. Economic discourses under KWNS were more limited in scope, considering closed national boundaries with an emphasis on economies of scale and relative unit costs as the central components of economic expansion (132). However, under the SCS, Jessop claims “the increased importance of structural and/or systemic competitiveness leads to a fundamental redefinition of the ‘economic sphere’, because many phenomena previously regarded as ‘extra-economic’ are now seen as directly economic and/or economically relevant” (132). Items such as innovation and entrepreneurship become fundamental to post-fordist regimes of economic expansion. In this context states would begin to secure the necessary resources to ensure these forms of economic growth. Consequently, “this leads...to the subordination of the totality of socio-economic fields to the accumulation process so that economic functions come to occupy the dominant place within the state” (132). Policies concerning social

reproduction such as education, healthcare, welfare, employment insurance etc. are restructured to support post-fordist forms of expansion, ultimately giving the state a Schumpeterian orientation.

The CCCE and the Schumpeterian Competition State

As discussed in the introduction of this chapter, Canadian economic and social policy has undergone a substantial process of restructuring. These transformations in Canadian public policy have in many ways paralleled Jessop's theoretical framework for understanding the transition between KWNS and SCS in advanced capitalist economies. Accordingly, the CCCE has performed a pivotal function in facilitating this transition. It is my contention that the CCCE has played a substantial role in discursively mediating the transformation of economic expansion that has occurred in Canada over the course of the past thirty-one years. The CCCE has constructed interpretative frameworks that legitimize structural changes with the hopes to mobilize "support and deliver effective state policies that help to shape the restructuring and reorientation of the contemporary state..." (267). The CCCE's ability to define and limit the boundaries in which debates occur concerning Canadian public policy indicates the CCCE's capacity to produce hegemonic discourses. It is for this reason, in part, that state reorientation in Canada has continued to be successful over the past thirty years.

To better appreciate the CCCE's involvement in the restructuring of public policy through state reorientation, one must both understand the nature of economic expansion and look back to the origins of this organization and the economic forces in which it was born. Jessop claimed "...there is nothing automatic or mechanical about this

transformation [from KWNS to SCS]. Instead, it involves a trial-and-error search process, struggles to mobilize support behind alternative accumulation strategies, state projects and hegemonic visions...” (124). Jessop rejected arguments which viewed forms of economic transition as predetermined. Instead, he believed economic transformation was a search for solutions, where various firms would develop alternative forms of capital accumulation and test their ability to produce and sustain satisfactory levels of profit. Furthermore, as some of these new strategies proved fruitful, demands for new forms of state regulation that could facilitate the expansion of these strategies would begin to germinate.

The CCCE is a product of this “trial-and-error” process that was occurring in the mid-1970s during the peak crisis of the KWNS in Canada. As discussed in chapter two, Canadian business leaders at the time struggled to influence public policy that facilitated their strategies of economic expansion. In light of these difficulties, these business leaders formed the BCNI in 1976 as one potential solution to this problem. Over the years, through forming consensus within the business community and other political and social institutions and their method of acting as a “shadow government”, the CCCE has increased their ability to discursively mediate economic transformation and influence the reorientation of Canadian public policy.

From its very origins, the CCCE has advocated policies that embrace post-fordist accumulation strategies. However, it was only since the early 1990s, with the commission of Michael Porter’s report *Canada at a Crossroads: The Reality of a New Competitive Environment* published in 1991, that the CCCE’s policy recommendations began to take on a Schumpeterian character.

As discussed in chapter three, Porter argued Canada must begin developing new technologically driven industries that were based in systems of innovation as opposed to relying on natural endowments of vast resources. By making this transition, Canada would be able to meet the new demands posed by a technologically driven globalizing economy. Following Porter's conclusions, the CCCE began to specifically articulate policies which could be termed "Schumpeterian" throughout the remainder of the 1990s and into the new millennium. Calls for developing structures of innovation, investing in R&D programs, promoting entrepreneurialism, and creating a highly flexible educated workforce became the foundation on which the CCCE's recommendations were built. This strategic discourse grew in scope with the *Canada Global Leadership Initiative* in 1999, where calls for a SCS were coupled with the notion of "social progress"—an extreme attempt by the CCCE to absorb the previously regarded "extra-economic" into the economic sphere. Through these demands, the CCCE attempted to reorient state regulation towards a SCS, allowing Canadian corporations to excel in post-fordist structures of economic expansion which were occurring globally. The CCCE attempted to discursively mediate and legitimize global and local processes of economic restructuring using strategic discourses based in the logic of the SCS.

SCS and Security

One sharp contrast between Jessop's SCS and CCCE recommendations is the issue of security. From 1991 to 2001 the CCCE constructed an economic discourse which closely paralleled Jessop's general description of SCS. However, following the terrorist attacks

on the World Trade Center in New York City of September 11th 2001, an emphasis on national security began to penetrate the logic of the CCCE's policy demands.

Chapter five outlines how the 9/11 terrorist attacks influenced the CCCE's recommendations concerning economic expansion. The CCCE called for deeper continental integration through NAFTA as a means to securitize North America and to increase the competitive capacity of Canada, the United States, and Mexico. The CCCE continued to develop their economic discourse that embraced Schumpeterian qualities such as innovation, technology, entrepreneurialism, education, and global competition as key forms to successful expansion. However, in the Canadian national context after 2001, this discourse would have to fall in line with a new paradigm of global securitization.

Jessop's analytical framework of SCS does not discuss heightened securitization as a force that influences the processes of state reorientation. It is difficult to criticize Jessop on this point since the theoretical development of SCS occurred prior to the 9/11 terrorist attacks. The panic and fear in the United State that created rapid and chaotic changes in global structures of economic and social securitization, that significantly effected processes of global commerce would have been difficult to predict. Yet it is an important dynamic that must be integrated into the theoretical framework of SCS if it is to remain a viable theoretical tool understanding processes of state reorientation in advanced capitalist economies. Are structures of heightened security contradictory to post-fordist regimes of economic expansion? And how does increased securitization influence processes of state reorientation, especially states that embrace polices that are Schumpeterian in character? Of course, answers to these questions would depend on the analysis and comparison of the "complex synthesis of multiple determinations" (249)

specific to different national contexts. But introducing security as a factor to examining transformations in economic expansion and state regulation is critical to understanding the complexities of these processes.

Conclusion

The extent to which the CCCE has influenced the shift from a KWNS to SCS in Canada is debatable. Furthermore, measuring the exact degree of influence would be difficult to reveal due to the discursive nature of this influence. The CCCE does not exercise legislative power or attempt to directly coerce oppositional forces to acquiesce to their demands. Rather, their power lies in their ability provide interpretive frameworks that explain and legitimize processes of economic transition. Consequently, measuring their degree of influence is problematic since this type of power is exercised through a combination of text, public presentations, private meetings, media exposure, and inter-institutional communication based on private and professional relationships. Furthermore, the success of these different networks of power is contingent on current political and economic forces in Canada.

However, what *is* certain is that the CCCE has played a leading role in discursively constructing the conditions necessary to shape the boundaries in which public policy is formed in Canada. As an organization that represents Canada's top 150 CEOs, who control C\$3.5 trillion in assets and earning over \$800 billion in revenue annually, the CCCE has helped catalyze new forms of state regulation in Canada from a one which was predominantly Keynesian in character to one that embraced the foundational qualities of Jessop's SCS.

Chapter 7: Conclusion

The intent of this thesis was to examine the discursive transformations of the CCCE from its origins to 2008 in order to understand *how* the CCCE shapes the discursive boundaries in which public policy is formed in Canada. Furthermore, I was interested in *why* their discursive strategies evolved in a particular direction over the course of their existence. In doing so, I have tried to shed light on the specific role, function, and the type of power the CCCE exercises in Canadian society.

In chapter one, I used Gramsci's theory of hegemony and the concept of "organic intellectual" to help frame how the CCCE organizes the ideas and aspirations of elite fractions of capital into a political force with the capacity to influence the process of policy formation in Canada. By discursively amalgamating the ideas and aspirations of Canadians in general with those of the CCCE membership, the CCCE has attempted to establish consent to legitimize processes of economic expansion beneficial to their membership. The success of this organization in achieving this feat constitutes the CCCE as conduit of hegemonic discourses.

Chapter two I reconstructed the historical conditions which lead to the creation of the CCCE in 1976. Using a series of secondary sources, this contextualization began in the postwar years following WWII. I retraced processes of global economic transformation lead by the United States and Canada's involvement in this process of macro-economic restructuring. Although Canada's economy prospered under policies of the KWS regulation, I argued that Canada's economy remained structurally similar to that of the National Policy, where Canada was still heavily dependent on staple extracting

industries and export-led expansion. Originating in part from protectionist tariffs and depreciation allowances, this form of economic development was encouraged by high rates of American expansion into Canada, with the result of becoming remarkably dependent on American investment to fuel economic expansion. Through a series of global economic transformations, such as rising energy prices, the development of the GATT, and “Nixonomics”, Canadian public policy faced a series of economic crisis, such as growing unemployment and inflation. These crises developed during a period where a strong labour movement, a fractured capitalist class, and a government intent on embracing protectionist policies characterized the political economic atmosphere in Canada. It was in this economic atmosphere in which I located the creation of the CCCE.

Chapters three through five consisted of a discursive periodization of the CCCE’s policy recommendations. These chapters formed the basis of the original research conducted for this thesis project. The periodization was broken into three sections where research initiatives formed the boundaries of different periods. It was here where I presented the evolving discursive strategies of the CCCE to illuminate why the mandate of this organization shifted over the years towards embracing policies that were predominantly Schumpeterian in character.

Chapter three illustrated how Porter’s report influenced the CCCE to call for economic restructuring towards increasing development in technology-based industries and away from staple extracting industries. Furthermore, I illustrated how the CCCE redefined the meaning of competitiveness to embody a more social character, combining processes of economic transformation with notions of “social progress” in order to legitimize their ideas of economic expansion.

Chapter four examined how the CCCE developed further their calls of policy reorientation to promote and facilitate the needs of economic expansion based in R&D, innovation, and entrepreneurialism. Moreover, it was shown how the CCCE was attempting to discursively strengthen the “inextricable link” between competitiveness and social progress, through incorporating all stages of social reproduction with their particular system of economic expansion.

Chapter five described how the 9/11 terrorist attacks shifted the direction of the CCCE’s policy recommendations. The transformation in US security measures threatened the profit margins of many CCCE members, forcing the CCCE to quickly reconstitute the manner in which they posed their demands for economic expansion. Within a year, the CCCE viewed increasing securitization as an opportunity to call for deeper continental integration as a strategy to develop North American competitiveness, thus combining notions of both security and competition into a new paradigm of economic expansion. This period also saw the CCCE attempt to restrain the federal government from spending budgetary surpluses, and instead called for sustained fiscal austerity.

Finally, chapter six attempted to theorize both the processes of economic transformation in Canada over the past thirty years and the CCCE’s role in facilitating many of these changes. Using Jessop’s theoretical framework titled the “Schumpeterian Competition State” (SCS), I argued that the CCCE played a pivotal role in discursively promoting and mediating processes of economic transformation in Canada. Furthermore, I claimed that the CCCE exercised a substantial degree of influence in reorienting state regulation away from one based in the logic of the KWS towards one that embraced the

tenets of the SCS. Success in these terms illustrated the power of the CCCE to produce hegemonic discourses with the capacity to transform public policy in Canada.

This research is useful for several reasons. First, this thesis is valuable as a historical piece. Over the course of several months, I read almost all of the CCCE's major policy reports that were produced for the public from 1983 to 2008. As an organization that has played an influential role in directing Canadian public policy, performing a critical analysis to illuminate *why* the CCCE makes the particular demands that they do is incredibly valuable to understanding the origins of current public policy in Canada. Secondly, this research illustrates how economic expansion is a political process rather than one based in a predetermined logic of economic expansion. It has been shown that economic expansion and social regulation are partially dependent on strategic-discursive frameworks that attempt to positively interpret structural changes. Finally, on a theoretical basis, this thesis has in part, performed as a case study for examining processes of state reorientation in a Canadian context. Jessop argued that

...national variations in the pace, direction and emerging patterns of the SWPR [Schumpeterian Workfare Postnational Regime] are often rooted in their respective initial starting points, differences in modes of growth and insertion into the global economy, and in the institutional specificities and distinctive balance of forces. This means that, even if certain general tendencies can be identified and grounded in the logic of contemporary capitalism, this does not justify a simple, 'one-size-fits-all' account of the restructuring of the capitalist type of state. Instead, proper comparative analyses are required to comprehend and explain variations as well as similarities across the advanced capitalist economies (2002: 249).

If one accepts Jessop's claim that a general transition from a KWNS to a SWPR is occurring, and that this process is by no means universal but contingent on local context-specific forces, this thesis contributes as one "starting point" to conducting a comparative analysis of this larger process of economic transformation.

However, in light of these strengths, there remain several limitations to conducting a periodization of the CCCE's policy reports. One is that I have not examined the specific network of lines and points of communication both within the CCCE and between the CCCE and state officials. Gaining access to this type of information would have allowed me to offer a more historically specific account of the political and institutional dynamics involved in processes of state reorientation in Canada. Another limitation is that I have not examined the shifting membership of the CCCE over the course of its existence. The CCCE is comprised of CEOs from every major industrial sector in Canada, representing a diverse spectrum of demands from different fractions of capital. Changes in the CCCE's membership may influence the direction of its agenda. Performing this type of analysis would have allowed me to account for this source of influence, ultimately providing me with more nuanced account of why policy recommendations of the CCCE have shifted in a particular direction.

If this thesis project were to be developed further I would begin to build on these limitations. However, I would also use this research as a basis to form a larger comparative analysis with other national economic jurisdictions of advanced capitalism, such as Europe and East Asia in hopes of illuminating different trends of state reorientation occurring in different parts of the global economy. This research also provides a foundation on which to build research concerned with developing structures of economic and social securitization and the theoretical implications this has for processes of economic expansion and social regulation.

With all things considered, this thesis has illustrated how the CCCE has played a critical role in providing strategic-discursive frameworks that interpret, mediate, and

legitimize processes of economic transformation in Canada over the past thirty-one years. The success of the CCCE in the reorienting of Canadian public policy is a tribute to the discursive power of this organization, showcasing its ability to construct hegemonic discourses. This was achieved in large part by consensus formation within the corporate community. Through notions nationalism and social progress, the CCCE has evolved the meaning of economic competition, and in turn, have attempted to earn the consent of Canadians in processes of state reorientation.

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