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THE CORPORATE ELITE:
ECONOMIC POWER IN CANADA

by

Wallace Clement

A thesis submitted to the Faculty of
Graduate Studies in partial fulfillment
of the requirements for the degree of
Master of Arts

Department of Sociology and Anthropology
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Ottawa, Ontario

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The undersigned recommend to the Faculty
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"THE CORPORATE ELITE: ECONOMIC POWER IN CANADA"

submitted by Wallace Clement

in partial fulfillment of the requirements for
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ABSTRACT

Modeled after a study of the corporate elite by John Porter for 1951, this thesis is a study of the corporate elite and economic power in Canada for 1972. It deals with the historical development of Canada's economy and elites and places this within the context of the North Atlantic triangle. Since the study involves a replication, direct comparisons of the means of access into and social characteristics of the corporate elite are provided. The major finding is that access to the board rooms of dominant corporations is becoming increasingly confined to members of the upper class. Mobility from middle and working class origins into the elite has declined while the extent of corporate concentration of power has increased. Compradorization, the elite reflection of United States penetration of Canada's economy, is primarily a phenomenon of the middle class. There remains a powerful core of Canadian capitalists firmly rooted in the upper class.

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Chapter 41

INEQUALITY OF OPPORTUNITY AND INEQUALITY OF CONDITION:

AN INTRODUCTION

Over the past 20 years economic power has become concentrated into fewer dominant corporations controlled by an increasingly closed set of elites rooted in Canada's upper class. Avenues of mobility for the off-spring of the middle and working classes have become restricted while there has been an increase in the extent of recruitment into the elite by upper class sons. As Canadian society matures, it's class structure becomes more crystallized, stifling mobility and equality of opportunity. As the corporate structure continues to concentrate the structure of power in Canada, it becomes more rigid. These are the major findings of a study of the corporate elite and economic power in Canada modeled after a study undertaken by John Porter for 1951.

Much recent social comment has focused on U.S. encroachment into the Canadian economy over the past two decades but there has been a tendency to ignore indigenous Canadian capitalists. Although U.S. economic power has seriously eroded a good deal of the Canadian economy since the early 1950's, there remains a strong Canadian elite of independent and powerful capitalists centered in dominant corporations in the finance and transportation-utilities sectors of the economy. The effect of U.S. direct investment has been to create a set of Canadian comprador elites in the branch plants of U.S. multinational corporations in the manufacturing and resources sectors of the economy. These are the areas of social concern which are explored in this thesis.

Elite Studies

Traditional students of elites have argued that power is in the hands of a few individuals in command of the dominant institutions of society. They tend to stress that this is an inevitable consequence of the social condition and maintain that citizens should cope with it as best they can by adopting myths of acceptability and rationalization. Many contemporary students of elites have argued that power is in the hands of a few select people just as their predecessors argued but they have not accented this as an acceptable or inevitable condition. They attempt to deal with it by destroying its myths of acceptability which serves to perpetuate its hegemony. There remains an uncomfortable amount of historical truth in the works of Pareto, Mosca and Michels. 'Uncomfortable' because it still must be historically illustrated that modern western industrial society can live up to its ideology of equality and opportunity. 'Historically true' because societies have been organized by means of a hierarchy of command with a few who occupy positions of power and the many who are affected by the decisions of the few. It remains to be seen if this structure is an inevitable consequence of all human organizations or whether there can be a more equitable sharing of the prerogatives and responsibilities of power.

Social Class

In the transition from elites based on position to class based on common origins and interaction, it is necessary to move from role relations to social relations based on common social experiences-- common educations, common careers, memberships in common non-economic organizations, intermarriage and a host of other relationships which

give a group the cohesiveness that it can be called a social class. The corporate elite is a power group which is also a social group with a definite structure and pattern of relationships. For the most part the group is self-recruiting but when it does let 'outsiders' in, they achieve their mobility only after being acceptable to those in power.

Social Change

A theory of social change is a theory about historical processes. The concern here is with the social forces and actors which operate at particular periods which lead to changes in the organization of society. For this reason the thesis is presented within a historical perspective beginning with the origins of capitalism in Canada to the present with a focus on changes which have occurred over the past 20 years and forces which have precipitated these changes. As Mills would say, history is not "impersonal drift", the fact is that although we are all of us within history, we do not possess equal powers to make history. To pretend that we do is sociological nonsense and political irresponsibility" (1956:22). With the increased concentration of power within a few key institutions of society and a limited number of dominant organizations, the means of power have been monopolized by a select set of people who are not representative of, or accountable to, the populations they purport to serve.

Structured Inequality and Inequality of Access

Throughout this thesis there is one thread which serves to tie the notion of elites to that of class. This is the position that 'inequality of position leads to inequality of opportunity'. The

accumulation of privilege associated with dominant positions at-
tends advantages to their kin not available to other members of
the population. This is transmitted by differential access to the
means of mobility such as post-secondary education, inherited wealth,
career openings, social contacts and a series of advantages perpet-
uated through elite institutions such as private schools and private
clubs. This leads to differential opportunity in favor of the elite.

From these two distinctive dimensions of sociological impor-
tance can be explored. One involves positions within economic or-
ganizations, their stratification and power differentials. The sec-
ond is recruitment; that is, how the positions become filled. The
first is a concern with condition and the second with opportunity.
In other words, one is concerned about the structure of inequality
while the other is concerned about the processes of maintaining in-
equality. To illustrate that an economic elite exists involves in-
equality of condition; to illustrate differential access to elite
positions involves an unequal opportunity structure.

In the institution of the economy, structured inequality is
focused on the organization of corporations and the existence of dom-
inant corporations, whereas access inequality involves career pat-
terns to dominant positions and the social background characteristics
of their occupants.

This dichotomy is similar to that outlined by Parkin when he
distinguishes between the "egalitarian critique" and the "meritocra-
tic critique". The first focuses on "objections to the wide dispar-
ities of reward accruing to different positions" while the second
"is less concerned about the process of recruitment to these posi-

tions, seen from this angle, social justice entails not so much the equalization of rewards as the equalization of opportunities to compete for the most privileged positions" (1972:13). Parkin suggests the value in attempting to synthesize the egalitarian critique and the meritocratic critique: "Although the process of rewarding and recruiting are analytically separable they are closely intertwined in the actual operation of the stratification system" (11). The key concept he uses to attempt this is kinship. Families who are able to pass their accumulated advantages on to their kin establish a system of "social-recruitment within privileged strata from one generation to the next" thus perpetuating class structures through kinship.

Hierarchy within economic organizations and the existence of dominant corporations within the economic system create positions of power to which social classes may be differentially recruited thus perpetuating dominant classes and reinforcing power differentials. By examining both the inequalities of power associated with dominant economic positions and the perpetuation of class advantages through differential recruitment to these power positions, the existence of an economic elite with roots in the upper class will be illustrated.

The Approach

Baran and Sweezy have argued that:

The real capitalist today is not the individual businessman but the corporation. What the businessman does in his private life, his attitude toward the getting and spending of his personal income--these are essentially irrelevant to the functioning of the system (1966:43).

A contrary argument is presented in this thesis. Corporations are not people as Baran and Sweezy's reification would suggest; corpor-

ations are controlled by definable sets of people for particular purposes. They are means by which some people exercise power over other people but they are legal constructs, they are not people! Furthermore, what the individual businessman does outside the corporation may not be important but what is important is what the corporate elite as a collective do outside the corporation and moreover, what the upper class does outside the corporation. Although class is perpetuated in large part through the corporation as a legal means of transferring power inter-generationally, class does not stop there. Class is based in the social origins and activities of collectives and these are of consequence whether they occur within or outside the corporation. Class institutions which reinforce corporate power and all other types of power are of consequence for perpetuating class.

The following two chapters concentrate on the corporation as a means of exercising social control and as a mechanism of power, from an internal perspective in the second chapter and from the perspective of external power relations in the third. The third chapter concludes with an analytical framework which incorporates arguments developed to that point. That framework is then used in an historical analysis of Canada's economic development within the context of the North Atlantic triangle. The fourth chapter examines economic process and elite structures up to the early 1950's while the fifth examines more closely recent developments, particularly the rise of the multinational corporation and what this has meant for elite formations within Canada. The sixth chapter analyses in detail the concentration of economic power as it currently exists in Canada, emphasizing the development and control of key sectors of the econ-

only. Within that chapter the phenomenon of corporate interlocks are examined, beginning to bring the analysis from the level of organizations to the people who control them. In the seventh and central chapter, a detailed examination of the current corporate elite is provided with the focus on changes which have occurred over the past twenty years. In this chapter the relationship between the corporate elite and social class is fully examined as are a number of social relationships and social background characteristics of elite members. This represents an application of what has been called the "sociology-of-leadership" approach to the study of those who command dominant institutions in society. In this way there is a marriage of the study of the power and concentration of corporate capitalism in Canada and a study of the inequality of access to positions of command within dominant corporations.

Chapter #2

THE CORPORATE POWER STRUCTURE: INSIDE THE BUREAUCRACY

Traditionally the sociology of organizations has examined the internal structure of organizations while ignoring their social context. By using the modern corporation as an example, formal organizations will be placed in the framework of the social and power structure of society at large. A focus on power relations will illustrate that an understanding of formal organizations requires a framework larger than the organization itself. The contention is that the parameters of the sociology of organizations should be expanded to encompass the milieu within which organizations operate. Power refers to decision-making with consequences; the broader the consequences the more extensive the scope of power. At least three dimensions of power are important in the following discussion. They involve first, the structure of decision-making which means the way power is organized in society in terms of institutional arrangements. Secondly, positions of power mean the way control is exercised within organizations and society through well-established posts which have the capacity to make decisions which bind. Finally, the process of decision-making which refers to information channels and people who can affect those in power and the way those in positions of power can insure that policies they set are adhered to. The most powerful people then are those who are in decision-making positions within these organizations which have the widest scope and are able to insure that their policies are carried out.

Bureaucracies are structures which lend themselves to control by relatively few privileged people occupying power positions within

these organizations. The particular bureaucracy examined here is the modern corporation although it would be interesting to apply this approach to other types of organizations. By analysing the structure of power within corporations and illustrating the way positions of corporate power are related to power structures in the economy and society, it will be argued that bureaucracies are used to both achieve and exercise power. The boards of directors of corporations will provide a focal point for discussion since they are the main interface between corporate decision-making and the power structure of society.

The tendency of industrial society toward accumulation and concentration of resources in a few powerful institutions has the effect of creating a few select positions of power. These positions are filled by people who form an interlocking network between various organizations. In corporate society the powerful positions are the boards of directors and executives of dominant corporations. The board establishes policy and insures that it is adhered to. Controlling ownership elects the people who sit on the boards which establish overall objectives and policy.

The minimal definition of a formal organization is an artificially created set of social relationships which are structured to accomplish predetermined objectives designed to affect the social or physical environment. It is important not to reify the corporation by perceiving it as a 'naturally' created body unto itself. While certain organizations may appear to have a 'life of their own' they are much more intertwined with the 'life' of the social structure than is commonly acknowledged. The purpose of this chapter is to illustrate that organizations in general and corporations in par-

ticular are not autonomous units but part of the social fabric called society. They help weave the fabric which is the social structure.

While the concept of 'informal organization' has typically been understood as non-official interaction within an organization, the concept is also useful for examining relationships people from within organizations establish with outsiders in an 'un-official' capacity. An example of external informal relations would be when one company's executive sits on the board of another company as an 'outside' director. High degrees of external informal relationships create a social network of information, loyalties, responsibilities and contacts; it serves to strengthen inter-organizational ties and create mutual-interest associations.

Formal external relationships would be joint ventures, buying and selling relations, financial ties such as loans, marketing arrangements or transportation contracts. An example would be RoyNat Ltd., a company formed and owned by several financial corporations in Canada. The Royal Bank owns 41.5%, the Banque Canadienne Nationale 34%, Montreal Trust Co. 13.5% and the Canada Trust Co. 10%. RoyNat's board of directors is composed of chairmen, presidents and executive vice-presidents from the owning companies (Financial Post Survey of Industrials, 1972:68).

Boundaries of Organizations

What are the organization's boundaries? Do they extend to the 'consumer' or to the other companies with interlocking directorships or to other institutions with controlling interest, as in the case of subsidiaries, or even to regulating bodies? Traditional organization theory ignores these questions because of its restricted frame of

reference. If organizations are understood as a base for acting out on the environment rather than as autonomous units, then specific tasks can be adjusted while retaining the same organizational structure. An example of this in corporate terms would be a corporation like Power Corporation which started out in utilities but evolved into a holding company primarily interested in financial control. Sills provides a classic example of this phenomenon from the organizational literature with the evolution of the National Foundation for Infantile Paralysis' (1969:175f). As these examples illustrate, the definition of an organization as a 'base' for action rather than by function or goal is more appropriate. In this way questions relating to organizational boundaries can be related to the organization as a base of power, suggesting that bounds are not clearly defined or restricted for analytical purposes.

An organization's ability to mobilize physical and social resources gives it power. Technological apparatus and personnel are increasingly important resources commanded by organizations and together with raw materials and the high energy (represented generally by the 'industrial revolution') constitute important sources of social power. Increasingly these resources are being utilized by large scale organizations to increase their power and scope. Modern corporations are "repositories of power" (Chayes, 1959:25). These power centers have dramatic influences for social stratification, but the traditional focus on a bureaucracy's internal relationships views organizations as autonomous from external considerations thus ignoring consequences of bureaucracy for social and power distribution.

there is a failure to analyse bureaucracy in terms of the social stratification of society and the distribution of power. Many sociologists (Barber, 1968:184-195) have assumed that the process of bureaucratization has had a homogenizing effect on society thus minimizing the degree of stratification. Contrary to this, the position here is that bureaucratization introduces a rigid distinction between those who have power and those who do not. Bureaucracy institutionalizes stratification not only along the power dimension but along wealth and prestige dimensions as well. Presthus has observed that:

Hierarchy gives those at the top control of the formal communication system whose channels follow hierarchical lines. Since information is obviously a prerequisite for participation, this control enables the elite to manipulate both the issues and those who help resolve them. Hierarchy permits elites to determine what kind of issues will be raised for organizational consideration (1962:33).

The implications of unequal access and structures of power are important for both members of organizations and society at large; it raises issues about both internal and external power relationships.

Harbison and Myers maintain that management can be perceived in three ways: as an economic resource, as a system of authority and as a class or elite (1959:19-20). This classification emphasizes stratification within the organization and implications for stratification in society. Recognizing this has led several authors to argue that corporations are 'invisible' or 'private' governments (Buchanan, 1965:38; Latham, 1959:218; McDougall & Fogelberg, 1968:4). This chapter and the next will examine the problems outlined here, first by focusing on intra-organizational structures and some of the debates in this area, second by examining inter-organizational relationships and finally, placing these developments in broader socio-

logical perspective by examining some implications for social stratification.

A) OWNERS, DIRECTORS, MANAGERS AND TECHNOCRATS: CORPORATE CONTROL, AN INTERVAL PERSPECTIVE

(i) Bureaucratic Structure and Control

Max Weber argued that bureaucracy "is a power instrument of the first order--for the one who controls the bureaucratic apparatus" (1916:228). Sociological analysis of bureaucracy has relied a great deal on Weber's work but there has been little acknowledgement of statements like this which places bureaucracy in its social context. Bureaucracy is more than a set of roles and functions; it is a base for action and performs this task most effectively. Besides concentrating power, bureaucracies are mechanisms for control. Bureaucracy itself is a structure based on control. The set of relationships which a bureaucracy establishes can be used for a variety of actions but the direction of that action is determined by policies or goals established by people who direct it. What is it about the bureaucratic structure, with its concentration of power, that facilitates a high degree of control from the top?

It has already been suggested that a bureaucratic organization becomes translated into social power when that organization is used to transform society. This suggests that the power structure of society is built to a large extent upon the power structures of formal organizations. It is people who control dominant organizations that have power.

Bureaucracies are transfer mediums for the policies of those who command them. Blau and Scott have suggested that there are three "hierarchical levels" in bureaucracies. These are: the "technical

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level" which is concerned with the 'product' of the organization or actually carrying out directions, the "managerial level" which has a mediation function to coordinate directions from the top to the bottom of the organization and the "institutional level" which acts as policy maker and connects the organization with society (1962:39). Collectively these levels of organizational power could be referred to as "pyramidal authority" (Brady, 1943:259). There is a clearly ordered system of supervision and control directed from the top. There is also a division of duties, roles and responsibilities with a division of labour specifying tasks and communication channels. These activities and relationships are referred to as "structural controls" (Brinkerhoff & Kunz, 1972:193). This is important since there are established and regulated channels which legitimate the power of each successive level in the hierarchy and the flow of communication follows this hierarchy. Informal relationships may develop which supplement legitimized channels. If informal channels come into conflict with dictated channels they will be eliminated.

By tracing accountability within corporations to the group which is accountable to itself, the stopping point is the board of directors. Katz and Kahn have referred to this structure as a "set of dyadic power relationships" (1966:216) where each level within the organization is supervised and directed by a level above it. This is correct for every level except the uppermost. It becomes important to distinguish between executive leadership, which represents the management or administrative side of bureaucracy, and bureaucratic power, which represents control and policy-setting aspects. These are related but distinct concepts. Administration is the carrying out of decisions which are made, but administration is estab-

lished, the personnel selected and accountability demanded, by those in power.

Some have argued that the process of decentralization has circumvented traditional authority structures but the case of General Motors illustrates otherwise. General Motors is considered by many to be a model of decentralized operations (Harbison & Myers, 1959: 43f). The structure involved, however, is what G.M. describes as "Decentralized operations and responsibilities with co-ordinated control" (Fortune, 1956:145-46). Neufeld provides the following directive from the Massey-Ferguson executive regarding their version of decentralization:

The organizational structure that best serves total corporate interests will be a blend of decentralized and centralized management. Marketing and manufacturing activities together with some supporting service functions, should be organized in a way that would bring them as close as possible to the local market situation. On the other hand, the activities that determine the long-range character of the Company--such as control of product line, facilities, and money, and planning the strategy of reacting to changes in the patterns of international trade--should be handled on a centralized basis (1969:227).

Decentralization is a management technique, not a reallocation of power. The initial three-fold division of technical, management and institutional levels remain intact in both cases. Policy making is still at the top and policy represents what is deemed 'valued' by an organization. As Blau and Scott contend, "each official in the hierarchy has his value premises supplied by his superior" using this procedure, organization serves to "limit the scope of the decisions that each member must make" (1962:36-38). This is a key point in the structure of bureaucracy. The range of discretion is determined by policy established at the top, be this a wide or narrow range; discretion is delegated and established but accountability

to those who control the organization remains. As long as delegated authority performs satisfactorily for policy-makers the situation will persist, but if it becomes otherwise, corrective action will be taken.

The process of management is the act of controlling and one method of control is specialization of tasks. The notion of "knowledge-based influence" introduced by Lawrence and Lorsch represents one aspect of control by specialized task. They argue that knowledge-based influence should be kept separate from "position-based influence" which represents authority. They "reject the classical assumption that knowledge automatically coincides with position-based influence" on the grounds that knowledge may give a person influence but not power (1967:172-74). Increased knowledge and technology, or what is collectively referred to as 'technique', provide the organization with a powerful resource but the power accrues to the people who decide how resources will be used, not to the individuals who have this resource. Technology increases, rather than decreases, control contrary to some arguments (Bendix, 1947:497). For example, the use of computer technology results in much faster and more comprehensive information which increases the ability to regulate organizational activities. As the speed of communication increases so does the ability to control. This basic principle was long ago recognized by Weber (1946:213). The decisions to introduce technology and to spend on its development are also decisions made, not by technicians, but by policy-makers.

The introduction of "vast control apparatus" and "organizational machinery" (Brady, 1971:173) serves to increase the 'rationality' of organizations and the ability to plan and project, thus smooth-

ing the functioning of organizations and concentrating control even further through predictability. The occupational expression of this phenomenon, as described by C.W. Mills in White Collar, increases the number of salaried bureaucrats. Mills correctly attributes the rise in white collar occupations to the growth of large scale organizations and characterized white collar workers as being on the "Rims of all the wheels of power" (1951:xviii). Although essential to the organization, white collar workers are without power inside or outside the bureaucratic apparatuses they work for. They are mediators of policy and 'doers' of tasks.

Besides the structural controls outlined thus far, several other control mechanisms operate in bureaucracies. A central control is the process of selection and recruitment. Etzioni contends that utilitarian organizations, of which corporations are an example, are "highly selective" and "often employ formal mechanisms--e.g., examinations, psychological tests, probation periods--to improve the selection of participants" (1964:69). Beyond this, organizations control through the roles they establish and the socialization procedure inherent in authority structures (Prosthus, 1962:7). Organizations adapt men to predetermined roles and as Mills says, "Although men sometimes shape institutions, institutions always select and form men" (1956:96). Although socialization is a subtle form of control it is most effective since it breeds loyalty. As Watson, long-time head of IBM says, "loyalty saves the wear and tear of making daily decisions as to what is best to do" (Rogers, 1969:106). Placing the process of socialization very much within the power perspective Miliband argues:

For indoctrination to occur it is not necessary that there should be monopolistic control and the prohibition of opposition; it is only necessary that ideological competition should be so unequal as to give a crushing advantage to one side against the other (1969:182).

This argument is equally applicable to social control within organizations and in society at large. Power gives its holders the means to maintain itself in a dominant position.

Power means being in a position to command resources and insure that these resources respond. This has the effect of determining what is valued by the organization and carries with it the ability to enforce collective norms; but, it should be remembered who determines the normative structure of an organization. Baran and Sweezy's comment captures the essence of what it means to be in the position to determine values:

To be a going concern, a social order must instill in its members the ambition to be a success in its own terms. Under capitalism the highest form of success is business success, and under monopoly capitalism the highest form of business is the big corporation (1966:37).

Controlling mechanisms are called "power-means" by Etzioni and refer to the "physical, material and symbolic rewards and deprivations" used by the power holders to carry out their directives (1969:68).

Types of Power

Three kinds of power should be separated in organizations: personal power, which involves symbol manipulation and results in an orientation to the person; positional power, which derives from a position within an organization (commonly called an 'official'); and social power, which represents the ability to direct and determine social forces, policies and goals outside the organization's formal structure. Social power may translate into personal power but the direction of social power is more general and oriented to the soci-

otal level. For example, a businessman may exercise personal power over his acquaintances because of his personality, exercise positional power over his employees by establishing rules and conditions of their work and social power by deciding to move his plant. Obviously, the latter has far more implications in terms of the community. His social power is based on his positional power and is limited by the resources of his business enterprise.

Remunerative power is based on and determined by those who control the power structure and acts as one of the most common and effective controls. In most organizational situations remunerative power brings compliance by making the following of directives rewarding. Sanctions are another means of insuring compliance and maintaining discipline and should not be overlooked. One of the qualities of sanctions is that they have effects beyond immediate situations and may be said to represent examples for others. Knowledge that a rule exists, or that a sanction has been applied previously, induce compliance. In this situation discipline does not mean the discipline of an army with constant and overt deference; rather, it represents orderly and predictable action which conforms to the objectives established for the organization. One sidelight, noted by John K. Galbraith, is that "pecuniary compensation as a motivation... supports profit maximization as the preclusive goal of the firm" (1967:140). Galbraith suggests that the more profit a firm makes, the more it is able to use money to motivate workers. Since the ability to reward is a control, the consequence is more control over workers.

People relate to organizations for a variety of purposes but the minimal requirement (except under coercive situations) is that the organization will provide something required or desired. This can

vary from the minimal relationship of the consumer of beer and Molson's Industries to the more complex power and status motivations of Molson's top executives. Since people relate to organizations for a variety of reasons, a multitude of social relationships occur within the organization. There is no suggestion that the people who command a corporation in any way control each of these relationships. What is being asserted here is that people in positions of command make key decisions about the life and death of a corporation, about the distribution of rewards and services and about who will work for the corporation and who will not.

People also relate to organizations for a variety of other reasons; organizations can provide personal satisfaction and security or they can give a person prestige and an 'identity'. Each of these is in turn a control. The use of organizations to gain personal power is similarly a control factor since upward mobility in the organization requires adherence to the objectives of the organization and represents a significant 'non-financial' reward the organization can issue (Gordon, 1961:305-6).

Although top decision-makers do not typically dictate the life style or the day-to-day activities of employees they do establish minimal standards of behaviour. However, exceptions where power holders go beyond this can be cited. For example, Watson's dictation of morality and life style for his employees at IBM with set housing requirements, clergy attendance of company meetings, morality regulations and dress and drink requirements (Rodgers, 1969:75, 103, 110, 120), but this is exceptional. More subtle forms of generalized control would be company town situations (Lucas, 1971; Long 1959). The development of the human relations approach to organiza-

tions can also be perceived as a method of control which transcends traditional methods. Katz and Kahn (1966:303) maintain that:

The whole human relations emphasis in organizational leadership can be thought of as an attempt to promote referent power in addition to and to some extent instead of, power based on rewards, punishments, and the acceptance of organizational law.

One situation applying 'motivational programs' to the work place is GM's Vega plants in Lordstown, Ohio (Rothschild, 1972:18-25).

This has been a summary of various aspects of bureaucratic structure and control to illustrate some of the ways policy is carried out. The following will relate these observations to decision making processes.

(II) Decision-Making Processes

Organizational decision-making focuses on policy making. It involves three elements: the ability to initiate decisions, approve recommendations and coordinate an organization's activities with the objectives of people in control. In corporations, these are the prerogatives of the board of directors. To gain power is to gain access to positions of decision-making. The greater the resources which are, or can be, mobilized by the decision-making process, the greater the power. To the extent that power derives from the decision-making process, it is organized. This distinguishes, for example, boards of directors from consumers with respect to economic power. Although consumers, sufficiently organized, can influence decision-making, the board actually makes decisions and need only take into account, more or less, consumer demands as part of their decision. This points out the importance of distinguishing between being present in the arena where decisions are made and exercising outside influence. Decision-makers maintain control. This is what

Mills meant when he spoke of the "institutional base" of power (1956:10-11). It is the power of position. To distinguish between the power of workers and that of policy-makers is to recognize the power of organizational decisions. Workers have a degree of influence which may have to be taken into account but they do not have bureaucratic power nor do they make decision-making policies and goal-setting decisions of the corporation. In Canada there is an added dimension to the power of the corporation's decision-makers which reduces union power. With so many United States' multinationals operating in Canada they are able to withdraw or shift the production outside Canada. Kirner provides a recent case of this:

The multinational's threats are relatively new to union strategists. It is now quite common for multinational managements to stress to uncooperative union leaders that continuing troubles will mean locating further investment in another country where a more docile labour force will welcome the extra work. The Canadian-owned multinational Massey-Ferguson was hit in 1968 by a 10-week strike aimed at getting equal pay for Canadian and U.S. employees. The management bluntly told the strikers that if they were forced to concede equal pay, then all expansion would be made in the U.S., where labour productivity is good, while the Canadian activities would be allowed to run down (1970:91).

It is structure which defines channels of communication, action and divisions of labour, but, it is decisions which move the structure. As Berle and Means suggested, "At the pinnacle of the hierarchy of organization in a great corporation, there alone, can individual initiative have a measure of free play" (1968:307). At every other level the nature and destiny of the activities of people are subject to higher levels of control. Organizations are social devices for the carrying out purposes. They are a means of exerting policy. The means of power are concentrated in large scale organizations and the policy-making function is concentrated at the top of these organ-

izations. "The consequences of bureaucracy depend therefore, upon the direction which the powers using the apparatus give to it" (Weber, 1946:230). Mills puts this position even more forcibly:

The ends of men are often merely hopes, but means are facts within some men's control. That is why all means of power tend to become ends to an elite that is in command of them (1956:23).

Social scientists tend to lose sight of the fact that organizations are a means, an apparatus of power, designed to accomplish tasks. Consequently organizations have become reified and abstracted from their social settings. Decision-making is the mechanism which mobilizes an organization to act out on its surroundings; it is the ability to cause responses to values interjected at the top. Policy decisions commit the bureaucracy to a course of action. This position is contrary to Galbraith's notion of the technostructure where "power passes into the organization" (1967:80). The position taken here is that the technostructure (a vague and ambiguous term, as will presently be shown) represents administrative and not policy/decision-making power. In the hierarchy of modern large-scale corporations top positions maintain control over all echelons below them. In terms of three dimensions of decision-making outlined by Katz & Kahn "the level of generality of abstraction of the decision; the amount of internal and external organizational space affected by the decision; and the length of time for which the decision will hold" (1966:259), the technostructure has very limited decision-making powers indeed, it is the board of directors which best fits the characteristics of this description. Again the case of Massey-Ferguson serves as an illustration:

Massey-Ferguson has accepted the principle that operations units should enjoy maximum responsibility and authority and that exceptions to this should be defined and understood. Massey-Ferguson Limited, the parent company, has been transformed

into a holding company and its executives constitute the corporate group. The North American operations unit has the same relationship with the corporate or parent company executives as do operations units in the rest of the world. True, corporate executives retain some detailed line responsibilities and, in emergency cases, temporarily assume others in individual operations units. But generally their role is to examine and eventually approve annual plans of operations units, to examine performance against plans, and to plan long-term strategy for the continuing development of the company's world-wide operations (Neufeld, 1969:389-390).

Some 'concrete decisions' taken by corporate leaders are detailed by Gordon in Business Leadership in the Large Corporations (1961: 54-55) and will not be reproduced here because of its length. They generally involve formation of goals, procedures to achieve these goals, selection of key personnel and finance control. Desirable levels of profit returns are set, investment decisions made and entrepreneurial action is undertaken by the top levels. Generally it can be said that the board is engaged in the allocation of values and the distribution of valued resources. As Means satirically puts it, "the unseen hand of Adam Smith is replaced by the visible hand of business bureaucracy" (1965:77).

In summary, the corporate elite may think they are being "good corporate citizens" and from the assumptions of corporate capitalism, they are for the most part, but decisions are still being made by a select few within the corporation and these decisions are based on their view of what the world is and should be. The corporate elite operate from their own social perspectives and background and monopolize key economic decisions. They reflect the selection process by which they come to have access to the positions of command and are able to allocate vast resources through the corporate mechanism.

Of course, one of the prerogatives of power holders is to deny that they have power. Earle McLaughlin, chairman and president of

the Royal Bank, denies he has power:

Power is something political. What we have is responsibility... I don't believe that I have any power at all, though I do have a lot of responsibility. I'm frightened of losing business. Being a banker you can't exercise any power; all you can do is fulfill the responsibility you feel to your depositors, shareholders, staff and the public at large (quoted by Newman with emphasis in original, 1972a:22-24).

Despite McLaughlin's 'feeling' about his power, he remains one of the most powerful men in the Canadian corporate world. In addition to being chairman and president of the Royal Bank, Canada's largest, he also sits on the board of Power Corporation, Genstar Ltd., Metropolitan Life Insurance, The Algoma Steel Corporation, Canadian Pacific and even the largest corporation in the United States, General Motors Corp. (Detroit). To deny that he has power is ideology; ideology which camouflages the reality of his power.

(iii) Ownership and Control: A Debate

There have been many people engaged in continuing debate concerning ownership and control of modern corporations. This section will attempt to outline some of the major figures in the controversy and responses of some of their critics.

Berle and Means

The modern debate was initiated by Berle and Means, who in 1932 published a monumental study entitled The Modern Corporation and Private Property (1968). The position here is that their work has been widely misunderstood and, like so many classics, widely referred to but rarely read. Contrary to popular myth (that is, sociology) Berle and Means did not argue that power had passed to the 'techno-structure' (in the sense of hired professionals and technicians). Rather, they argued that power should pass to the "neutral technocracy" (312). This recommendation was in response to their finding

that "management" was in many instances no longer in the hands of a majority of owners; that is, the stockholder. For Berle and Means "management" was not the technocracy of popular myth today but the board of directors and senior executives (196). It needs to be emphasized that the "technocracy" of Berle and Means is a recommendation to preserve corporate capitalism and not a description of what exists. It was a way to preserve the legitimacy of the corporation in particular and private property in general. To quote them:

It is conceivable, --indeed, it seems almost essential if the corporate system is to survive,--that the 'control' of the great corporations would develop into a purely neutral technocracy, balancing a variety of claims by various groups in the community and assigning to each a portion of the income stream on the basis of public policy rather than private cupidity (312-13).

Indeed, they even suggested that boards of directors, with the separation of ownership and control, ironically represent the principles of communism:

this corporate development represents a far greater approach toward communist modalities than appears anywhere else in our system. It is an odd paradox that a corporate board of directors and a communist committee of commissars should so nearly meet in a common contention (245).

They went so far as to suggest the possibility that "by custom the position of director" could become "hereditary" and "given legal sanction" (305).

Berle and Means were primarily concerned about two developments they observed and were bothered by, namely great concentration of wealth in a few giant corporations and the fact that a great portion of stock had become disenfranchised through dispersion among a multitude of small investors, thus separating ownership from control. Corporations represented great wealth but "control over this wealth has been surrendered to a unified direction" (4). This development

destroyed traditional property relations of entrepreneurial capitalism. The "typical" owner had become a mere rentier and control had passed to a few "individuals in command of the enterprise" (65). They discuss a series of legal devices through which a few people, holding only a minority of stock, have gained control of the corporation. Some of these devices noted are: non-voting stock, voting trusts, minority control, and pyramiding, all of which gave "working control" through relatively small but strategic holdings (71-75). To find out where control was they examined the election of the board of directors* (80). But why has their position been associated with notions like the 'managerial revolution'? One answer lies in their use of the word 'manager' which, in recent time, has taken on a meaning quite different than the one they used. The following is their definition:

'management' may be defined as that body of men who, in law, have formally assumed the duties of exercising domination over the corporate business and assets. It thus derives its position from a legal title of some sort. Universally, under the American system of law, managers consist of a board of directors and the senior officers of the corporation (196).

Their protestations were based on the idea that it was somehow 'un-American' and against the philosophy of private property for so little ownership to control so much wealth. It would be mistaken to assume, however, that the separation of ownership and control means the separation of all ownership from control. What this notion means is minority ownership, as low as 5% or even less, is able to control wealth many times its actual value if the remainder of stock is widely dispersed. This together with the concentration of wealth was Berle and Means' concern.

* A.A. Berle later commented that, "For practical purposes therefore, the control or power element in most large corporations rests in its group of directors and it is autonomous" (1965:92).

Burnham

The position of James Burnham, the real 'managerial revolution' theorist, is quite different from Berle and Means. Burnham published The Managerial Revolution in 1941 and in it argued that a social revolution was occurring which was dramatically changing the distribution of social power. One important similarity with Berle and Means' position is Burnham's projection of the convergence of the communist and capitalist systems (71-72). The managerial revolution theory holds that the dominant relationship to production is in a stage of transformation from capitalist to managerial. Burnham argues what is happening "is a drive for social dominance, for power and privilege for the position of ruling class, by the social group or class of the managers" (71). This represents for Burnham, a world wide movement. The economic relationship upon which this development is based is "the state ownership of the major instruments of production. Within this framework there will be no direct property rights in the major instruments of production vested in individuals as individuals" (72). Contrary to Burnham's projection it appears that corporate capitalism, in spite of its evolution from entrepreneurial capitalism, has remained capitalist none the less. Ironically, the economic basis for Burnham's thesis has been destroyed by history but the notion of managerial revolution, now completely divorced from its original basis, has remained and is still active in the ideology of managerial theory. With the assumption of capitalism neatly out of the way, Burnham proceeded to argue that 'function' would become the touchstone of power and management would become dominant because its function was central to the "technical direction and coordination of the process of production" (77-80)*. For Burnham, the word

* Many years earlier Weber had examined the notion of function and rejected it as the basis for power. As he said "The

"manager" was a shortened form for "production management" (80-81). He used the work of Berle and Means but maintained that they had "not carried far enough for our purposes", the concept of managerial control. As suggested, far enough for Burnham meant that the state was the owner of the means of production and that control was passed to "production management" (89). Burnham introduced the term "technocracy" and argued that the 'managerial society' was indeed a "technocracy" but rejected the term because it lacked the proper ideological dressing (203). In a 1959 preface to the book, Burnham denounced his original position as being "too rigid and doctrinaire" and was unable to salvage the concept (vii) but this has not deterred others from adopting the notion of a managerial revolution and using it for ideological purposes.

Galbraith

The most current protagonist in the ownership-control debate is John K. Galbraith who in 1967 reintroduced the notion of technocracy as the basis of power in the modern corporation in his widely acclaimed book, The New Industrial State. This was not the first time that Galbraith had argued that capitalism was going to be safe for common folk; in 1952 he had introduced the notion of "countervailing powers" to show that capitalism was finally saved but, alas, he rejects this in 1967 and replaces it with the "technostructure". Like Berle and Means, Galbraith argues that the dominant corporations have become exceedingly powerful and, as his title suggest, have come to dominate modern industrial society. Unlike Berle and Means, the saving grace is not the hope that a technocracy will evolve but

(footnote from previous page continued) were decisive, then where slave labor prevailed and where freemen usually abhor work as a dishonour the 'indispensible' slave ought to have held the positions of power" (1946:232).

that it has already arrived and that power has now "passed into the organization", and is firmly lodged in the "technostructure". Like Burnham, Galbraith uses the indispensability of function argument that "power goes to the factor which is hardest to obtain or hardest to replace" (76). In addition to the criticisms made of this position as taken by Burnham, other factors have become prevalent today.

It is at best fanciful to assume that a shortage of technicians exist today; they are produced at a faster rate than ever and there is even unemployment among this group, something unheard of earlier. This does not prevent Galbraith from arguing that knowledge and technical expertise are the "new factor of production". Given this, he maintains that power "extends from the leadership of the modern industrial enterprise down to just short of the labour force and embraces a large number of people and a large variety of talent" (69-70). Power has passed so far into the organization that it seems to embrace everyone short of the supervisor of the cleaning staff (or does it?). Galbraith's all-embracing term seems to be so broad as to be almost without bounds. He defines the "technostructure" as follows:

in the large corporation it embraces chairman, president, those vice-presidents with important staff or departmental responsibility, occupants of other major staff positions and perhaps, division or department heads not included above. It includes however, only a small proportion of those who, as, participants contribute information to group discussions. This latter group is very large; it extends from the most senior officials of the corporation to where it meets, at the outer perimeter, the white and blue collar workers whose function is to conform more or less mechanically to instruction or routine. It embraces all who bring specialized knowledge, talent or experience to group decision-making. This, not the management, is the guiding intelligence--the brain--of the enterprise (82).

But can this conglomeration of people really be the power of the corporation? No, not even Galbraith would leave it with this. After defining the technostructure he proceeds to qualify this massive set of roles into its important parts. Sometimes owners become part of the technostructure and earn their influence in this way as others, through position of the Board of Directors, have power in the selection of management--in decision on those who make decision (94). Later he qualifies this again and this time, rather than being in a position to "make decisions about decisions", as he contended earlier, "the Board of Directors is normally the passive instrument of the management" (159). It seems strange at one point to argue the board controls management and at another point to reverse this but Galbraith does this without qualification. He argues that on the "outermost circle" of the corporation is the "ordinary stockholder". (being of the position of rentier) but the "sizable stockholder", which he does not define, "who sits or is represented on the Board is different" (160). Presumably the "sizable stockholder" is different because they are in a position of control, but Galbraith does not share this information with us. Galbraith proceeds to qualify his original position even more by distinguishing levels of organization with the terms "inner perimeter", "center" and even "inner circles" (162-63). Again presumably power and decision-making are concentrated in this way but again Galbraith does not tell his readers. It may well be that Galbraith is unable to distinguish between influence, authority and power. It may be that the technostructure (if that term is limited to technical expertise) has influence, the manager's delegated authority and the board of directors' power. Failure to make these distinctions leaves Galbraith arguing in

circles, albeit with great style. For example, he uses the illustration of a toaster at least twice to show the "power" of the technostucture. He argues that a toaster must "emerge from the teams of scientists, engineers, designers, production experts, market researchers and sales executives. That is why power has shifted to, and into, the technostucture" (319). He had used the example of the toaster earlier (79) to conclude that "managers" did not decide about 'important' decisions but surely managers and directors and the technostucture all deal with the toaster on qualitatively different levels of concern and apply different criteria to evaluate these developments. As Fitch and Oppenheimer argue "Galbraith's market researchers and engineers work according to the standards set by their sphere of production and distribution" (1970:I, 86). It is the board which establishes the technostucture's sphere of production and criteria of success. It has the ability to remove the entire technostucture if it does not meet its standards. Power has not passed into the organization, it is still very much where it has been, at the top. It is necessary to distinguish the types of decisions being discussed. Obviously technical decisions are made by technicians, that is what they are trained and paid to do, but policy decisions and decisions of importance about production and control are the prerogatives of the board of directors. The failure to distinguish between the importance of a sphere of production and control over that sphere is making the same kind of mistake Weber warned about earlier. Slaves are a resource; they do not control.

There has been neither a 'managerial revolution' nor 'a shift of power into the organization', rather what has occurred is a managerial re-organization with a change in relationship between the

propertied strata and corporate executives. John Child has presented an excellent summary of this ownership-control debate in the Business Enterprise in Modern Society (1966) concluding that "the so-called 'divorce of ownership from control' is intimately bound up with the problem of business power" (36) and it is to this area that attention will now be turned. The issue is not ownership versus control but who holds the controlling ownership.

Production Versus Finance

A further dimension of the ownership-control debate is the relationship between various spheres within the economic institution. By this is meant the relationship between finance and production. In Capital, Marx argued that there were two kinds of capitalists, the industrial capitalist and the money-capitalist (1967:III, 381). With the development of joint stock companies and credit systems, a separation occurred parting the "work of management as a function from the ownership of capital" (387-88). He called the industrial capitalist the "functioning capitalist" as distinct from managers and financiers. The development and differentiation of capitalism permitted the "work of supervision" to be "entirely divorced from the ownership of capital" (386). In Marx's view the joint-stock company could be controlled either directly by the functioning capitalist or indirectly by the finance capitalist who would operate the company with managers. This began the sometimes empirical, sometimes strictly ideological, debate of who controlled the corporation--finance or production.

In the United States, Fitch and Oppenheimer argue that what Perle and Means classified as management controlled corporations are actually finance controlled, observing that all but two corpor-

tions they placed in this category are utilities and railroads which are dominated by finance capital* (1970:IV, 79). They go on to argue that United States Steel, one of the two non-utilities/railroads classed as management controlled and used as an example by Berle and Means, was actually controlled by J.P. Morgan who testified that he had "passed" on the selection of U.S. Steel's board of directors. They use these examples to illustrate that finance capital is not passee as Baran and Sweezy suggested in Monopoly Capital (1966). Within the finance sector, commercial banks and insurance companies are of important consequence, Fitch and Oppenheimer contend (IV, 103). They assert that in addition to traditional demands made by finance, banks are getting directly into ownership through holding companies** (IV, 104) thus increasing their power in the industrial sphere. Contrary to Baran and Sweezy and Galbraith's argument of internal financing, they maintain corporations more than ever need outside capital to finance expansion and with outside capital comes outside constraints and at times control when the corporation fails to perform (V, 67-69).

As suggested, this position is contrary to Monopoly Capital*** which states, "What needs to be emphasized is that the location of power inside rather than outside the typical giant corporation" and

* This point is substantiated by the Patman Report on U.S. banking which states "companies which have previously been characterized as 'managerial controlled' are probably controlled either by banks or by a combination of minority control through bank trust department stock holdings and management control" (Patman, 1968:18). Also the Patman reports reprinted in Zeitlin (1970:47-76).

** A.A. Berle reported to the Patman Committee that "the one-bank holding company left unlimited, can go in all directions, and there is no limit. It crystallizes around itself, first, a concentration of financial power and second, a concentration of industrial power beyond belief in the United States" (1969:10).

*** C.W. Mills appears to support Baran and Sweezy's side of the debate with the following statement, "Not 'Wall Street financiers' or bankers; but large owners and executives in their self-financing corporations hold the keys of economic power" (1956:125).

"we abstract from whatever elements of outside control may still exist in the world of giant corporations because they are in no sense essential to the way it works" (1966:17, 20). Supportive of Fitch and Oppenheimer's thesis of the importance of finance capital are Victor Perlo (1957) and Richard Pelton (1970), both of whom argue that banks play a key role in the U.S. economy.

From the preceeding it appears that there is a great rift in the capitalist higher circles and indeed some have argued this to be the case. It seems, however, to be more in line with the reality of the situation to understand it as a convergence of industrial and finance capital with each representing 'another face' of the economic elite. Indeed the ensuing debate between Fitch (1971), O'Connor (1971) and Sweezy (1971) seems to have resolved in this way.

Perlo's definition of "finance capital" may help to clarify the apparent dichotomy. By this he means "the linking of banking and industrial monopolies and monopolists into super-monopolies which tower over even the greatest of the industrial companies" (1957:17). It is clear that Perlo perceives a convergence between the two spheres, with each strengthening the position of the other. This is not a situation of antagonism but a "community of interest" (42). Aaronovitch holds much the same position, describing class links between the "controllers of industrial enterprises" and "financial institutions" (1961:43). The same holds for Fitch and Oppenheimer who, while emphasizing the 'forgotten' bank capital, contend in an entirely ambiguous statement* that "finance capital involves a merger of industrial and financial capital" (1970:V, 97). Although Fitch later insists that a clear analytical distinction be maintained

* James O'Connor correctly criticizes Fitch and Oppenheimer for their ambiguous use of the term "finance capital" (1971:120-21).

between the two spheres (1971:166), within this dichotomy the element of control remains unresolved. As Sweezy puts it, "The question for F&O to answer is not whether bankers sit on corporate boards or whether corporations borrow from banks: of course they do. The question is whether these activities confer corporate control on banks and bankers" (1971:2). The question is left unresolved in detail but there seems to be tenuous agreement that both bank and industrial capital are important dimensions of ownership-control theory.

Large Holdings and Family Firms

A final aspect of the ownership-control issue is the role of individual or family holdings in giant corporations. Popular theory holds that the single individual and family are no longer important in terms of control but some recent evidence tends to contradict this. Robert Sheehan found in studying the largest industrials on Fortune's 1967 top 500 list that 150 corporations were controlled (defined as 10% or more of voting stock as compared to the Patman Committee's 5% criteria) by an individual or family. Of this 150, founding families still controlled 70 corporations (1970:79-83). This would suggest that the role of individual and family holdings in corporate control is far from insignificant. Other data presented by Sheehan suggest that although some directors or executive officers may not have controlling interest themselves, their stockholdings are none the less substantial:

Chairman F.C. Donner, for example, owns only 0.017 per cent of GM's outstanding stock, but it was worth about \$3,917,000 recently. Chairman Lynn A. Townsend owns 0.117 per cent of Chrysler, worth about \$2,380,000 (82).

Aside from stock dividends, salary income can breed loyalty without necessarily having large blocks of shares. The Chapman survey of executive salaries reports that chief executives' firms with sales from \$64-128 million receive salaries on the average of \$62,000 and the average annual bonus for all chief executives was \$10,700 and presumably higher for those in the largest corporations (Financial Post, September 30, 1972). For example, John Baker, president, chief executive officer and general manager of General Motors of Canada receives a salary of \$70,000. Although substantial, this is considerably less than received by the chairman of the parent company, Richard C. Gerstenberg, who received \$874,963 in salary and bonuses in 1972. The salaries of bank chairmen in Canada are between \$150,000 and \$200,000 a year. Even if these executives did not hold substantial stocks in their companies, which is not the case, they still have very high incomes.

There are various levels and kinds of power within the economic elite, for example, a company may be dominant within its sphere of activity and the directors of that corporation may be the decision-makers but, if the major block of shares (not necessarily majority) is held by, say, an investment group, this group also has power over these resources and will be represented on the board. Generally there will be no conflict and both interests will be served but if there is conflict, the largest owner or coalition of owners will win out. Conflict costs time, energy and money and is non-productive so before this occurs the situation will be clearly assessed.

Ownership and Control in Canada

In Canadian society there is less separation of ownership and control than exists in the U.S. (Porter, 1965:22; Rosenbluth, 1961:

204-210). In Canada ownership remains the important avenue to control and controlling ownership, it must be emphasized, is the issue when power is the focus.

Canadian corporations practice control with ownership of less than 50% just as they do everywhere. One corporation active in this respect is Argus Corporation which has the following holdings:

B.C. Forest Products	13.4%
Dominion Stores	24.7%
Dominar	16.9%
Hollinger Mines	20.3%
Massey-Ferguson	15.4%
Standard Broadcasting	47.9%

In this case the example of Massey-Ferguson will be used to examine the relation between 15.4% ownership and effective control of this corporation. Massey-Ferguson had a total of 18,195,450 outstanding common shares as of May 4, 1971 of which 7,023,204 were held outside of Canada and 11,172,037 within Canada. Of these Argus Corporation held 2,850,000 representing a holding of about \$57 million at the average market price of \$20 per common share. This entitled Argus to place 6 directors from its board on the 18-position board of Massey, including A.A. Thornborough who is simultaneously a member of the Argus board and president and chief executive officer of Massey. In addition to the corporate holdings of Argus, its board members also have private holdings in Massey, some of which are quite valuable. For example, J.A. McDougald has a holding of 120,000 shares valued at \$2.4 million and A.A. Thornborough has a holding of 60,165 shares valued at \$1,203,300 while H.J. Carmichael's 30,000 shares are worth \$600,000 at current market prices. Each of these men hold positions on both Argus and Massey. Six of the board members of Massey together hold 299,165 shares valued at about \$6 million, an average of \$1 million each. These holdings by the latter six

men represent only 1.6% of all Massey's outstanding shares but they have a considerable wealth value as well as control value. It is known from the annual report to CALURA filed May 4, 1971 that aside from Argus, no other corporation or individual holds 5% or more of the corporate shares. This would suggest that the Argus holding of 15.4% represents effective control over appointments to Massey's board. If there were to be a proxy battle it would require a holding of well over \$60 million to outvote the shares of Argus and the private holdings of the Argus board. This means that with ownership of about \$60 million Argus is able to control a corporation with assets valued at over \$1 billion and annual sales of the same value. By using a minority control position Argus is able to mobilize capital worth many times its actual ownership.

In analytical terms this is not a problem easily dealt with. It would be an enormous task for a researcher to analyse the stock ownership of a large number of corporations, even if all the necessary data were available which it frequently is not. It is not possible to give a particular percentage, less than 50.1%, and say definitely that this represents control without examining the other shareholders. A case in point is Simpson-Sears Ltd, which is 50% owned by Simpsons Ltd., Toronto. Normally this would give effective control, possibly even be called a subsidiary but Sears, Roebuck & Co. of Chicago also holds 50% of the outstanding voting stock making Simpson-Sears a joint venture with half the directors from each of the holding companies. A company with between 10% and 50% is referred to as an affiliate, while a holding of less than 10% is simply referred to as an investment, however it is not inconceivable that very small percentage holdings, such as the 1.6% holdings of six Massey directors,

could be effective control if there were no larger holdings. However, this would make the controlling interest vulnerable to 'raiding' since it would take only about \$6 million to buy enough stock to outvote the controlling interest. Although small holdings may control large corporations it is more likely that the holdings of Argus actually represent more accurately what could be considered 'safe' investments to maintain control, this being somewhat over 10% of all voting stock, with no other major stockholders outside the company's associates.

For present purposes, this issue poses two problems, each related. How much ownership is needed before it can be said that a company is controlled by another and secondly, how much foreign ownership needs to exist before it can be said that a company is 'foreign controlled'? The first question has already been answered to some extent. Any holding less than 50.1% requires an analysis of the various major stockholdings. Obvious indicators of control are interlocking directorships and minority holdings above 5%. The cases of federally incorporated companies and those incorporated in Ontario can be checked through "Insider Trader Reports". It seems that unless a company is actually a subsidiary (parent holding over 50%) that the corporation should be included as a separate corporate entity and the ownership and corporate interlocks noted. Similarly for the second question, it would appear that typically foreign ownership is exercised through subsidiaries and frequently wholly-owned subsidiaries, however, it is possible to be controlled with less, as in the Argus case. Government statisticians have adopted the 50% rule although interpreting it differently. For example, CALURA applies the 50% foreign ownership to individual com-

panies such that "if 50% or more of its voting rights are reported to be held outside Canada and/or by one or more Canadian companies which are, in turn, foreign controlled. The concept is one of potential control through ownership of voting rights and does not purport to measure the extent to which control is actually exercised" (1971:13). On the other hand, in Canada's International Investment Position, Statistics Canada uses what they call "book value of foreign ownership of the claims on Canadian companies" which they contrast with CALURA as follows:

- (1) the use of the proportion of equity owned by non-residents as the basis for measuring foreign control in this report, with some departures on the basis of concentration of holdings, in contrast to the use of the ownership of voting rights to determine whether the company is foreign-controlled under CALURA.
 - (2) the use of enterprise groups (families of companies) as the basis for the industrial classification of the statistics in this report, in contrast to the industrial classification of individual companies used in CALURA.
 - (3) the use of consolidated financial statements for enterprise groups which largely eliminates intercompany transactions between related concerns in this report, in contrast to individual companies' financial statements used in CALURA.
 - (4) the use of long-term debt and equity investment, less long-term investments outside Canada of the enterprise group, (to derive a measure of long-term capital employed in Canada) in this report, in contrast to the variety of other measures used in CALURA.
- (1971:57).

Ownership and Management

The men who manage bureaucracies are on the level of what Mills calls "middle-range powers" while the owners and people who control them represent the elite. There are also bureaucracies which are the "middle range" and bureaucracies which are of the elite. The distinguishing characteristic is the amount of resources they control.

The question of bureaucracy as administration involves the effectiveness of the organization and its ability to follow-through

the goals, policies and directives of those in a position to define goals. Also involved is the control of bureaucracy to insure that directives are carried out. For example, if the board demands a profit on investment of a set amount and managers are not able to produce, they are accountable and can be removed. The administrative apparatus will have to respond all the way down the hierarchy or it will be replaced.

Property (the means of production and necessary components such as finance and distribution) is the source of power in the economic sense. Economic power has an impact beyond purely economic concerns to the social, political and ideological domains. The question of who controls decisions relates to the exercise of economic power as it derives from property as a resource; the issue is who controls the dominant corporations in the economy. Since directors and executives control the corporation it can be assumed that they were placed there with the consent of the dominant owners who exercise control through selection and regulation of the board and executive. Indices used to determine performance are profits, dividends and growth (present and projected). Given the interlocking corporate system, the ability to cooperate with other corporations and subsidiaries should be added since these are also sources of the above values. The typical small shareholder who has become a rentier has a very different level of concern, as Porter has pointed out. This concern is "a given return on their investment or the prospect for capital accumulation" (1965:21). When focusing on Canada and referring to the ownership-control issue it must be remembered that an additional factor should be added which would include corporate control by foreign, i.e., multinational, corporations but

this will be elaborated at another point.

Managers or Directors?

There has recently been a study of managers in Canada by Daly who modeled his study after the Warner and Abegglen approach used in Occupational Mobility in American Business and Industry (1965). Daly took 332 corporations using a collage of criteria for selecting them, arguing that they represented the largest corporations operating in Canada. He then used the 1967 Directory of Directors to select the three 'top' management from these firms arriving at a total of 978 to whom he mailed questionnaires, receiving usable returns from just under half. He found that 71% of these managers and directors were born in Canada with the proportion from the U.S. accounting for about 16% (1970:95). Two findings which are of interest from this study are that separating the presidents and chief executive officers of the companies he received returns from, 11% had relatives as "influential connections in the present firm", 13.7% had friends and 17.1% had business associates in their present firms before they entered them (76). Another is the relatively high class origins of this group.

There were two major factors that distinguished the external profile of the top executive from the male labour force in Canada. One was the relatively high occupational status of his father. Over 70% of the respondents came from managerial or professional origins. In relation to population he was over eight times as likely to have a father in the managerial or owner classification of the census and almost four and a half times one from a professional occupation (91).

Daly's thesis is concerned with what he calls an "occupational elite" (1); these are senior managers from 332 corporations*. He did not take into account the boards of directors of the corporations he studies who would not be an "occupational elite" but an elite of

* This is about three times the number of dominant corporations found in the study reported in Chapter 6 of this thesis.

decision-makers. His defence of this decision is very weak. He refers to John Porter's earlier work stating that "His (Porter's) original study of directors tended to overlook the influence of full-time company officials in determining company policy. In his later book he recognized the concentration of control in the hands of management" (15-16). Daly footnotes at this point a reference to Porter's The Vertical Mosaic (1965:252) but does not quote from Porter. An examination of what Porter says on this page suggests why Daly does not provide a quotation. Porter states very emphatically on this page exactly the opposite to what Daly says he does:

There remains a further characteristic of the structure of economic power in the United States which is too readily applied to Canada, that is, the relatively inactive role so frequently assigned to directors. The notion that directors are a kind of window dressing arranged by management follows from the theory of management control. Whether or not this situation applies to American industry as a consequence of the separation of ownership and control is not our concern here. It is doubtful, however, that it satisfactorily describes Canadian corporate power. It would be quite wrong to select a group of senior managers of Canadian corporations and describe them as the economic elite (emphasis added).

It is to the boards of directors which Daly mistakenly ignored that attention will be turned.

(iv) The Board of Directors

The central concept related to the Board of directors' function is that of corporate control; the board is the formalized means of establishing power relations. As stock ownership became widely dispersed, major owners were forced to formalize their control through this body*.

In Canada John Porter has shown that the "relationship between investors, directors, and managers in the structure of power is very

* One of the difficulties with this subject is the diverse way the term 'management' is applied. For example, Burnham and Galbraith use the term to denote administrative and production functions but Baran and Sweezy use it synonymously with the board of directors (1966:15). Management is used here in the former sense, thus keeping it separate from the latter.

close" (1965:242) making this relationship a more clearly class phenomenon than is generally attributed to the U.S. These three divisions are closely linked socially and economically to the structure of corporate capitalism. Each relates to the corporation and derives its power from this relationship. Although it is the office or corporate position which is the base of power, by holding these positions power becomes translated to the individual and to the social class which serves as the recruiting base to fill these positions. Contrary to Hacker's position (1970:39) the elite is not the 'position' within dominant corporations but the people who fill these positions. This distinction is important to make since it helps prevent reification of positions at the expense of understanding the social characteristics of the people who fill them. This becomes particularly important when organizations are being related to social stratification. As Parkin notes, the concept of power is important to stratification studies and, as the earlier sections have shown, to the understanding of positions of control, but "we have to specify what it is that accounts for variations in men's ability to stake successful claims to rewards" (1971:20). In Canada, the ability to rise to positions of power is primarily a class phenomenon. When the board of directors is being examined it should be remembered that it is a legal device for class power and not an isolated position distinct from social class relationships.

Just as it is important to relate directors to social class, it is equally important to relate them to stockholders, managers and other institutions (Porter, 1965:28). In light of the ideological tendency to personify the corporation by giving it a "soul" or a "conscience", it is important to keep the structure of the corpora-

close" (1965:242) making this relationship a more clearly class phenomenon than is generally attributed to the U.S. These three divisions are closely linked socially and economically to the structure of corporate capitalism. Each relates to the corporation and derives its power from this relationship. Although it is the office or corporate position which is the base of power, by holding these positions power becomes translated to the individual and to the social class which serves as the recruiting base to fill these positions. Contrary to Hacker's position (1970:39) the elite is not the 'position' within dominant corporations but the people who fill these positions. This distinction is important to make since it helps prevent reification of positions at the expense of understanding the social characteristics of the people who fill them. This becomes particularly important when organizations are being related to social stratification. As Parkin notes, the concept of power is important to stratification studies and, as the earlier sections have shown, to the understanding of positions of control, but "we have to specify what it is that accounts for variations in men's ability to stake successful claims to rewards" (1971:20). In Canada, the ability to rise to positions of power is primarily a class phenomenon. When the board of directors is being examined it should be remembered that it is a legal device for class power and not an isolated position distinct from social class relationships.

Just as it is important to relate directors to social class, it is equally important to relate them to stockholders, managers and other institutions (Porter, 1965:22). In light of the ideological tendency to personify the corporation by giving it a "soul" or a "conscience", it is important to keep the structure of the corpora-

tion distinct from the real personalities which activate this structure. The corporate elite "are not merely 'bureaucrats'; they command bureaucracies" (Mills, 1956:286). This point is made forcibly by E. Palmer when he asserts that "a corporation does not control its directors, rather the directors control it" (1967:367).

So far directors have been examined as a homogenous group, each with equal power and function, but the reality is quite different. Aside from the obvious distinction between directors of dominant corporations and those of smaller ones, there is differentiation within boards. Pelton lists a series of different functions and reasons for board appointments, ranging from local government officials to inside managers. He argues that only a few directors actually represent control (1970:20). This point is clearly demonstrated for the Canadian case by H.I. Ross who argues that there are "several quite different situations in which the director of a public commercial corporation may find himself" and lists three examples to illustrate his point. He distinguishes between wholly-owned subsidiaries, minority-owned subsidiaries and a corporation with dispersed ownership (1969:34-35). Other variations such as family-owned corporations also exist.

Another distinction is between inside and outside directors. Inside directors are from senior management levels of the company being focused on (an inside director for one firm may be an outside director for another) while outside directors come from outside the formal organization and are not employees of the company*.

* Outside directors do receive an average of about \$3,000 per year for "directors fees" plus expenses. According to McDougall and Fogelberg, if additional time or work is undertaken, directors receive "extra remuneration" above the nominal directors' fee (1968:22). A recent Financial Post survey of 135 top corporations found that 75% of the directors of these corporations were outside directors (July 14, 1973).

When a person holds more than one board position, this is referred to as an interlocking directorate and becomes important in terms of inter-corporate relationships and class control. In a recent interview Allen T. Lambert, president and chairman of the Toronto-Dominion Bank was asked "Why do banks need such large boards of directors--and so many interlocking directorships?" His response was:

When one considers the essential need for regional representation and the large number of regular meetings, the board of directors of the Toronto-Dominion Bank is not particularly large. Our board has only some 38 members. These gentlemen are charged with the responsibility of evaluating management's performance and are all senior businessmen who bring with them a great deal of ability to evaluate management and aid in making our decisions (Globe & Mail, April 12, 1972).

He was then asked "Why are senior executives seldom promoted to the boards, as they are in many other companies?", to which he responded:

We have at present, three of our senior officials who are members of the board of directors. To fill the board of directors with senior bankers would detract from the board's independence and ability to give management an independent judgment and ability to judge management decisions (Globe & Mail, April 12, 1972).

The subject of interlocking directorships will be the focus of a detailed examination in Chapter 6.

A key corporate position is that of the chief executive officer who is directly elected by the board and serves as a key communication link. The chief executive organizes the corporation and acts as the head delegate of the board. This position is outlined in detail by Juran and Loudon (1966:75-122). It is usually filled by either the president or board chairman. Although this position is important, there are definite limits in terms of spending and policy deviation which must be approved by the entire board (Licherson and

O'Connor, 1972:23).

Another important body in Canadian corporations is the executive committee which is commonly empowered to act on behalf of the board between meetings, but even this body is restricted and is regularly accountable to the entire board* (McDougall & Fogelberg, 1968:26).

With an increasing number of people carrying out the directions of the board it is frequently thought that top executives would tend to lose control of corporate activities. Directly contrary to this position is the recent finding of Lieberman and O'Connor. They report that:

the number of vice presidents in the industry's average company is directly correlated with the administrative effect on profit margins. At first we expected that industries with many vice presidents would tend to have relatively less administrative effect since the buffer between the company's operations and top leadership would be larger... an increase in the number of vice presidents may give management tighter control through better policy execution and greater feedback on company operations (1972:128).

A detailed classification of board functions is listed by Juran and Loudon (1966:41) and include such things as "set the course of the business", "delegate powers", "reserve selected powers of decision making", "select the CEO", "monitor the progress of the company and take appropriate action in light of this progress". Each of these activities give the board power, but, this is even more clearly documented when the responsibilities of the board are listed** (Juran & Loudon, 1966:48):

policy...those statements of principle which are capable of guide or limitation to company action.
objectives...specific, attainable aims or goals, capable of being so defined as to serve as the basis for a plan of action.

* A list of criteria for referral to the board is also provided (16).

** H.I. Ross provides a similar list of functions based on Canadian experience (1969:36-37).

planning...the totality of all organized preparations made for attaining an objective.

The three responsibilities of policy, objectives and planning are the essence of board control. When these are controlled, the direction of the corporation is controlled. The main way of evaluating performance is the conversion into dollar values of all activities and this short hand criteria gives an effective method of control (Fitch & Oppenheimer, 1970:IV, 85-86). Profit returns are the touchstone of corporate reality since they represent the ability to expand and maintain power so performance becomes synonymous with profit.

All of this boils down to a rather simple, though exceedingly important point: "Directors control the resources of corporations through particular legal instruments which give them the right to do so" (Porter, 1965:229). Bureaucratic structures lend themselves to control by the top. In corporations decisions of importance are taken by the board of directors. The board of directors controls the corporation.

The following chapter will examine the relationship between the internal corporate structures and social stratification.

Chapter 13

THE EXERCISE OF POWER: OUTSIDE THE BUREAUCRACY

Corporate Control, an External Perspective

Bureaucracies are a base for organized social power; corporations are the base for organizing economic power. Corporations are important power bases within the social structure of modern industrial society and have effects which extend beyond the economic domain. These are the major positions of this section. The primary focus will be on ways organizations act out on their surroundings to create a favourable niche and the types of the relationships established. The next section will relate these observations to the study of social class and stratification while the final section will place the discussion within an analytical framework which will be used in the following chapters.

In so far as power is derived from economic position or control of dominant corporations, it is exercised by what is herein called the economic elite. It is maintained that the basis for this power is economic but the social consequences extend beyond the economic sphere. S.N. Eisenstadt has argued that bureaucracies are related to social conditions which provide the basis for their development. The most important of these conditions are, "free-floating resources", "necessity for large scale organizations" and "the development of several centers of power that compete for such resources" (1959: 307-8). From this he generates two conclusions. First, a bureaucracy, because of its need to "compete for resources, manpower, legitimation within the society" is necessarily in a "power situation" and secondly, "this basic power situation in which a bureaucratic organization develops and functions is strongly underlined by the fact

that any bureaucracy, not only implements different political and social goals and provides different services, but also necessarily performs regulatory and mediating functions in the society". From this, the power and resource distribution of society will be affected by bureaucracies, consequently control over bureaucracies will be valued (307-8). John Porter has argued much the same position but in less functional terms than Eisenstadt. He says, "Economic power derives its strength in some way from the general social structure; that is, those who operate the productive instruments of the society represent what Mosca called a social force". Porter argues that in the Canadian case*, for historical reasons, "the relationship between corporate power and social structure in this country tends to be atypical, thus making for greater power for the economic elite" (1965: 241). In Canada there is a concentration of investors among the very rich with little participation from the middle class in this type of activity resulting in a greater consolidation of power in the corporate sector than is typical of other industrial societies. Because of this consolidated power within a small sector of society and within a few corporations, extreme inequity in the distribution of economic power has occurred. Over-arching the key bureaucracies of the corporate world is the economic elite. It has greater continuity than either the political or bureaucratic elite. This continuity is provided by the longevity of the corporate apparatus and the economically based upper class, assets not equally shared by the political or the state bureaucratic elite.

* O. Hall also argues from the Canadian case when he maintains "The corporation is a most potent instrument for influencing the structure of a society" (1971:95).

Biography and Bureaucracy

Bureaucratic structure should be related to the social origins and career patterns of the bureaucracy's personnel. Only in this way does the idea of an elite have any validity (Mills, 1956:280). By identifying the institutional basis for power, social class of the actors can be traced in terms of access to those positions. In this way the study of an elite is the analysis of the intersection of institutions and individual biographies within the context of class origins.

Just as the human geographer examines relationships between the physical environment and the resources and constraints offered by that environment, so may the sociologist examine the relationship between the social environment and the advantages and disadvantages it affords social equality. The deficiency in this area has been pointed out by Blau and Scott who argue that research has traditionally isolated organizations from their "communities and societies" (1962:9). More specifically, the contention here is that organizations have been abstracted from social stratification systems both in terms of who controls dominant institutional orders and the effect dominant organizations* have on patterns of stratification. This becomes particularly evident when organizations are taken out of isolation and placed within the web of interlocking relationships with other organizations.

* As used throughout this chapter, institutional orders or institutions refer to various social domains with a role or task specialization such as the institutions represented by the economy, politics, the federal bureaucracy, the judiciary, the military, the religious order and other similar general divisions. Organizations are more specific, referring to separate entities with a limited boundary such as a particular bureaucracy and are typically recognized as separate legal entities. For example, a 'corporation' is an organization while all corporations together would represent most of 'the economy' as institution. Another illustration of their separate points of reference would be that the board of directors (or-

This leads to the issue of boundaries between particular organizations and generally between institutional orders. Corporations may transcend their traditional economic relationships and become active, for example, in the political sphere. They may also transcend their traditional 'competitive' relationship with other corporations and establish mutually complimentary associations such as joint ventures. The idea of a 'system boundary' (Charles, 1969:115; Katz & Kahn, 1966:60-61) may be adequate for some types of relationships which involve an 'interface' or exchange basis but the idea breaks down when organizations transgress traditional boundaries between each other or enter spheres traditionally outside their domain. There appears to be an autonomous functioning of various institutional spheres which evolved historically as differentiation of various functions has occurred (Porter, 1965:201); countering this, there has been an increasing interlock of organizations and institutions which transcend traditional barriers. The idea that a series of "sub-systems" represented by the economic, political, administrative, military and ideological domains (Porter, 1965:205) is correct in a functional sense but in a social sense these sub-systems are not so neatly separated being related in terms of the exercise of power and class origins of their participants.

Michels pointed out that there are two kinds of stratification operating in a society: horizontal, the distinction between different strata, and vertical, the differentiation between leaders (1962:175).

(footnote from previous page continued) organizationally based) control the corporate bureaucracy while the corporate elite (institutionally based) controls the economy. Institution may also refer to a generalized form of an organization such as 'the corporation' which would not be referring to individual corporations but corporations as type of organization.

For example, there is differentiation between the French and Anglo corporate elite in Canada (vertical) but there is also differentiation within French Canada between the elites and the mass (horizontal). It is at the vertical level that differentiation and convergence between elites occurs. Using the same example, although the French and Anglo elites are differentiated there may be more convergence or similarity between them than between the French elite and the mass of French Canadians. Relationships which are established, and whether they will be cooperative or contradictory, will vary with the social forces operating at various historical moments. At present the economy in general, and the corporate elite in particular, represent powerful social forces within industrial society. This fact has received wide acclaim and is generally accepted (Child, 1969:56-57; Kaysen, 1959:102). The way corporations relate to one another and to other social spheres, however, has received less attention.

(i) The Relative Power of Corporations

One of the dominant social forces operating today is the trend toward increased consolidation of social activities into large-scale organizations. In the economy this is represented in tendencies of accumulation and concentration, slowly reducing each major economic sector to a few dominant companies. This has been characterized as the era of 'monopoly capitalism'. Classical definitions of economic firms were of small autonomous units relating on the market place and engaged in some kind of dynamic equilibrium guided by the 'invisible hand'. More recent analysis takes into account financial and corporate blocks which, rather than being controlled by the market, control it (Baran & Sweezy, 1966; Galbraith, 1967).

There are roughly three levels operating in the economy; those economic organizations powerful enough to establish the 'tone' and direction of particular segments of the economy and together the general direction of the entire economy; the middle range economic powers which must conform to the 'tone' established by the dominants but who generally benefit from doing so although not powerful enough to contradict the goals of the dominants; those who are affected by the policies and direction of each of the above, like small businessmen and consumers*. For this reason it is appropriate to apply what Juran has called the 'Pareto principle', meaning the "principle of separating the vital few from the trivial many" (1964: 44). It is reasonable to separate the dominant corporations for purposes of analysis since they have a qualitatively different effect than do the smaller ones. For example, some of the largest corporations wield more power than do some nation states (Child, 1969:2).

Berle and Means recognized that "competition is no longer among the many. And competition among the few is a radically different thing" (1968:xxxiv). The centripetal force of concentration has been operating for at least the past 50 years and has had a definite impact on the relationship between corporations in terms of competition and their relationship to the market. Some prefer to characterize a concentrated economy as a "duopoly" (Berle & Means, 1968:45), others as "oligopoly" (Galbraith, 1967:195) and still others as "monopoly"; (Brady, 1943:259; Aaronovitch, 1955:12; Baran & Sweezy, 1966:6). Regardless of the term selected, each is referring to what Perroux calls the "domination effect" meaning that "The firm can alter, for

* A detailed examination of the process of concentration and accumulation and a division of Canada's corporate world in these three divisions is provided in Chapter 6.

its own benefit the structure of competitive or allied firms" (1971: 56-61). Dominant firms then are those which can exercise the "domination effect".

Concentration establishes a few dominant corporations with the ability to control the resources of the economy; this is what is meant by economic power. Accumulation and concentration, as principles involved in the power of capital, are processes Marx emphasized throughout Capital (1967: I, 625, II, 233, III, 264). Whether this is 'inherent' in corporate capitalism or 'inevitable' is not at issue; the fact is, the history of corporate capitalism is to concentrate. Why this is the case is related to advantages plant corporations have over other economic organizations. Some of the advantages suggested are an abundance of capital with access to credit, experienced management, a large and effective sales apparatus, and large research and development resources and facilities (Monthly Review, 1969a:168). Whatever the cause of concentration, it does not appear to eliminate small business as part of the economy although it does tend to consolidate dominant and middle range corporations over time.

(ii) The Relationships Between Spheres

Since so much of the literature on organization is written from management's point of view the effect, as John Child notes is that:

A great deal of organization theory has in the past adopted an implicitly structural-functional orientation, in which the environment (when it is considered) is seen simply as a means to the organization's operation and survival, or at most as a limiting factor (1969:11).

Some argue (Eisenstadt, 1959:307-8) that organizations confronting each other in "constant interaction" creates "dynamic equilibrium". What may actually occur could better be described as a forced equilibrium.

librium wherein a set of people representing one organization establishes dominance over another set of people. A relationship of symbiotic equilibrium, with mutual reinforcement and benefit, may also be the result when one group recognizes that its continued existence depends on compliance with another group.

A further point to note in the relationship between both organizations and institutions is that the decline of power in one center does not necessarily lead to a general diffusion of power. Rather, the tendency is to further centralize power in the remaining centers; colloquially, 'power abhors a vacuum'.

The role of the state in the economics of 20th century industrial society cannot be ignored. This has been particularly true during war time but stands as a general principle in all recent epochs. This begs the question of the relationship--structurally, legally and socially--between the state and the economy. It should also be noted that 'political' considerations cannot be limited to what goes on within formal government structures alone. For this reason, the study of economic power is also a study of some aspects of political power. The two institutions cannot be clearly separated since each meets the other and becomes blended, especially in the study of power at a macro-sociological level. It is possible to demark 'public' and 'private' spheres but even these should remain flexible. Is, for example, a grant under the government DREE programme for regional development private or public? The same question may be asked of all government contract work which is 'publicly' granted but 'privately' carried out. The areas of inter-relationship are too broad and frequent to mark hard and fast boundaries.

The economic elite does not operate the economy with a totally free hand. Other economically oriented institutions also have vary-

ing degrees of influence, particularly unions and political bodies. It should be understood that the economic elite are in command of corporate power structures because they have been legally permitted to do so and because they are able to influence conditions on which they will deal with outside institutions. This is particularly true in corporate relations with unions. Corporations 'hold the trump card' and have the mobility and resources to close up shop and move elsewhere if forced to do so. The case of Massey-Ferguson's dealings with unions cited in chapter 2 is a case in point.

Robert Presthus' position that "big organizations are conceptualized as satellites of a larger social system" (1962:11) can be quarrelled with on the basis that large organizations are not "satellites" of the social system but occupy dominant positions within, and atop, the social system. Presthus argues that "the behaviour of their members is shaped by the values of the larger society" (1962:11). By failing to conceptualize organizations as part of, and integratively involved in, the larger social system, Presthus fails to understand that dominant organizations are not simply passive conductors of values; rather, they shape values and activate the values of those in control. Values are not 'free-floating' variables but a part of life that changes and is changed by social situations. Large organizations represent values in themselves and further act to shape and develop other select values.

Social life involves a series of social forces, some more important at particular historical moments than others. J. Galbraith has recently argued that giant corporations exploiting their powers should be understood in the context of the under-development of other social forces. "How to curb General Electric, General Motors, Gener-

al Dynamics, General Mills and all the other generals is a minor part of social action... (we) perhaps should not look at the commanding heights of the economy but at the abysmal swamps". He goes on to argue, "where large-scale modern social action needs to be taken" is the areas of housing, urban affairs, the environment and the railroads (Galbraith, 1972b). But is underdevelopment of these areas of social life not linked with the overdevelopment of corporate capitalism? Galbraith seems to miss the point. The overdevelopment of some social forces tends to create the demise of other forces and restrict their development. It is agreed that these other social concerns need to be developed but if viewed in isolation from the giant corporations, as Galbraith suggests, surely an important consideration is being ignored.

The "range of discretion" within which giant corporations can operate and the resources it can mobilize, gives it wide ranging power (Barber, 1970:32-33). Kari Levitt argues that in Canada business "did not function through business pressure and lobby on government. Rather business was directly represented in the federal government" (1970:58). The history of Canada is full of illustrations of the joint efforts of business and government*, especially in terms of transportation systems but also in terms of direct government ventures and subsidies. It may well be that Canadian entrepreneurs and businessmen have enjoyed a close relationship with government but in recent times the discretionary power of these people has been limited by outside sources of economic power, particularly from the U.S. This represents an important historical development which limits the power of some Canadian businessmen but at present they are not totally powerless within Canada (or in sev-
* See Chapter 4 for a detailed analysis of this point.

eral other countries as well).

Some, particularly early Galbraith (1952), maintain that a system of "countervailing powers" operates in the social system. They premise this notion on ideas of opposition and territory, arguing that society is divided into various functional parts and that each part 'interfaces' with the other but does not intrude into the functional territory of the other. If one part did try to intrude it would be 'vetoed' by the existing sphere. This assumes that opposition is always between equals and that each functional sphere is a separate social sphere. Neither of these assumptions hold out in the reality of institutional relationships. As Paul Sweezy has wittingly remarked about Galbraith's concept, "possibly some of the alleged countervailing powers may veil more power than they counter" (1959:71). Others have likened it to Adam Smith's 'unseen hand' (Olmer, 1971:251). Bargaining goes on, but it is between those who have power and each party recognizes that conflict costs while cooperation pays. There is not the rigid differentiation between elites that Galbraith would suggest. Common ideologies, class backgrounds and relationships serve to reinforce power, not bring it into opposition. Between elites, accommodation is the most beneficial strategy. The structural interlocks, combined with the social ties, serves to create a system of mutual benefit and dependence between leaders of dominant organizations and institutions. The complexities of the social structure require that different spheres coordinate their actions. Boyden has suggested that a "precarious balance between autonomy and authority" exists in the relationship between business and government (1965:43-44). He contends that the corporation frequently calls on the state to intervene on its behalf but demands

autonomy from the state in terms of internal interference. Even less plausible than the concept of institutionalized countervailing powers is the idea that corporations are somehow regulated by their 'conscience'. Together with the idea of the corporate 'soul', the idea of corporate 'conscience' is so clearly ideological that it is absurd to attempt to defend.

This suggests that "corporate elite in Canada, as no doubt in other western societies, can extend its power more than other elite groups can" (Porter, 1965:216). Some of the constraints which operate on the economic elite will now be examined.

Unions

Unions have traditionally been thought of as one countervailing force which constrain corporations and indeed, at certain historical periods, their strength has been felt (Hills, 1948). There is a suggestion, however, that the power of unions is diminishing today. Galbraith illustrates that capital is a "partial substitute for labor" thus creating a situation where increasing capital concentration in large corporations threatens the leverage once held by unions (1967: 50-51). The development of technology and automation puts many jobs in jeopardy and serves as an alternative to workers if they become too costly, either in terms of wages or behaviour, thus giving corporations further avenues of control (Michael, 1965:212). This has decreased what once constituted a check on corporate power (Blacker, 1965:13). Union negotiations still take place and are an important part of corporate life but power rests with the corporation. When offered the alternative (or threat) of a plant closing down workers are forced to fall into line or go jobless. It usually does not come down to this since union negotiators are aware of the situation

and take it into account in bargaining. As giant corporations have accumulated more resources and skills they have increased their mobility. Closing down of plants is a normal activity as new resources are sought out*.

The State

The state, the great 'umpire', represents the most likely candidate for a countervailing power in modern industrial society. Governments and corporations interact on several fronts and at times maintain their autonomy and at others become so intermeshed as to be indistinguishable. Governments are not simply a 'wing' of the corporation, their relationship is much more complex. They are, for the most part, structurally distinct.

In the area of research the Canadian government carries out 79% as compared to the U.S. where industry does 71% although much of it by government contract (Levitt, 1970:130). Research relates government directly to business, particularly in the 'growth' sectors of the economy.

The Canadian government is also involved, in some spheres, in regulating the kinds of foreign investment in the economy. Latyak and Maule state that areas under government regulation are banking, life insurance, loan and trust companies, communications, mineral exploration and development (1971:36). These regulations have been more successful in some areas than others. For example, in the Mercantile Bank case, the Canadian government's attempt to restrict foreign investment in banking was altered by the Rockefeller group's

* An example of a corporation's mobility in the face of undesirable conditions is provided by the recent Time consideration regarding the evasion of provincial laws. Time magazine is considering the possibility of moving some of its Vancouver printing operations to Montreal in response to a British Columbia Supreme Court decision backing up a provincial law that prohibits the sale of magazines

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ability to gain support from the U.S. State Department (32).

One area where the state has an important role is in terms of providing legal support and reinforcement to the corporate entity.

As Parlin suggests:

The state plays an important role in preserving the structure of class inequality by giving powerful institutional and legal backing to the rules and procedures which decide the distribution of advantages and the process of recruitment to different positions (1971:27).

Rosenbluth has listed some of the many ways in which the state and the corporate world interface in Canada:

There is no doubt that the activities of government have become a major factor in influencing the fortunes of business firms. Correspondingly the function of influencing government activity must be an increasingly important aspect of business policy. With the increase in government expenditure at all levels, taxes have become a dominant element in the business cost structure, and government contracts an increasingly important market for firms in a growing range of industries. In other industries--such as residential construction--the indirect effects of government expenditure and the government's monetary and fiscal policies have become major determinants of market conditions. Governments are called upon to help businessmen in securing foreign markets and to protect them from foreign competition. Government legislation and regulation establishes the legal framework in which business operates and many industries are subject to a good deal of regulation (1961:222).

The structure of corporate capitalism is a political formation, as is the institution of private property (Blau, 1956:114). The state preserves and legitimizes these economic relationships. The state provides legal sanctions aimed at the preservation of private property and regulates incorporation procedures and requirements. In some cases, government fixes the prices a corporation can charge and indirectly determines their profit rate, as in the case of Bell Canada. Economic dominants are able to relate to the state at least on equal

(footnote from previous page continued) containing liquor and cigarette advertising". The threat is to British Columbia, not Time as Donald Harr's (General Manager of Time Canada) indicates, "It certainly would hurt B.C. printers" (Globe and Mail, May 3, 1972).

terms since they represent the best organized and most powerful influence with which the state must contend. As L.G. Reynolds has suggested in The Control of Competition in Canada, "The government is not a neutral arbiter in economic matters, but tends to reflect the aims of those groups which are in the best position to influence governmental decisions" (quoted by Walker, 1971:39). Reynolds further argues that "the policies of Canadian governments since Confederation have been predominantly shaped by businessmen....Permanent lobbies in Ottawa, innumerable special delegations, the molding of public opinion through newspapers and other media, contributions to party funds--all these investments have yielded an abundant return" (272). Because the economic sphere is accorded such an important place in modern industrial society, it is able to determine in large part government goals and policy (Galbraith, 1972a:17). It is primarily through corporations that the government must institute its economic policies because corporations dominate the economy. This requires cooperation and agreement on broad goals.

Anti-trust legislation, Arnold has argued, promotes "the growth of great industrial organization by deflecting the attack on them in purely moral and ceremonial channels" (1937:212-13). Certainly in Canada anti-trust regulations have not played an active role in containing the growth of corporations. The history of regulating agencies illustrates one way organizations can act out and affect their environment. As Mills has suggested, regulatory agencies tend to become "corporate outposts" (1956:165-66). Regulation tends to mean self-regulation since who is better qualified to regulate business than businessmen. They serve to protect business against itself and provide a forum for elites to meet (Hacker, 1965:10). For ex-

ample, Carson found the history of the U.S. Interstate Commerce Commission to be dominated by large transportation corporations who used the commission to restrict outsiders from entering the field (1971). It is in the interest of stability and profits for corporations, especially utilities and transportation upon which other corporations depend, to be regulated (Baran & Sweezy, 1966:65).

Philip Mathias has provided some classic illustrations of the relationships between the state and corporate elites in Forced Growth (1971). One of the cases he presents is between Brinco and Newfoundland in which Joey Smallwood (premier) went to some merchant bankers, the Rothschilds, in 1952 to ask them to form Brinco. In 1953 "Brinco was granted mineral rights to 50,000 square miles of Labrador, 40% of its surface area. Only 24,000 square miles of crown land remained uncommitted.... Brinco was also granted mineral rights over 10,000 square miles of Newfoundland, which amounted to almost all the uncommitted crown lands on the Island. Brinco's 60,000 square miles of mineral rights were greater in extent than the whole of England and Wales". Additional rights, granted through a subsidiary, included gas and oil concessions, timber rights, and water power rights on all Newfoundland and Labrador rivers (1971:46-47). In the case of Parsons and Whittemore, in Saskatchewan, the government guaranteed \$157 million in loans and paid \$1.5 million in equity while Parsons and Whittemore paid \$7 million in equity for the development of pulp mills. In return, Saskatchewan received 30% of the equity, for 80% of the risk, while Parsons and Whittemore received 70% of the equity. Ironically, Parsons and Whittemore made back their original investment in profits derived from constructing the mills (81-93). Parsons and Whittemore is a U.S. company owned entirely

by Karl Laidogger and represents capital investment of over \$1,000 million throughout the world. Strangely enough the company had sales in 1971 almost equal to the entire budget of Saskatchewan (85-86). Both the cases of Brinco in Newfoundland and Parsons and Whittemore in Saskatchewan represent instances where the 'host' was in an extremely weak bargaining position since each province needed economic development and was 'forced' to make serious concessions to do so. Political pressures favoured, in each case, the company coming in to invest and left the provinces with little choice but to meet them on their own terms. In these cases governments were used by the corporations to gain economic power and certainly were not limited or countervailed in any sense. Hacker sarcastically remarks, in situations like these, that in "the pluralist arena, we have elephants dancing among the chickens" (1966:7).

One relationship between the corporate world and political parties which usually comes to light as a scandal and seldom examined as a community of interest with common views about how the economy should be run, is the practice of party funding. Some have argued that campaign financing is directly related to some type of 'pay-off' for specific legislation or favours (Globe & Mail, March 31, 1972). Although this type of activity obviously does go on and when discovered does produce 'scandal', it would be incorrect to analyse contributions strictly in this way. Contributions represent capital flows between people who share the same ideology and should be seen more as an 'insurance policy' both in terms of having legislation counter to the interest of corporate capitalism brought forward or having an 'undesirable' party such as the N.D.P. elected which would not be as sympathetic to their mode of operation. This is the normal

basis of corporate contributions not the deviant cases. Evidence that this considered 'normal' is the openness with which the practice is discussed (Toronto Star, April 15, 1972; Ottawa Journal, July 5, 1973).

Numerous other examples of 'corporate outreach' can be provided from the Canadian experience, for example the Time-Reader's Digest case (Levitt, 1970:8), the corporate and political careers of men like Robert Winters (Cramer, 1966), the concessions of John Turner to the Canadian Manufacturers Association (Globe & Mail, June 7, 1972:B3) and seeds of others. Each illustrates the political power of corporate power. Because the corporation is a powerful institution in modern industrial society it is accorded social power which extends beyond the corporate sphere and into society as a whole.

Co-optation

A useful concept to understand a way corporations reach out and affect their environment is 'co-optation'. It can be likened to Pareto's notion of the 'circulation of elites' where the 'cream' of the outside is brought under control by absorbing it in the ongoing processes. Solznick suggests co-optation is an organizational device to maintain stability. It involves "a process whereby either power or the burdens of power, or both are shared". (1952:136). It represents "adjustment to concrete forces" operating in the organization's environment but is "ambiguous in relation to de facto reallocations of power" (137). Co-optation involves increasing an organization's legitimacy by bringing outside elements into the organization. This "defence mechanism" acts to justify the organization in light of adverse reactions, but, as Solznick states, "what is shared is the responsibility for power rather than power itself" (1948:34). Thompson

and McIlwain use the term co-optation to describe ways some corporations use outside directors on their boards (1969:194). Co-optation illustrates a process whereby decisions are contained within the elite. The resolution of conflict is arrived at within the structures developed by the elite to make decisions, thus fortifying this forum as the legitimate decision-making body. This help gives elites a sense of cohesiveness and consciousness in their actions (Domhoff, 1970:8, 75).

Consumers and Markets

Some have argued that corporations must respond to consumer demands, consequently the consumer will act as a countervailing force making sure the corporation is responsive to 'its' demands. In economic terms, the consumer is represented as 'the market'. This position is similar to the 'invisible hand' concept introduced by Adam Smith. Galbraith has argued that one of the major activities of giant corporations is dealing with this problem by "minimizing or getting rid of market influences" (1967:27); He suggests that the market no longer controls the corporation, rather the corporation controls it. The 'market' is no longer a forum of competition but the place to act out a "planned economy" controlled by dominant corporations (18). Corporations have great market power which enables them to control prices and the amount of goods bought and sold (180). The enormous size of giant corporations gives them definite marketing advantages over smaller firms (Rothschild, 1971:15-19). One of the advantages emphasized by Baran and Sweezy is referred to as the "sales effort" (1966:115), consisting of advertising influence, research and design, credit arrangements and intricate marketing schemes. Although the market was at one time the forum for competition and regulator

of business activity, with the development of dominant corporations this has fallen by the wayside only to be replaced by controlled and controlling market techniques. The corporate world is a 'sellers', not a 'buyers', market.

(iii) Interlocks, Subsidiaries and Reciprocity

The previous chapter emphasized the way boards of directors used corporations to control social relations. In terms of inter-organizational relationships, directors play a significant role by what are called interlocking directorships. The prevalence of this practice has been amply illustrated* by Porter in terms of relationships between dominant corporations, banks and insurance companies (1967:589:90). The relationships between production and finance institutions provides a convenient avenue for outside financing. Another advantage is the wide range of experience and expertise directors gain. It also serves as a reward for such people as government personnel, high ranking management and members of regional power structures (McDougall and Fogelberg, 1968:61). Interlocks tie various economic, political and social organizations together into a socially definable group with a common interest in maintaining and strengthening dominant corporations.

Another corporate device for relating organizations, which is particularly important for the Canadian experience, is the corporate subsidiary. Kari Levitt has shown that "intra-company" transfers between parents and subsidiaries create a situation of vertical integration which clearly by-passes any notion of a market (1970:3). She documents, in transfers between Canadian subsidiaries and U.S.

* Interlocking directorships within the current Canadian corporate world are the subject of Chapter 6.

parents, that "50 per cent of the export sales of subsidiaries were sales to parent companies and 70 per cent of their purchases of imports were procured from parent companies" (124). Litvak and Maule have also shown that "corporations are known to be able to manipulate the flow of earnings between parent and subsidiary through interest and dividend payments of royalties, licence fees, and fees for management contracts, and through transfer pricing where inter-firm transactions are involved" (1971:20). This is particularly important for Canada because many of the dominant corporations here are subsidiaries of dominant U.S. corporations. This issue will be returned to in Chapter 5.

Another form of association common among corporations is 'reciprocity' which is the practice of buying from consumers and selling to suppliers. This practice also by-passes the market through inter-company transactions.

Each of these practices--interlocks, subsidiaries and reciprocity--tends to reduce competition and promote a community of interest effect among corporations and people who head them. They serve to reinforce the corporate elite as a social, economic and political collective, over-arching dominant corporations and the entire economy.

(iv) The Economic, Political and Ideological Climate

Ideologies, myths, derivations and formulae are all terms which are used to justify particular behavior or social arrangements. Ideology is the most widely accepted term and is prevalent as a mechanism to justify, among other things, organization's actions and structures. Selznick suggests that ideologies are, like the process of co-optation "self-defence mechanisms" used by people in coming "to terms with major social forces" (1948:34). Ideologies are used to condition the environment and are part of "the folklore of capitalism". Arnold

has suggested, "Organizations which exercise governing powers of a permanent character do not maintain their power by force. Force is entirely too exhausting. They do it by identifying themselves with the faiths and loyalties of the people" (1937:193). In terms of capitalist society the most reinforcing ideology is that of "the rights of property" which are intimately ingrained in the value system. The system of entrepreneurial capitalism was based on individualism and laissez faire but corporate capitalism is qualitatively different from entrepreneurial capitalism. Some have attempted to generate an ideology by introducing the concepts of "corporate conscience" and "corporate soul" but, in their more vulgar face at least, they have not caught on. The idea of "countervailing powers" and the related concept of "veto groups", as well as the latest invention of the "technostructure", have all been tried. None of these terms seems to have caught on sufficiently to provide the 'ideological cement' needed to justify the newest form of capitalism. Perhaps what has emerged is more of a counter-ideology to communist nations, or perhaps, new forms of nationalism with corporate capitalism intimately ingrained in Pax Americanas. Possibly the lack of a full-fledged, well articulated ideology accounts for the lack of legitimacy some organizations are experiencing and the necessity to resort to the use of force.

At least one of the ideologies which, if not created by corporate capitalism, is certainly reinforced by it's public relations and

One interesting ideology of corporate capitalism is the contention that capitalism is not an ideology at all. Before the American Newspaper Publishers, Henry Ford II delivered a speech entitled "An Incentive-for-Everybody Economy" in which he said "We must recognize that American capitalism is not an 'ism' in the accepted sense. It is practical and unsentimental. It deals with man as he is and as he, perhaps, should be. It does not in other words, lend itself to glorious over-simplification and grandiose, utopian dreams" (emphasis added, 1963:295).

and advertising", is that of consumerism. Sometimes referred to as the 'materialist ethic', consumerism has captured public opinion. As Porter has pointed out, the mass media is controlled by the corporate elite and the mass media are "important instruments of opinion-making and they establish the climate of thought in the society" (1965:216). One of the effects of the mass media is to perpetuate the myth that society's advantages are widespread and enjoyed by all. It is frequently suggested that Canada could do better by the standards of the children of India, but how often are the native peoples of Canada or the children of the slums of Canada's major cities subject to the same kinds of national campaigns. Read the Real Poverty Report or the Poverty Wall to find out if distribution of wealth and advantage is widespread. However, the ideology of corporate capitalism is one of abundance and stability requiring wide acceptance of this ideology. Ideology is used to create an environment favourable to the elite and it is necessary that they do so, if their legitimacy is to be maintained. Public relations is a means of making ideology palatable. Suratto has developed what he calls a "Law of Increasing Returns" which states that "the quality of public relations increases in direct proportion to the gravity of the problem" (1973:36). This is an apt way to characterize the way the corporate elite uses its power to manipulate the ideological climate.

In a paper entitled "Why Managers Cultivate Social Responsibility", E. Cheit (1971) provides abundant examples of the way corporations act out to shape their ideological environments. He argues

* In The Hidden Persuaders, Vance Packard quotes an advertising specialist from the 'Public Relations Journal' as saying "One of the fundamental considerations involved here is the right to manipulate human personality" (259).

that "In the late 1940's (managers) were preaching Free Enterprise; today, it is the Gospel of Social Responsibility" (365). Public relations campaigns have cost over \$100 million and become a big business in itself (366). But the tone has changed, with the emphasis on responsibility the sell is soft. Chitt suggests that the responsibility approach is similar to the human relations approach, discussed earlier as a means of social control (369). One of the examples he reproduces is Canadian Marconi's statement of its responsibilities:

PRIMARY RESPONSIBILITIES of Canadian Marconi Company
1. TO THE SHAREHOLDERS, for successful results, 2. TO OUR CUSTOMERS, for price, quality, and service, 3. TO OUR EMPLOYEES, for fair dealing and continuing opportunity, 4. TO OUR INDUSTRY AS A WHOLE, for constructive and ethical action, 5. TO CANADA, for economic and social advancement (386).

Interestingly enough Canadian Marconi has ample opportunity to communicate its responsibilities to Canadians. Through its broadcasting division it owns Carleton Publications, CJOH-TV (Ottawa), CISS-TV (Cornwall), and has interests in Laurentian Cablevision Ltd., Graphic Films Ltd., CTV Television Network Ltd. and a host of other companies. General Electric Ltd. of the U.K. holds 51.7% of Canadian Marconi's outstanding stock (Financial Post Survey of Industrials, 1972).

Outside the Corporate Sector

Corporations also operate in conditions, which are for the most part, outside their sphere of influence. General depression in the economy may be the most dramatic example. Although depressions do not have the same effect on all sizes of firms, it must be considered in the kinds of demands and decisions made by all corporations. Depressions are a generalized economic condition which 'weeds out' smaller, weaker firms but for the most part, giant corporations are able

to 'weather the storm' and emerge unscathed.

Particular historical periods impose different limiting factors than do others. War is an example where the production of corporations must conform to the directives of the political leaders and it is usually made rewarding to do so*. Another outside factor which affects corporate behaviour is the unemployment situation. Ironically the higher the unemployment rate the more selective corporations can be and the more control they can exercise. It can no longer be said, as Whyte did in 1956, that there are "more job vacancies than there are graduates" and that it is the graduate, not the corporation "who does most of the screening" (121).

Corporations operate within particular environments which may impose limiting factors on it or may be congenial to it. The corporation is not a passive actor in this environment and frequently acts out to influence the environment in which it operates.

(v) Acting Out on the Environment

With power defined as being in a position to mobilize resources (both physical and human) in a way desired by the mobilizer, it is important to analyse how these resources may be mobilized to effect the context within which the organization operates. There are obviously several levels on which this phenomenon operates. Coercive manipulation of the environment is possibly the most dramatic level. It is possible that in addition to its own immediate resources an organization may draw on the resources of the 'community' within which it operates. For example, one organization (the United Fruit Co.) is able to call upon the resources of an outside organization

* Examples of the impact of war on corporations and the corporate elite are presented in Chapters 4 and 7.

(the U.S. State Dept.) to alter the environment (Guatemala)*.

Corporations are capable of responding to their social environment and they can do this independently or with the assistance of other organizations. The business enterprise is a social institution that brings it into constant and direct contact in a variety of ways with its surroundings. The enormous size of corporations places them high within the power structure of the economic, political and social spheres. Those who control corporations are able to actively control their environment, within the bounds of history and circumstance. Not all organizations are as powerful as dominant corporations and not all are capable of controlling to the same degree but the history of the corporate form of organization is full of examples which place them in dominant positions, adapting the environment to itself.

Two examples from the Canadian experience which illustrates the idea that corporations act out to affect their environments are the histories of the North West/Hudson's Bay Companies and the buildings of the C.P.R.** During the initial phases of Canada's history, fur trade dominated the economy and fur trade was dominated by first the North West Company and later the Hudson's Bay Company, each of which had legal monopolies and remained politically sovereign. Innis says that these companies:

established a centralized organization which covered the northern half of North America from the Atlantic to the Pacific. The importance of this organization was recognized in boundary disputes, and it played a large role in the numerous negotiations responsible for the location of the present boundaries. It is no more accident that the present Dominion coincides roughly with the fur-trading areas of northern North America... The North West Company was the forerunner of the present confederation (1967:27).

* For an analysis of this example, see Morowitz (1971:163ff).

** These two examples and others illustrating the same point are placed in their historical context and developed more in Chapter 4.

The Hudson's Bay Co. was 'the state' in the west from 1821 to 1870 (Aitken, 1967:203) and before that the North West Co., had even negotiated treaties (Innis, 1967:28). It was not possible to distinguish between these companies and official British policy at the time because they were one in the same (Aitken, 1967:202). The companies were given a free hand and became little empires unto themselves, with power to make law, enforce it, man an army and build forts (Myers, 1977:10). The cash, land grants and controls given to the C.P.R. in 1880 rivaled the powers of the fur companies (Aitken, 1967:207). Canada's history is filled with examples of the power of corporations, from fur traders of the early frontier to petroleum explorations of today. The Canadian frontier has been fertile ground for corporate predominance, whether it is staples, resources, transportation or manufacturing.

These examples tend to emphasize 'forceful' ways corporations effect their environment, however, this is not the only way. Studies have found that corporations also have 'subtle' impacts as well effecting, among other things, community structure, location, size, growth, function, occupational composition, land-use pattern, class structure and character* (Blau & Scott, 1962:198). Long argues that in some cases people are more aptly thought of as members of the corporation than of the community, "the corporation represents a value-laden institution that out-ranks the local community as a focus of loyalty and a medium of self-realization" (1959:202). The more subtle ways in which corporations effect their environment range from the socialization and selection process outlined in the previous chapter

* Rex Lucas provides a detailed analysis of the relationship between single industry towns and their social structure in Canada (1971:147f).

to establishing particular educational standards. Whatever level the corporation is perceived from, it has an environmental impact. The same is true for all large-scale organizations. They determine their internal structures and power relationships and have a strong influence on the community as a whole. The final part of this chapter will explore in more detail the ways large-scale organizations are related to patterns of stratification in society.

B) ORGANIZATIONS AND THE SOCIAL STRUCTURE: A PERSPECTIVE ON SOCIAL STRATIFICATION

Just as organizational theory has ignored the social environment within which organizations operate, so has much of stratification theory ignored the way large-scale organizations relate to the social structure and patterns of social stratification.

(1) Elite Control

Of the many approaches to the study of social stratification, it is the elite theorists who have most consistently taken organizations into account in the study of stratification and power. Rather than review the entire literature on elite theory only selected examples will be taken to illustrate the way organizations can be related to social structure. One of the widest read of the party elite theorists is Mosca who, with his student Michels, related stratification to social forces operating in society. The basic premise with which Mosca began may be referred to as the advantage of position. He argued that "all ruling classes tend to become hereditary in fact if not in law" (1939:61). Position confers upon people social advantages which can be used to maintain privileges for the person and their family. In Mosca's use of the terms

"aristocratic", tendencies referred to societies where the source of elites was drawn primarily from the ruling classes while "democratic" tendencies referred to the source of elites as the entire society. It was Mosca's contention that all societies were more nearly characterized as "aristocratic" because those in power had the advantages of position. Michels took these principles and applied them to organizations and developed "the iron law of oligarchy". He studied revolutionary parties, contending that if any organization was to violate this principle, it would be these. In spite of their "democratic guise" it was found that these organizations tended to be aristocratic in leadership and oligarchical in form. Although he drew some questionable conclusions about "innate tendencies" in man, he did illustrate his point about oligarchy (1962:32). The structure of bureaucratic organization establishes a number of elite positions which are filled, through an absorbing and assimilating process, by new elites, with similar social characteristics (343). Michels turned Marx about and argued that "the oligarchical structure of the building suffocates the basic democratic principle. THAT WHICH IS, OPPRESSES THAT WHICH OUGHT TO BE" (365). A basic difficulty with early elite theorists was their assertion that the principles they found were inevitable and consequently inherent in man for all time. While it is correct to assert that these principles exist, it is quite another matter to make them inevitable and innate.

Mannheim attempted to counter elite theorists by asserting that "the actual shaping of policy is in the hands of elites; but this does not mean to say that the society is not democratic. For it is sufficient for democracy that the individual citizens...have at least the possibility of making their aspirations felt at certain inter-

vals" (1936:119). But in any form of society "aspirations" can be met through revolution. This does not seem to be an adequate definition of democracy. Mannheim does more to compromise the meaning of democracy than challenge elite theorists. One of Galbraith's characters in The McLandross Dimension expresses the position of the classical elite theorists beautifully when he says "There are no democracies...only aristocracies that are ordered in accordance with different principles" (1968:47).

These principles are still in operation today, as Whyte and Viteee illustrate with an example from contemporary Canada. "At the top or elite level, there are interlocking networks which are clustered in Ontario and Quebec but which are of country-wide scope, the network linking people in sociability, kinship and shared membership in top directing institutions" (1968:843).

Elites may be divided by function or institutional sectors but these are not autonomous from one another or from the society upon which they are based. In Canada, elites are related by social class, social background and common career patterns. As Porter states, "While elite groups exercise power by coordinating and directing relatively autonomous institutional orders, there must be some social mechanism by which the power activities of various elites become meshed in the power system of the total society" (1965:208). It is this pattern of structural relationships which ties the elite into a common social network. At the same time it ties various organizations into the total social structure.

Elites stand at the top of the class structure of society and can be characterized as the "operating arm" of the upper class (Donahoff, 1970:109). To whom is the corporate elite accountable? Cor-

mainly not to the large number of dispersed stockholders who loan their money out, not to the technicians or workers, not to the consumers; they are accountable only to other elites, elites who agree on the same value premises ~~with which they operate.~~

(11) Relations Between Elites

Domhoff has developed an interesting methodology which he calls "the sociology of leadership method" which focuses on "sociological background and studies the sociological composition of institutional leadership and of decision-making groups" (1967:145). He contrasts this with "the decision-making approach" which is issue-oriented and examines the process of decision-making and the consequences of particular decisions. Porter, Mills, Domhoff's own work and the study undertaken in this thesis follow the "sociology of leadership" approach by basing the analysis in key institutions and the study of the leaders of these institutions. Each of these works has also attempted to place the leadership of key institutions within the context of the class structure of society by analysis of the extent of upper class membership in various institutional elite positions. In a later work, Domhoff has attempted to integrate the concepts of class and elite by analysing the upper class along two dimensions: as a social class and as a governing class. His definition of a power elite differs somewhat from Mills when he says:

I define the power elite as active, working members of the upper class and high-level employees in institutions controlled by members of the upper class. The power elite has its roots in and serves the interests of the social upper class. It is the operating arm of the upper class. It functions to maintain and manage a socio-economic system which is organized in such a way that it yields an amazing proportion of its wealth to a minuscule upper class of big business men and their descendants (1970:106-107).

At a later point he is even more emphatic about the economic basis

of this power elite when he says that it "is rooted in the dividends and salaries of large corporations and financial institutions" (154). This approach allows for discussion of the extent of similarity and difference between various functionally defined institutional spheres and historical changes which occur within and between these spheres. More importantly it does not reify organizations since it bases them clearly within the class structure of society and does not assume that bureaucracies have a 'life of their own'. This preserves one of the key points made by Mills who stated that "Far from being dependent upon the structure of institutions, modern elites may smash one structure and set up another in which they enact quite different roles" (1956:24). Organizations are not viewed as elements distinct from the social structure but clearly as means of power which bring together vast resources coordinated with human action at particular historical periods. Within this framework any organization can have the following questions asked of it: Why is the organization established and for whose purpose? Who controls the decisions which direct the organization? What is the class origin of those who are in directing positions? For whose purpose are they directing it? These become central questions when applying the 'sociology of leadership' method.

Grouping all key institutional elites in this way still allows for disagreement on appropriate values or courses of action, either within or between institutional elites. What it does is analyse all elites in terms of their 'upper classness' and in terms of their own unity vis à vis the middle and lower classes. As Gittlin has argued, a "theory of power centralization does not require that the power elite be monolithic. It need only insist that power with regard to

scopes specified as important reside primarily in the hands of a small group, and that significant disputes concerning social decisions take place only within this group" (1965:29-30). Indeed, as Giddin argues, since debate is "monopolized" by this group, this illustrates its power. The distinguishing quality between an elite and a non-elite is being in the forum that decisions are made and does not include having a particular point agreed upon on every occasion.

At this point two key issues remain to be resolved. One is, what are to be defined as the key institutions and, within that question, which organizations within these key institutions are to be considered important. The second, and related issue, is what is the particular historical time frame under consideration, and the national or regional unit which is being discussed. Mills, for example, argued that in the post-war period the corporate, political and military institutions were of primary importance in the United States while Porter argued that it is the federal bureaucracy, the political elite and the somewhat more powerful corporate elite which were the most important in Canada.

This thesis focuses only on one institutional sphere within the current period in Canada; this is the institution of the economy and with that the corporate elite. Any serious student of power would include the corporate system within an analysis of the structure of power in any western society but there is room for disagreement about the actual way the corporate world fits with other key institutions and even what these other key institutions might be.

The distinct advantage of Domhoff's formulation is that the key reference for institutional sectors does not have to be other institu-

tions of importance. Rather the essential referrent is the upper class. Relations between other key sectors in terms of their relative power can be left problematic for the moment until it can be determined what these other institutions are. This does not rule out examining relations established with these other institutions. In fact, examination of the nature of relationships between the corporate world and the other institutions will be helpful in determining which of these institutions are of importance.

(iii) Class and Stratification

As argued elsewhere in this chapter, contrary to the meritocratic model of stratification, increased bureaucratization makes for more rigid structures and the breaking out of class bounds more difficult. Porter has been emphatic on this point:

increasing bureaucratization of the economic system through the development of the national corporation leads to an increasingly closed system of stratification (1965:283).

Social stratification may be defined as "the institution of power arrangements that perpetuate inter-generational economic, political and social inequality among collectives" (Rease, 1970:128). It represents inequalities among people who are theoretically equal at birth and in rights but unequal in terms of access to valued social commodities. Classes are those collectives which have differential rights of access to socially valued commodities based on their position within important institutional structures. This places class as an analytical concept within the context of the extent of control particular collectives exercise over key organizations. By defining class in terms of control, and ultimately power, the unidimensional notion that class is based solely on economics is removed. Class based on power can mean power derived from any institutional sphere

whether it be religious, political, economic, military or whatever institutions are important at particular historical periods or any combination of control over several institutions. Organizational hierarchies are not class hierarchies per se; for example, the head of a small shop, although it may be hierarchically structured, is not in the same class as the heads of Bell Canada. This is why it is essential to apply the 'Pareto principle' and distinguish between the relative powers of various organizations. The most appropriate way to make this distinction is in terms of resources which the organization is able to activate to perform designated tasks. This clearly boxes the notion of class in the distribution of material and social resources commanded by definable sets of people.

Class as a social phenomenon is represented in common relationships, backgrounds, intermarriages, associations and ideology. Since different social classes are differentially represented in positions of power within dominant institutions this serves to perpetuate class through differential access to these power positions which control the means of obtaining valued commodities. One of the 'fruits of power' is differential access to the social and political rights which are theoretically under the assumptions of democracy open to all. Elites are better equipped to activate these rights, consequently they are in a position which permits them to perpetuate class.

As was suggested, social class origins have a strong impact on the ways individual biographies intersect with organizations and the positions people hold within these organizations. Sociology has traditionally assumed that the process of bureaucratization and industrialization would break down particularistic privileged

groups" (Parsons, 1947:74). The meritocracy which this suggests has not been realized. Sjöberg maintains:

there are two assumptions that are too readily accepted by scholars, i.e., that a hierarchically ordered system can, and does, provide equality of opportunity and that bureaucrats (i.e. elites) judge persons according to universalistic criteria. In practice, rationality oriented hierarchical systems of bureaucracy have been key vehicles by which various groups (i.e. elites) have sustained, and in some cases increased, their advantages within the broader society. And it is the middle and upper strata who learn to manipulate bureaucracies, e.g., educational structures or special government agencies, for their personal gain (1967:17).

Skills, education and access to organizations of importance are all factors in social mobility but the differential access to those valued qualities remains a class phenomenon thus perpetuating the inequalities across generations. Advantages deriving from social class origin ease the career patterns to centers of decision-making and increase the probabilities that kinship will play a key role in determining life chances. The accumulation of privileges to individuals in upper class positions gives them definite advantages. This appears a characteristic not only of Canada but a generalized condition for many western industrial societies (Pen, 1971:210f).

The following section will summarize the general arguments developed in this and the previous chapter and introduce some other concepts which will be used in the analysis of Canada's historical development, the analysis of Canada's position in the capitalist world today and finally in the examination of the current corporate elite.

C) AN ANALYTICAL FRAMEWORK: FROM CAPITAL TO CORPORATIONS TO ELITES

Before proceeding, it is necessary to bring together the arguments developed thus far concerning organizations, elites and stratification and place them within a context which makes them applicable

to the study of the development of Canada and the present formations of corporate elites. This requires developing a conceptual and analytical framework which will encompass various social processes operating and relating them to the current pattern of power to be found in Canada. This involves beginning at the level of capital formations and economic processes and relating this to particular organizational forms and generally to the social structure. From there it is possible to examine the pattern of social stratification and the structure of decision-making. Several other variables important to the development of Canada will also be introduced such as the spatial dimension by which is meant the parameters within which Canada operates on an economic level; an examination of the particular resources, technology and ecological constraints and advantages which are available for the above processes to occur and finally the temporal dimension which involves historical changes involving all the above considerations.

(1) Capital Formations and Economic Processes

Two dominant economic processes involved in capitalism are concentration and accumulation; these refer to the tendency of capital to attract more capital and concentrate in larger and fewer units. Another distinction of importance is between finance capital, merchant capital and industrial capital. Naylor maintains that "Finance capital emerges not from industrial capital, as is usually supposed, but from merchant capital, through the pooling of merchants' resources and their development of a banking structure, and through the earnings of the entrepôt trade. Like merchant capital, finance capital is a low-risk type of venture; but, unlike merchant capital, it is long-term" (1972:43). This represents Marx's classic asser-

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tion regarding the evolutionary link between finance and merchant capital (Capital, 1967:Vol. 3, 267-337). Transition from merchant capital will become apparent in the movement from merchant-based fishing and fur trading to the use of financial institutions which become separate from entrepreneurial functions, such as investment houses, banks, and insurance companies. The kind of investment favoured by finance capital, stable and long-term, will become evident with the building of canals and railways in Canada. It is also possible to make the link between finance capital and portfolio type of investment and industrial capital and direct investment, which involves capital investment generating return through profit rather than interest. Another way of making this distinction is between commercialism which represents portfolio or short-term capital investment, particularly in trade and transportation, and industrialism which represents direct or fixed, long-term capital investment. In these terms merchant and finance capital are seen as different levels of development of commercialism with merchants' capital based almost exclusively in trade and venture, with the merchant acting as 'middle-man' in distribution while finance capital represents the institutionalization of these function in a developed credit system of banking and other long-term loan institutions. Industrial capital, on the other hand, represents investment in the means of production. The different phases of capital formation in Canada will be developed historically.

Direct and portfolio investment are each related to various types of institutions and forms of control. Portfolio capital is interest bearing capital which is loaned and can be repaid over time, therefore being "self-liquidating". Direct investment involves

capital with control over the means of production, whether industrial or resource-centered. Unlike portfolio investment, direct investment grows over time and maintains control while repaying the owner with dividends rather than interest. While portfolio investment can be repaid, direct investment remains established unless it becomes bankrupt, repatriated, confiscated or natural resources become exhausted. Although it is important to maintain a distinction between portfolio and direct investment, the control associated with portfolio investment should not be minimized because of the 'service' costs associated with repaying debts. This is particularly true when interest rates are high and return on investment low. Also people who own capital have discretion over loaning it under which conditions, at which interest rates and ultimately have control over recalling loans. Historically, there has been a dramatic shift in the relative prevalence of these two types of capital. It is calculated that "in 1914 ninety per cent of all international capital movements took the form of portfolio investment by individuals and financial institutions, whereas today, seventy-five per cent of the capital outflows of the leading industrialized nations are in the form of direct investment by companies" (Tugendhat, 1972:17). This reflects the historical change from the importance of finance, associated with portfolio investment, to industrial capital, associated with direct investment. Also reflected is change from the U.K. as the dominant exporter of portfolio capital, to the U.S., particularly after the Second World War, as the dominant exporter of direct investment.

(ii) Social Structures and Organization.

Organizational forms are intimately related to the type of capital being employed; organizational structures reflect the capital base which they are constructed on. While portfolio investment is 'loaned' to organizations or individuals for reinvestment, direct investment involves a total "package" of capital, management and technology. Foreign direct investment has as its primary modus operandi the multinational corporation, operating through branch plant subsidiaries or affiliates (notable Canadian exceptions being U.S. equity control of International Nickel and Alcan). For example, expressed in terms of direct investment invested abroad by Canadian firms for 1969, 92.5% of the investment was carried out through subsidiaries, 5% through affiliates and 2.5% through unincorporated branches (CIIP, 1971:82). Direct investment illustrates preference for control over investment within the context of corporate structures, rather than using the 'market' as a mechanism for buying and selling raw materials and industrial goods. Using direct investment allows vertical and horizontal integration of economic processes. Multinational corporations arose out of foreign direct investment but, as the U.K. experience illustrates, it does not necessarily follow that multinationals are the inevitable consequence of direct investment, rather there is a choice involved in the form of organization selected and capital employment.

As suggested, capital formation and organizational form have a direct bearing on the organization of production; an additional factor is the economic sector within which investment occurs. Direct investment tends to favour industrial production which does not tend to be restricted by location, except by imposed tariff barriers which

encourage location 'within' the market. On the other hand, as Behrman points out, extractive industries are "resource-bound" and utilities are "market-bound" (1970:3).

It is important to distinguish sectors within a national economy. For example, within Canada it is important to distinguish between the spheres of resource, industry and finance (put another way, between primary, secondary and tertiary sectors). By making these distinctions it is possible to distinguish degrees of development within each sector. To focus on the finance or tertiary sector of the Canadian economy it is possible that this sector is, and has been historically, overdeveloped. It has enjoyed a powerful position within Canada and has enjoyed this position because of its particular relationship with outside powers. An over-developed financial structure does not indicate that industrial sectors or even resource sectors are developed, indeed, the Canadian case would indicate otherwise. There can be powerful elites within under-developed nations; for example, the ruling class which enjoys the benefits of perpetuating existing systems of inequality or the satellite elite which enjoys and benefits from its co-optation by an external parasite elite. At times it may be more appropriate to analyse over-developed sectors of the economy as living off under-developed sectors rather than approaching them as sectors to be developed. In other words, over-developed sectors may have a vested interest in maintaining particular sectors in a state of under-development rather than engaging in their development and in this way perpetuate under-development.

(iii) Elites and Decision-Making

The way production is organized provides the structure within which economic decision-making occurs. The exercise of economic

power involves access to the organizations through which power can be realized and in a concentrated economy this means control over the decision-making apparatus of dominant corporations. It is through organizational structures, and the distribution of power within and between these organizations, that economic dimensions of stratification become operative. Elite models base their analysis in the dominant positions within dominant institutions and in this way focus on the upper levels of stratification. Elite studies are therefore concerned with the institutional structure of society and questions related to class recruitment to positions of power. Since the primary focus of this thesis is decision-making, it is appropriate to use an elite model as a means of analysis. From the perspective of the nation being studied, it is important to distinguish between indigenous elites who may be either national elites operating primarily within the particular nation or international elites who are based in the nation but operate internationally through multinational corporations, satellite or comprador elites who operate branch plants of foreign multinational corporations and which may be either nationals or imports from the headquarters and finally, the foreign or parasite elites who are the heads of multinational corporations outside the host country. Each of these elites are related in terms of being aligned or competitive with one another. More than this, social structure also involves political structures such as colonial government, provincial and federal structures. It refers both to the patterns of relationships between institutions which emerge in society and to the internal workings of individual organizations. This latter aspect of social structure has received much less emphasis than has the former yet it is a significant dimension of

analysis, particularly from the perspective of an interest in stratification. Since structures involve relationships, they change over time and it will be important to analyse some of these structural changes which have occurred, especially as they relate to economic forms of organization. This is suggested in the transition from charter companies to small-scale entrepreneurial organizations to joint-stock companies of a national scale to modern multinational corporations.

Comprador elites are the counterpart of parasite elites. Comprador elites are composed of top ranking managers and directors of branch plants which follow directives and policies of multinational corporations. Their function is mainly advisory and administrative since they manage and conduct the affairs of subsidiaries of parent corporations (branch plants are simply subsidiaries of parent corporations which are located in nations other than the parent corporations and as such are subject to the same constraints as any subsidiary). Comprador elites, to use the term in its most strict sense, as originally in China, would include only the native 'agents' or factors but in a larger sense would include any of the personnel of branch plants in positions of power whether they are 'native' or not. In other words, in strict usage the Canadian comprador elites would only be the people of Canadian birth or citizenship who sit on the boards of directors of branch plants but in the larger sense would include both nationals and foreign 'agents'. Viewed from a larger perspective, foreign members of boards of directors are more accurately conceptualized as being part of the parasite elite since it is probable that they are 'agents' from the parent corporation and also occupy positions of power within the foreign corporation. Elite

formations in a situation of high foreign control of a nation's economy would include parasite elites who control parent corporations; comprador elites who manage branch plants and, assuming the nation is not totally powerless, an indigenous elite which controls national corporations. Further elaborations of this structure could also exist where, for example, the indigenous elite is also multinational in character and acts as a parasite elite toward another nation. Further complexity may also be introduced when the elite structure becomes internationalized and members of the indigenous elite cross national bounds and sit on boards of foreign-controlled parents.

Elites, in this case particularly economic elites, operate within a social structure involving relationships between sets of people which interact over time and become institutionalized into patterns of association. Power is a generic term connected not only with economic institutions but also political, military and religious institutions, to name a few. It is obvious that the ability of one institution to make decisions which bind is conditioned by the power of other institutions and particular relationships between institutions. The term 'politics' within this context then refers to the ability of particular institutions to affect the distribution of decision-making within a society. As Cockcroft, et al, argue,

Power is a tangible substance rooted in the economic, social, and institutional structure of society... In capitalist societies (both advanced industrial and under-developed), a theory of political development must take into account certain basic structural facts: the conditioning of political power by economic power and the concentration of the resources of power in the hands of a comfortable minority (1972: xvii-xxviii).

In terms of present considerations it will also be important to distinguish between particular bases of power and the nations in which

they originate. Ideally this would involve not only economic power, but the other basis of power as well, including military, political and religious, but the parameters of this study only allows for focus on economic power with peripheral reference to the others. It is argued that international dimensions of power are particularly relevant to the study of relations between, and comparison of, the U.K., the U.S., and Canada since imperial linkages between these areas have important implications for their internal stratification structures. In Fossum's terms, "questions revolve around the dimensions of national autonomy and international cooperation" (1970:24) or possibly more appropriately, international dependence.

One of the central points of elite studies is the assertion that power "is exercised, not so much by individuals as by collectives" (Porter, 1955:504). This clearly forms the link between social structure and social stratification. Previous analysis of stratification has shown that social class is very much a hereditary phenomenon--particularly due to hereditary wealth and accumulated advantage such as social conditioning, opened avenues, access to education and skills, etc. This suggests that just as an analysis of social class position requires understanding career pattern and social origins, so too does analysis of social class and power on a macro-level require analysis of the 'career' of the social structure from preceding periods which directs the development of current structures of inequality.

(iv) Spatial.

This refers to the parameters under consideration and what can be thought of as representing a 'system' for analysis. For example, the parameters for the following discussion will include the North Atlantic triangle since it will be argued this more accurately rep-

represents the economic system which Canada is, and has been, a part than does the boundary represented by the nation state. The contradictions between the continental and Atlantic economies in terms of economic and political orientations have represented the two most powerful social forces interacting throughout Canada's history. Whether in terms of the U.K. or the U.S., Canada's economy has been international and this provides the minimum frame of reference for an analysis of social change and economic development. It is within this context that the hinterland/metropolis or development of under-development model will prove useful. Traditional focus on staples can provide a helpful transition into this model. The staples theory involves an assumption that "staple exports are the leading sector of the economy and set the pace for economic growth" (Watkins, 1967: 53) but more fundamentally it is a theory of "imperial relationships", as Watkins argues, "What Innis was talking about is areas where the growth process is led by primary exports and the dominant elite within the colony is committed to exports" (1970:40). As the nature of the export changes so will the relationship of capital, social structure and stratification. Old staples were oriented toward merchant capital, e.g. fish, furs and timber, with short-term, high-turnover of capital, but new staples require more direct investment, e.g., pulp and paper, minerals, gas and oil, hydro, etc. This change in the nature of staples and type of capital and organizational requirements becomes reflected in the kinds of relationships Canada forms with the U.K. and the U.S. It also establishes the central proposition of the metropolis/hinterland model which also represents an 'imperial' relationship'. As Archibald suggests, "The essence of the satellite-hinterland model is concern with the

development of the western economy as a total system" (1971:111). The hinterland/metropolis, centre/periphery and satellite/metropolis dichotomies each represent a similar relationship while the development of under-development model, although similar, builds into this emphasis on a relationship based on a form of exploitation. It is important to note that these relationships are all based on more than geography but also on relationships of power and class and each insists on a conflict of interest between the two analytical poles. Naylor's excellent paper on this subject posits the suggestion that "while the internal dialectics of class and of capital accumulation may determine the nature of metropolitan expansion, the social structure of capital in the hinterland cannot be regarded as independent of the metropole. On the contrary, internal changes in the metropole are the immediate causes of socio-economic reorganization in the hinterland" (1972:2). It therefore becomes necessary when dealing with an imperial relationship to examine patterns of stratification and the form of capital structure in the center to analyse the imperial linkage and reasons for relationships being established. This is of historical concern but also becomes a central issue in the era of neo-mercantilism which is dominated by multinational corporations.

(v) Resources, Technology and Ecology

This refers to the particular natural resources an area has at its disposal, for example, in Canada fish, fur, timber, oil, minerals, hydro power, etc. These are all important resources and, as suggested previously, the nature of the staple dictates to some extent the form of organization used to extract the staple. Also involved is technology which refers to the ability to exploit re-

sources and the skills required to accomplish the task. This will effect the kinds of resources which can be exploited, the kind of organizations possible for conducting the exploitations and to some extent, the kind of demands for resources; for example, oil and gas related to heating and automobiles; pulp and paper related to mass printing techniques. Ecology represents a slightly different dimension in that it refers to the natural advantages or disadvantages a particular area offers, for example, the waterways of the St. Lawrence, the climate and soil of the Prairies, etc. These dimensions are more frequently taken for granted in analysis than integrated. This may be because they represent limiting or advantage producing contexts for other points of analysis. However, technology in particular should be seen as a social force which enhances particular means of production and directs the development of new forms of organization. It is apparent that the multinational corporation is, to a large extent, enhanced in the potential scope of it's operation by developments of technology, in particular transportation and communication. Another point is that economic control of existing technology and facilities to develop new technology are important bases of power. Historically technology required for industrialization, improved transportation, etc., have been controlled by the U.S. and U.K.

Technology has a direct impact on the types of organizations which may be selected to undertake production but technology, like raw materials, is property and as such is controlled by certain segments of the population and control is reinforced through the state by such devices as patents and copyrights. Advanced technology provided potential for development but technology which is controlled provides this opportunity to only those who own it and can afford

to employ it. The relationship between technology and multinational corporations is of particular importance since it is technology which has encouraged and enhanced the tendency toward concentration of capital and allowed this capital to develop world wide systems. For example, technology has allowed for enormous control of operations beyond the scope ever previously possible, as in the case of companies like Shell and Standard Oil which have installed computer networks for their entire operations in order that they may better control their wide-spread operations (Turner, 1970:7). Another case of technology in use is rapid transportation, such as fast and efficient air travel. Keegan's 1968 study of 13 multinationals reveals that international executives of these corporations averaged travel budgets of \$10,000 per year, some running as high as \$25,000 (35-41). These advances have dramatically enhanced the modern multinational's position in terms of world wide control of their operations and represents an important feature not present in earlier, for example U.K., imperialism.

(vi) Temporal

This refers to the historical interaction of economic processes, social structure, patterns of social stratification and spatial parameters within the limiting or advantage producing context of the particular resources, technology and ecology. In the following chapters there is an attempt to integrate each of these levels into the analysis of history rather than trap history in events or personalities. It is argued that an understanding of the current configuration of Canadian economic institutions and the class basis of these institutions requires an analysis of social forces and institutions which shaped the class structure of previous historical periods. A

theory of social change is a theory about historical process.

The concern here is with the social forces which operate at particular periods which lead to changes in the organization of society. Sociological analysis can provide an examination of contemporary social structure and process but without an historical dimension it is at a loss to provide analysis of social change.

The following chapters are primarily concerned with social stratification but will focus on economic forces and institutions which contribute to inequalities of power and wealth. Elites are identifiable social aggregates which interact with one another and maintain positions of dominance within various institutional spheres which they construct, 'inherit' and maintain as power bases. Elites themselves become social forces when they are analysed historically; for example, mercantile interests in imperial England who controlled institutions of investment represented a power center which had a strong impact on Canada's development. Failure to extend the analysis to the level of human interaction and relationships tends to reify structures, processes and forces, thus ignoring the impact on social stratification and the question of equality in a society. What this means is that social forces are useful abstractions to denote underlying relationships existing between various elements in society and help to explain some relationships, just as processes denote tendencies and change developed from social forces and as institutional structures denote the organization of these relationships in coherent fashion. Each of these notions assist in identifying these societal operations but until they become rooted in the structures and relationships of inequality they are not useful for analysing

social stratification and the way individuals relate to the abstractions discussed. Inquiry into patterns of social stratification involves analysis of power structures. Structures, as relationships between people which evolve historically, become institutionalized patterns of interaction. Power relations are those which involve command over the direction and action of institutional configurations. Power positions involve the ability to make decisions which mobilize resources and energies of various structures. From the definition of power being applied here it is apparent that, as Porter states, power "is a generic term. Its species in the complex structure are economic, political, bureaucratic, military and ideological" (1955: 503). From this perspective 'politics' refers to distribution, control and ability to make decisions which have implications for the distribution and application of power in a society. One of the basic assumptions is that people make history out of the resources and circumstances available to them and that these resources and circumstances are not equally accessible to all. With history based in decisions which precipitate events it is apparent that the application of power is political whether that political action falls within the legislative bodies or is expressed in other organizational forms. The question being posed here is: how did the present distribution of power emerge in Canada? The response will be provided by an analysis which examines the distribution of power historically.

Chapter #4

SOME SOCIO-ECONOMIC FORCES, INSTITUTIONS AND ELITES IN CANADA'S DEVELOPMENT

Current configurations of power have their roots in Canada's development. Foundations for the present structure of economic institutions were established in the nineteenth century and major social and economic forces which shape present institutional configurations have their roots in this early period. To understand the current basis for social stratification, these forces need to be taken into account. The task of this chapter is establishing an outline of major economic forces, institutions and elites which culminate in the current structure of inequality by analysing economic dimensions of history within their social and political context. Although the patterns of history examined focus on economic aspects of stratification and power distribution, some illustrations of relationships between social and political spheres and the implications demands made by economic power centers have for social and political development will also be incorporated into the analysis. The tendency to concentrate on economic dimensions of stratification at the elite level does not mean to exclude other important variables; it simply represents the frame of reference selected for present consideration.

Temporal parameters are from 1600 to the early 1950's but equal consideration will not be placed on each period; this being a sociological rather than 'historical' account, an abstraction of trends and forces related to stratification at selected periods will provide the focus. Where an historian's attention would be on the sequence of events and an economist's on production, allocation and distribution of resources, this chapter will concen-

trate on social institutions, stratification and power distribution.

Economic organizations will be of central concern since they are embedded in the social structure and act as transfer mechanisms for elite decisions. For this reason their internal organization and distribution of power to various social roles acts as an indicator of stratification at a societal level. The analysis will therefore be concerned with the social organization of economic activity and involve examination of social structures within the context of the history of investment, ownership and control of the Canadian economy. Development of, and investment in, resources, finance, service (e.e., transportation, utilities) and manufacturing domains will be historically examined within this context.

This will necessarily involve placing Canada within the framework of the North Atlantic triangle and analysing the nature of relationships this has involved. Canada's economic system has historically been trans-national and never totally independent of powerful 'partners' either in trade or capital investment. The resulting configuration of economic power is intimately integrated with the economies of the North Atlantic triangle in which Britain and the United States represent counterparts to Canada. Initial binding ties were with the U.K. forming a trans-Atlantic trade alliance with Canada trading off natural resources for British portfolio investment whereas more recent binding ties have been continental with Canada again exporting natural resources but with U.S. direct investment both controlling the means of production and transforming these resources at home and with Canada.

Based on the analytical and theoretical explanation presented in the preceding chapter, an analysis of Canada's development in ten periods to 1950 will be developed. This will be followed by an examination, in the next chapter, of some trends which have occurred since 1950. The position implicit here is that each successive phase of capitalist development in Canada is built upon previous ones and that outside forces have had serious implications for Canada's development which prove relevant to current analysis.

A) HISTORICAL PROCESS, THE EVOLVING CANADIAN SOCIAL STRUCTURE

(i) Foundings (1600-1763)

Multinational corporations certainly were not the first organizations to penetrate the world economy; this was first accomplished by the mercantile thrust of European nations beginning in the 15th century. Initial operations were primarily trading but this soon evolved into an age of colonial rule. Based on state power, mercantilism equated economic power with national power thus encouraging the development of a strong commercial class (see Easterbrook & Aitken, 1956:19). The commercial or merchant class generated profit by providing intermediary services between world resources and the home country. Where English and Dutch efforts were undertaken by a mercantile oligarchy, the French preferred reliance on state power as the means of practicing mercantile activity, and placed more emphasis on military and religious aspects of colonialism (9-14). In England mercantilism was supported by the English aristocracy and financiers who were excited by the prospect of economic gain from their colonies and this was "reinforced by the aggressive spirit of Restoration imperialism--a desire to extend

Britain's commerce, a curiosity about places still unknown, a zest for discovery and exploration--particularly in this case, the search for a northwest passage to the Pacific"(82). English merchants enjoyed an extremely powerful position in government but the state dominated commerce in France. As a maritime nation, England was forced into a position where trade provided an essential basis of wealth and power, consequently they were more 'outward looking' than was continental France. English mercantile philosophy is summarized by Sir Walter Raleigh when he said, "Who rules the trade of the world rules the wealth of the world and consequently the world itself" (16). The world, it has been said, was ruled by the Bank of England which was established in 1694 and provided the center of British mercantilism.

In North America colonization and settlement were not priorities for the English while France found great difficulty in encouraging her charter companies to establish permanent settlements. Charter companies were interested in settlement only to the extent that it would enhance removal of key staples. Fishing involved removal of resources with little or no settlement and indigenous involvement while the fur trade was forced to rely on Indians, voyageurs and some clerical workers indigenous to Canada. Fishing involved small enterprises with low organizational and capital requirements. Fishing expeditions "were unincorporated associations of merchants, formed to raise a common fund to finance each expedition and they divided their profits at the end of each voyage" (Labrie & Palmer, 1967:33).

It is apparent that early fishing involved little 'spin-off' in terms of North America. Fur trading, however, was organized by

royal charter and monopoly which provided a degree of leverage, particularly in France, for state encouragement of settlement. The Rouen merchants' Compagnie du Canada establish Quebec in 1608 under a royal charter which demanded settlement. For the French, settlement was an attempt to 'transplant' feudalism which, in its distorted form, provided the basis of the social structure under colonial New France. The English, while also using the charter company to organize fur trade, placed less emphasis on the building of settlements. In both cases the charter companies permitted control in classic mercantile tradition.

As fur trading became established and local animals scarce, it was necessary to penetrate the continent in search of new supplies. Although Montreal remained the entrepôt, posts became located throughout the continent with voyageurs acting as carriers and Indians as trappers (occupying the lowest rung of the social structure). The St. Lawrence was established as the main trading route providing a central characteristic of much of later development. Involved trading structures and transportation techniques encouraged by charters, established the fur trade as a monopolistic enterprise organized by Montreal financiers and interior traders working in partnership.

During the French regime fur trade remained the central activity, representing 70% of the exports in 1739, the point of the colonies' greatest diversification (Pritchard, 1972:27). Rigid French mercantilism prevented greater economic development and created a distorted social structure where the colonial elite were part of the colonizing elite with the colonial elite dominating economic, political and military efforts. Colonial traders were related through marriage and commerce to the French merchants and aristo-

cracy. - This was encouraged by the need for access to capital controlled in France. As Pritchard has concluded from his study of the period, "These merchants were not colonists in the accepted sense of the word, for they always maintained their metropolitan connections, frequently crossed the Atlantic, and sometimes after decades of residence in New France, returned home permanently" (1927:37).

In addition to providing furs, New France was considered strategically important in terms of rivalry with Britain. The war of 1755 settled that issue and North America became a British possession and with its domination brought a new social structure which became super-imposed on the remnant French colony as happens so frequently following conquest. Characterized by 'aggressive commercialism' as opposed to the 'inflexible centralism' of France, the British colonial system relied on a system of colonial trade designed for the advancement of the home country.

Under British rule the fur trade was dominated by the North West Company and the Hudson's Bay Company, two quite different types of organizations. The North West was "a distinctively Canadian concern" organized by a group of Montreal merchants to counter the dominant position of the Hudson's Bay Company. A syndicate was formed in response to increasing capital needs for extended continental trade and the association of smaller ventures centered its trade on the St. Lawrence corridor to the interior. As a joint enterprise it resembled early fishing expeditions which gathered capital to finance expeditions and split profits at the end of a period. Its organization required constant refurbishing by expanding trade and, unlike the Hudson's Bay Company, it did not form

a rigid bureaucratic framework. The 'wintering partners' who travelled into the interior maintained a powerful position in determining the direction of the organization (Easterbrook & Aitken, 1956:166-67). The flexibility of the syndicate's structure allowed it to absorb competitors rather than engage in competition. Internal organization involved partners who received profits on a share basis, clerks who worked for a wage but were allowed to become partners after a 5 to 7 year apprenticeship and voyageurs who worked on a contract basis (172-73). The Hudson's Bay Company, however, involved a much more rigid organization and expanded into the continent at a slower pace under the control of a centralized authority resident in England with branch headquarters and a governor in Canada. Organized by British merchants and supported by the aristocracy, it involved a syndicate of 13 men who obtained a royal charter in 1670. But unlike the North West Company, this was a syndicate at the top ownership level and not one which involved the organization per se. Its formal title, 'Company of Adventurers of England Trading into Hudson's Bay', describes its original orientation. Easterbrook and Aitken argue that "In terms of the general trend of English commercial organization and policy, it was distinctly a throw-back to an earlier era...an era when all of England's overseas commerce had been organized under great companies" (1959:82). However, this 'throw-back' managed to dominate much of the commerce in Canada until 1867 and remains powerful in a revised form today, still operating under its original charter.

It is interesting to contrast the effects of capital accumulation by these two dominant companies and the effects they have had on Canadian capital formation. In the case of the Hudson's Bay Com-

pany "profits on the originally subscribed capital stock, actually paid up, of between 60 and 70 per cent per annum from the years 1690 to 1800" (Myers, 1972:42-43) were returned to England and abroad (47). On the other hand, "profits of the North West Company were derived from great fortunes which later were conspicuous in banks, steamboats, railways, and other capitalist channels" (61-63). Differences between these two organizations represent the difference between the future development of an indigenous economic elite in Canada and an external elite in Britain, both of which were based, to a large extent on capital appropriated in Canada. This is an important pattern for the development of stratification in Canada and illustrates the importance of relating stratification to the means of capital accumulation. Although each group relied on foreign capital, operations of the Hudson's Bay Company were directly from Britain with capital flowing back along the same path; the North West Company borrowed their capital thus retaining capital accumulation and control within Canada forming the basis of an indigenous capitalist class.

(ii) Colonial Social Structure and British Mercantilism (1763-1837)

Early industrialization in Britain was focused in textiles and railways financed by the surplus accumulated by merchant activities. Once these industries were developed there remained a low capacity for further capital absorption. The colonies provided receptive markets for investment as well as outlets for the manufactured goods being produced by early industrialization. With the tight association between merchants, landed interests and the state, it is apparent that industrial capital was dependent on this class. Acquiring large surpluses, merchant capital evolved into finance

capital, maintaining the same 'middleman' function as always, but now oriented toward more long term ventures and organized in more structured institutions such as banking houses and insurance companies. It was these 'nascent' financiers which provided early portfolio investment so important to Canada's early transportation projects. Block emphasizes that this "over-capitalization" of a limited number of industries, combined with low technological development, produced a gap in Britain's industrialization which encouraged its "outward thrust" (1970:139).

It was into this merchant based, commercial dominated system which the colonies had to fit. Mercantilism provided English fur trading merchants in Canada with great capital securing advantages which French merchants who remained after the conquest did not have. The alliance between English-speaking Montreal merchants and English commercial interests provided a strong and complementary power base on both sides of the Atlantic. The export of staples from Canada's abundant natural resources proved beneficial to both interests and reinforced colonial dependence. This mercantile empire was strengthened by a series of legislations known as the Acts of Trade which were designed to continue imports of colonial staples and export of British capital. Canada developed within the framework of these British navigation laws and trade preferences and they became the operating assumptions of the politicians and entrepreneurs in Canada. The St. Lawrence provided a ready channel to bind the colonial resources to the colonizers' capital. Industrialization in the colonies was stultified by mercantile policy which prohibited exporting "manufactured machines and the emigration of skilled artisans" thus maintaining dependence and the "continued dominance of merchant-capital at the expense of industrial capital, which would

compete with Britain. The merchant class and rich Loyalists in Canada aligned themselves with the colonial ruling class, the church, and the land-owning elites" (Naylor, 1972:6).

Each of these developments have their reflection in the pattern of stratification which appeared in the Canadian colonial structure at this time, particularly in the 'Family Compact' of Upper Canada, the 'Chateau Clique' of Lower Canada and the merchant interests of the Maritimes. The existence of these associations of power cannot be divorced from colonial design, as S.D. Clark notes:

Land grants to favoured individuals or organizations, financial subsidies, preferments in political appointments, or measures restricting the operation of competitive interests were means employed to build up privileged social institutions such as an aristocratic class or established church. The object was to assure the loyalty of frontier populations to the mother country, and such aids therefore served the same purpose as military garrisons or police forces (1970: 181).

The social structure was developed as a means of social control and as such was encouraged by Britain and taken advantage of by the emergent Canadian elite. By giving the Governor General the power to appoint office holders in the colonies, the Constitutional Act of 1791 provided the foundation for half a century of domination by small powerful enclaves (Teeple, 1972:47-48). The ruling classes of Upper and Lower Canada, although forming a tight set of family relations, were based most firmly on a union of interlocking interests. Alliance was based on political, judicial, religious and financial control which united them into a single social class which was active as an "elite of office" and represented in the inner circles of the Executive Council by a "power elite" (Saunders, 1967:17f). Their power was political as much as it was economic and they enjoyed the advantages of both in terms of land grants

and access to capital but they were not industrially based; rather they were built on merchant capitalism. Each of the three groups must be examined separately since they represent somewhat variant bases of power. Initially each filled a "political vacuum" but with accumulating advantages of power, evolved into a rigid structure commanding political and economic power which remained dominant for fifty years.

In Upper Canada the "link of executive and legislative power was the key to the position of the Family Compact" with the executive positions representing the "small charmed circle" (Saunders, 1967:17-19). This association remained in power until the Act of Union in 1841 when the basis of political position was changed. They were linked by education and 'cultivation' which limited mobility into the oligarchy and served as exclusion criteria. Although business was not as dominant in the Family Compact as it was in the Chateau Clique, the financial power of men like William Allan who was the first president of the Bank of Upper Canada in 1821, first president of the British American Assurance Company in 1833, Commissioner of the Canada Company and member of the Executive Council in 1825, illustrates its more than marginal importance (Saunders, 1967:18). The principal alliance however, was political, bureaucratic, religious and professional with a basis in the quasi-aristocracy of Upper Canada. Lord Durham's statement on the Family Compact represents the classic summation:

For a long time this body of men, receiving at times accession to its members, possessed almost all the highest public offices, by means of which, and of its influence in the Executive Council, it wielded all the powers of Government... Successive Governors, as they came in turn, are said to have submitted quietly to its influence, or, after a short and unavailing struggle, to have yielded to this well-organized party the real conduct of affairs (quoted by Myers, 1972:80).

Durham goes on to say that they controlled the bench, the church, owned the land, the chartered banks and "almost exclusively all offices of trust and profit."

In the Maritimes the situation was slightly different. Enjoying rapid expansion from the U.S. Embargo Act of 1807 which forced almost all North American trading to be conducted from its ports, a closely-knit Maritime group enjoyed a rapid surge of power. Representing what has been referred to as the "Atlantic edition of the Family Compact", the Maritime oligarchy was centered in the Council of Twelve in Halifax and the Halifax Banking Company. More commercially oriented than the Family Compact, the "ruling faction in Nova Scotia was an amalgam of colonial-military officialdom with a closely-knit group of merchant-bankers possessing strong ties with London commercial houses. The Executive and Legislative Councils were made up of the same twelve men, not one of whom owed his position to election" (Ryerson, 1968:194). Among them was Sir Samuel Cunard, famous for his shipping lines and close ties with Britain.

The most powerful commercial association in the colony at the time was centered in the Chateau Clique of Lower Canada. Like the Maritime group, the Chateau Clique had a close alliance politically and economically with Britain and formed an association most closely resembling an aristocracy of power. For example, of the 12 office-holders in the 1830 Legislative Council, seven were 'large landed proprietors' and three were merchants (Ryerson, 1968:50). This English-speaking group was by 1812 centered in the three mercantile activities of fur trading, timber and export/import commerce (Easterbrook & Aitken, 1956:158). These men were more 'go-betweens' than independent men of power, as Mackenzie's critical remarks suggest:

"Few of these Montreal commission merchants are men of capital; they are generally merely the factors or agents of British houses, and thus a chain of debt, dependence and degradation is begun and kept up" (quoted by Ryerson, 1968:107). Within the context of colonial rule, these men were the most powerful indigenous force but their power depended on the wish of the colonizer.

The position of French Canadians during this period was clearly subservient to the power of the English. Under the English regime the clergy controlled education and collected tithes, the seigneurs owned land and held some administrative positions while the English dominated the commercially-based economy and executive posts of government. Rioux maintains that the loss of the Canadien bourgeoisie meant an 'abolition' of social class within Canadien society but the "tragedy is that all Quebec becomes a subjugated ethnic class". The main division is no longer one of strictly social class, as it had been in pre-Conquest times, but now represents a distinction based on ethnicity. The English take over the role of the bourgeoisie and form an alliance with the high clergy and remnant French aristocracy to form an 'aristocratic compact' (Rioux, 1971:18-20).

Common to all three oligarchies was the complete commitment to the existing form of British rule and the advantages they could achieve from the prevailing mercantile system. Each of these groups had as their economic basis a mercantilist organization which acted as mediator between the staples of Canada and the commercial houses of Britain. None of them had a vision of developing a strong indigenous industrial system since under the protection of British mercantilism their needs would be met by the growing industrial structure in Britain. Their interests were more in terms of developing

a strong transportation system which would form the basis of their mercantile trade. Efforts in this direction were focused on the St. Lawrence and development of a canal system and later a trans-continental railway. One of the major undertakings was William Merritt's creation of the Welland Canal Company whose board was dominated by members of the Family Compact. They were involved not because of their personal expertise but because of the legitimacy they lent to the project and access they had to sources of capital (see Aitken, 1967:64-70). The project was similarly supported by John Galt who headed the Canada Company, also involved in an important economic activity of the period, land grants. John Galt's son, A.T. Galt was commissioner of the North-West Land Company, the counterpart of the Canada Company in Lower Canada. On the basis that they would help promote settlement in the colony, these companies were granted enormous tracts of land around London and in the Eastern Townships. Although these companies did prevent widespread free land to immigrants, they were able to generate a great deal of capital which was later to appear in "promoting or getting control of banks, railroads, cotton and woolen factories, mines and other concerns" (Myers, 1972:86).

During the later part of the period under consideration, trade in furs and timber began to gain importance as the staple which filled the gap between the decline of the fur trade and the boom of wheat. Initially trade in timber was organized on a small firm basis but as capital requirements increased only branches of British firms were able to survive. These "were usually managed by a relative of one of the partners in the British firm, a son or a cousin, who ran the business in North America" (Easterbrook & Aitken, 1956:194).

During its brief importance the timber trade founded several important fortunes, not the least of which was the Price Brothers' firm, which is still dominant in Canadian timber.

This period is noted for the genesis of banking in Canada. Although early banking functions were undertaken by Montreal merchants as credit channels from Britain, these early private banks led merchants in Montreal to begin petitioning for chartered banks in 1792 and it was not until 1817 that the Bank of Montreal, Canada's first chartered bank was established. Each of the early banks was closely aligned with merchant and commercial interests, a tradition which has lasted in Canada. They specialized in fish, fur and wheat commerce and did not engage during the early periods in industrial loans. Each bank was closely associated with the dominant power interest in its province; for example, the Bank of Montreal was controlled by the Chateau Clique and was the official government bank; the Bank of Commerce and Bank of Upper Canada were the Family Compact's response to the Bank of Montreal; the Halifax Banking Company (later the Bank of Nova Scotia) was the Maritime rejoinder.

In 1821 one of the great rivalries of early Canadian history was ended with the take-over by the Hudson's Bay Company of the North West Company. This proved to be a strong blow to the Montreal merchants who waged a strong battle for control but lost to their English counterparts who were able to muster greater financial strength. On top of this severe setback, developments in England were soon to prove even more serious. Industrialization was gaining strength in England and the industrial interests were beginning to push for free trade which meant the end of imperial preference, the basis of mercantile strength in Montreal at the time.

(iii) Nascent Industrialization and the Shopkeeper Aristocracy (1837-1854)

The West Indies provided a testing ground for the struggle between the imperial power of Britain and the upstart imperialist United States. The outcome of this confrontation was to change the direction of Canadian development. The U.S. sought equal opportunity to trade with the West Indies but the U.K. mercantilists stood strongly for the maintainance of imperial preference. Struggle between the imperial powers was waged on an economic front and political solution simply marked economic victory. The U.S. was to emerge victorious in 1830 from this test of economic strength thus marking a radical departure in the world forum of economic power with the beginning of the end of the British colonial hegemony and emergence of the American economic empire. "It was the ability of the United States to carry through a programme of commercial retaliation on the classic mercantilist pattern which compelled Britain to modify its imperial trade policy" (Easterbrook & Aitken, 1956: 288). On one level the US-UK struggle over shipping rights in the West Indies and the 'reciprocity agreement of 1830' precipitated the re-orientation of Canada's economy from the U.K. to the U.S.; on another level it marked the increasing economic and political forces commanded by the U.S. which overcame the previously unchallenged economic and political forces of the U.K. Shift to the continental power of the U.S. had begun for Canada but links with the U.K. would take some time before falling away. With the rise of industrialization in the U.S. and demands this created for westward expansion, a double dilemma was created in Canada. On the one hand it provided the first continental outlet for Canadian

staples, particularly lumber, and at the same time transcontinental expansion created within Canada a series of what Aitken describes as "forced moves" of "defensive expansionism" to prevent U.S. encroachment on Canadian western territory. These events, Aitken argues, stimulated the rapid extension of transportation systems within Canada and strengthened political union within the provinces in order to provide the basis of "very large public investment and has brought the political leadership into the intimate alliance with influential business groups" (1965:496-97). In contrast to what Aitken characterizes as the "continental imperialism" of U.S. movement west, Canada's forced expansion created a stronger alliance between business and government which was to remain important throughout Canada's development. The 'first empire of the St. Lawrence' which had been based on imperial preference with the U.K. was destroyed but a second empire would soon emerge in its place.

Expensive transportation systems were demanded by the staple-based economy but capital to finance these expenditures was not to be found with the underdeveloped entrepreneurs of the colony. It required looking outward to gain support from British financiers. High capital requirements brought promoters and politicians together to petition British financial houses who demanded that the loans be guaranteed by the state. With such events as completion of the Erie canal in 1825 and redirection of trade, business and political interests found it profitable to create a common front, businessmen to protect their hinterland and politicians to protect their territory.

Predictably it was the Montreal merchants who were the most

avid supporters of canal construction, as they were for later railway lines. In Upper Canada agricultural and timber interests added strength to these demands. The Lachine Canal completed in 1821 and the Welland Canal completed in 1828 satisfied the demands of the Montreal and Niagara merchants respectively. Unable to sustain the costs of maintaining the Welland Canal, the founders called upon the provincial government to take it over which it did partially in 1836 and completely in 1841. Based on this experience the government, financed from London, undertook construction of the Cornwall Canal as a state project. Reluctant public ownership in support of merchant interests had begun, not by design but by default. The canal boom was a forerunner of the railway boom which was to become prevalent in the 1850's and continue to the early 1900's.

Responding to the demands of nascent industrial forces and the capital requirements of a continental economy, the provinces of Upper Canada and Lower Canada were united in 1840. This increased the power of the state with its ability to secure loans from England and extract customs duties needed to finance the heavy capital requirements of canal construction. Representing more of a commercial union than a political design, the act of union was engineered by Montreal and Toronto capitalists. As Naylor points out:

Behind the Act of Union and the merging of the debts of the two provinces were the machinations of the merchant oligarchy who needed access to further funds to complete the St. Lawrence canal system, and of the Baring Brothers, a merchant banking house in London which saw in Union a means of ensuring the value of Upper Canadian securities by redistributing the burden of debt over the more populous Lower Canada (1972: 8-9).

As strategy to have the financing of the canals undertaken by the populous, Union further reinforced the alliance of the merchant and

political interests against the agriculturally-based hinterland of each province. In Lower Canada this added another element of exploitation to the national issue which was increasingly taking on the appearance of a class relationship.

Concurrent with these developments in the east, the Hudson's Bay Company was solidly in command of the west, just having its licence renewed for another 21 years in 1838. Although it had prevented settlement near its trading posts in the rest of the west, in 1835 the company assumed direct control of the Red River settlement and began to establish its own form of 'self-rule', appointing their own "governors, legislators, judges and other authorities" as they "made the laws, judged the laws, and executed their own sentences" (Myers, 1972:140). The company had diversified from its early specialty of fur trade and was now concentrating on land ownership and sales from their 115 outposts. Donald Smith, chief executive officer of the company in North America, had done a little diversification himself by investing part of his sizable fortune in the Bank of Montreal. In British Columbia the factor for the company, James Douglas, had taken a different course and became governor of the colony in 1858 but the discovery of gold on the Fraser proved to be a serious disruption to the area and much of Douglas' settlement attempts were nullified.

Several well documented accounts of the Canadian social structure exist for this period, particularly in terms of the relationships which existed between the political and economic elite who during this time were for the most part one and the same people forming a ruling class. This is illustrated in Appendix I which documents some charters issued by the government to sitting legis-

itors for the period 1845-1858. As well as listing these charters, the appendix gives a breakdown of some of the activities of leading political/economic elites of the period. The existence of a ruling class for this period based in commerce and politics can be contrasted with the nascent industrialists described by Ryerson. Social origins of the ruling class can be determined from Hatcher's study of Montreal merchants during this period. The character of this elite explains why the Canadian economy continued to be based on staple export during this period and why it failed to diversify into industrial activities, so prevalent in both the U.K. and U.S. during this same period. It was within an economy dominated by the imperially-oriented merchants which the emerging industrialists had to struggle. This 'shopkeeper aristocracy' described by Judge Thorpe stifled the emergence of the indigenous capitalist entrepreneurs.

Ryerson provides excellent documentation of the "embryonic industrial bourgeoisie" in Upper and Lower Canada as well as the Maritimes. In Lower Canada development followed three paths according to Ryerson: "growth of the timber trade" focused in "sawmills and shipyards", "establishment of manufactories and machine shops" and "small scale consumer-goods enterprises" responding to local markets (1968:39). In Nova Scotia there were 1,114 sawmills each employing 2 to 3 persons in 1871. This indicates that the Maritime area was characterized by "small-scale individual capitalist enterprises" during this period (215). In Upper Canada the situation was somewhat different; while there were 1,618 sawmills in 1851 which produced 400 million feet of lumber, the introduction of "steam-driven machine production meant concentration of production

and of capital" so that by 1871 almost the same amount was produced by six mills, controlled to a large extent by U.S. investors (259). Also railways created the conditions for the development of equipment and stock. In 1853 the first locomotive was built in Toronto thus beginning a heavy industry base for the colony (260). The dry-goods retailing business produced the first millionaire family in Toronto (95). Ryerson stresses that the development of "incipient industrialism" was greatly retarded by the existence of the Canadian ruling class based in mercantile capital who, as Teeple says, "preferred to trade their articles rather than produce them" (1972:61). Manufacturing, for this reason, developed at the pace and direction desired by the mercantile oligarchy who preferred to extract their surplus through trade and commerce rather than production.

Tulchinsky provides an excellent study of this Montreal-based merchant class for the period 1837-1853. He describes the period as one of "significant growth of new insurance, banking and telegraph companies, as well as capital expansion amongst the older banks"; in addition to development of transportation on the St. Lawrence canal system, the period is characterized by the introduction of steamer service to the U.K. and the beginning of railways to service the "Montreal argonauts" quest for "commercial ties with their restless hinterland" (1972:125). Although personal investment in the commercial activities of the city was a prerequisite of membership, "prominence, reputed wealth, service in organizations like the Board of Trade or in provincial or municipal politics seem to have been other important criteria for directorships in the companies" (129-30). Leadership was provided by three families, the

McGill's, Molson's and Torrance's. The "cadre of leaders" were of upper class backgrounds:

Most prominent members of the Montreal commercial fraternity were favoured with considerable advantages. Family business connections in Montreal combined with some experience and often backed by grammar school (or college classique) education, paved the way for their easy entry and accelerated advancement to positions of leadership in the city's commercial affairs. In most cases, too it seems that they were in command of or had access to substantial capital (130).

Fulchinsky emphasizes the relationships between particular types of commercial activities such as merchants, ship builders, import/export dealers and railway promoters, arguing that the same people were interlocked in these activities and that none of them showed much interest in industrial activities. Interlock was reinforced by membership in common associations such as the Montreal Board of Trade and the Board of Brokers which symbolized their unity (138-141). He reports that most of the prominent businessmen were Scottish in origin with Americans representing the second largest group followed by English, Irish and English-speaking Canadians. French Canadians were "not numerous as directors of, or large investors in many joint-stock companies, they were nevertheless a significant element in the business community, though not all were themselves in commerce" they were more likely to be of the medical or legal professions and "among commission merchants and agents, for example, there were practically no French Canadians" (132-33).

Fulchinsky's findings, when combined with the political connections and activities of the ruling class in Upper Canada presented in Appendix I, gives a fairly comprehensive outline of the social structure which existed in the colonies at the time. It is quite clear that the nascent industrialists presented in Ryerson's

analysis had quite formidable opposition to their new task of diversifying the Canadian economy. However, they were given a hand to some extent, by events which were occurring outside of the colony and which were soon to have a significant impact within the colony.

The end of this period culminated in the Reciprocity Treaty of 1854 with the U.S. which marks the shift of orientation in economic terms from the U.K. to the U.S. At this time ties were still strong with England but the treaty denotes both an end of the British outward thrust and an increasingly internal orientation to her own industrialization as the new 'frontier'. It also marks the beginning of significant trade relations with rapidly developing U.S. expansion.

British industrialization brought an end to imperial preferences and at the same time an expanding market for Canadian staples. The shift from mercantilism to free trade offered both advantages and drawbacks to Canadian development. The evolution of classical political economy was to create an aura of uncertainty in the colonies as industrial capitalists in England struggled with the vested interests of mercantilism for tariff reform. The Reform Bill of 1832 and repeal of the Corn Laws in 1846 signifies the transformation within Britain. The reaction within Canada was to be an increasing orientation toward the U.S. and, to a limited extent, stimulation toward industrial development within Canada.

(iv) Reciprocity and the Continental Context (1854-1867)

An era of industrialization in both the U.S. and U.K. changed Canada's economic orientation from the almost completely imperial context during British mercantilism to an increasingly continental

orientation with the advent of free trade. Symbolized most dramatically by the Annexation Manifesto of 1849 issued by leading Montreal businessmen and the call for commercial union by the influential continentalists, Goldwin Smith and Henry W. Darling, president of the Toronto Board of Trade, the future of Canadian commerce was seen as resting with the ability of Canada to tap into the U.S. industrial boom. This movement culminated in establishing the Reciprocity Treaty of 1854 which D.C. Masters argues was "a more moderate scheme than Commercial Union" but "the Liberals were unable to avoid the charge that they were really trying to lead Canada into political union with the United States" (1965:15). Economically speaking, the Canadian elite had decided that it's fate was vested with continental growth and if annexation was not possible, reciprocity was a strong second best.

Re-orientation to the U.S. was not without resistance in Canada, particularly in the Maritimes which had their fishing rights concessioned to the U.S. in negotiation for reciprocity as well as some Montreal merchants who felt that they may lose their hinterland to U.S. interests. The push came mainly from Upper Canada's businessmen represented by A.T. Galt and W.H. Merritt who represented the grain, agricultural and lumber interests which saw reciprocity providing a vast market for their goods. Masters suggests that "the desire for reciprocity was a projection of colonialism. Having relied on a projected British market and lost it, the colonists now hoped to lean on the United States market" (1965:3). The implication of reciprocity was not only the entering of U.S. markets with Canadian raw materials and agricultural produce, but the encouragement of U.S. manufacturing interests to move into the

Canadian market with the effect of leaving Canada's nascent industrial class unprotected from booming industry to the south. Focusing on export of raw materials and import of industrial goods, signifies to Aitken that "central Canada and the Maritimes seemed content to accept the status of an economic satellite of the United States" (1967:203).

Reciprocity did not involve forging totally new relationships with the U.S., as Table I illustrates, it meant strengthening existing patterns many of which were further reinforced during the American Civil War when many small industries were initiated in Canada to feed the war effort. Simultaneously the western settlements of the Red River and British Columbia were becoming increasingly drawn into U.S. influence, increasing trade patterns established during the early 1840's.

TABLE I, Trade Between the Colonies and U.S. (1850-1870)
(in \$000,000)

1850	14.6	1857	46.2	1864	56.1
1851	17.0	1858	39.3	1865	62.0
1852	15.6	1859	47.3	1866	73.3
1853	18.9	1860	46.2	1867	46.0
1854	32.8	1861	44.4	1868	50.3
1855	42.8	1862	39.0	1869	52.6
1856	50.2	1863	45.1	1870	61.6

(from Masters, 1965:8)

Coincident with loss of imperial preference was the upsurge in the movement west, both in Canada and the U.S. Outlying areas became economically important in Canada and the rise of 'continental imperialism' had begun. Penetration of the west required heavy capital investment in transportation, particularly evident in the early canal construction but also significant in terms of steamship lines which were encouraged by the increased trade in timber with

the U.S. Of particular importance to Canadian economic development is the rise of the railway boom which dominated the attention of politicians and businessmen alike for more than half a century.

Threatened by U.S. railways into their hinterland, Montreal commercial interests demanded that a system of railways be undertaken which would maintain the St. Lawrence corridor as the main trading route for Canadian staples. This coincided with the political interest of maintaining sovereignty and national unity. In spite of all the distractions, "the Canadian westward movement was a planned and directed process" (Creighton, 1970:26) with state and business interests aligned in the attempt to penetrate the western hinterland. Acting simultaneously as "an instrument of colonialism" and as "engines of industrialization", railways absorbed the resources and energy of the ruling class (Ryerson, 1968: 258). In 1850 Canada lagged well behind the U.S. in miles of railway with only 66 compared to over 9,000 miles in the U.S. (Easterbrook & Aitken, 1956:294-95). If this deficit was to be overcome in order to maintain a competitive position in the west, great capital investment would be needed. Railway promoters, representing mercantile interests within Canada, turned to the government for capital and managed to obtain the Guarantee Act of 1849 which committed the government to a one-half subsidy of all railway construction. A tradition of government as financial backer to capitalist activities had been extended from canal to railway construction.

Most important among the many rail lines initiated during this period was the Grand Trunk Railway. With the government acting as mediator between British finance houses and Canadian promoters in

Montreal, the Grand Trunk began its policy of taking over smaller lines and consolidating these with new construction. At the outset nine of the directors were members of the Canadian cabinet and later six of the twelve directors played the dual roles of cabinet ministers and board members on the Grand Trunk. Also represented on the board were London bankers and the Bank of Montreal (Easterbrook & Aitken, 1956:307-08). By 1867 the Canadian government had 'loaned' the company \$26 million which was in fact 'forgiven'. Confronting another great Canadian institution, the Hudson's Bay Company which owned much of the land needed for railway expansion, and without much difficulty, E.W. Watkin as president of the Grand Trunk with the help of London financiers, bought out the Hudson's Bay Company in 1863. Under new ownership, the Hudson's Bay Company surrendered its charter in 1869 for which it was compensated \$1.5 million and 1/20 of "all the extraordinary fertile expanse from the Red River to the Rocky Mountains" which over the next twenty years was to yield \$15.6 million for the sale of less than one-third of its land grant (Myers, 1972:143-48). This capital was to provide the foundation for one of the largest retail trade operations in Canada, maintaining an important position even today and still controlled by British equity capital.

Heavy capital requirements for the railways placed the government deeply in debt and committed it to a number of long-term obligations. Debt was soon to be one of the major forces behind the move to confederation of the provinces. A beginning in this direction is reflected in the need to meet some of these debts through imposition of customs duties, as A.T. Galt, then minister of Finance said in 1862, "The government has increased the duties for the purpose of enabling them to meet the interest on the public works"

undertaken during this period (quoted by Innis, 1956:71). Indeed, by 1866 customs duties accounted for 66% of the government revenue and a further 17% through excise taxes (Rowell/Sirois Report, 1963:48-49). The ruling finance/railway/political oligarchy had committed itself to heavy capital outlay and now it had to prove to the London banking houses that it could make good on its promises.

Railways were not the only commercial activities engaged in by leading political figures of the day. Appendix I gives some indication of the range of these activities, many of which involved insurance companies and banking, both mercantile in orientation. As Aitken notes, the state was not accessible to all business interests at this time but only to mercantile activities at the exclusion of many industrial entrepreneurs (1965:495). Naylor argues that:

The list of eminent financiers and railwaymen of the period is a veritable 'who's who' of Canadian politics for two generations. And without exception, the linkage runs from merchant capitalism to finance, transportation, and land speculation (1972:17).

Naylor goes on to list some of the connections between the old mercantilists and the new commercial activities controlled by the same ruling class. Ryerson's study of the 'new ruling class' leads him to conclude that the most powerful interests were centered in the Grand Trunk and Bank of Montreal group centered in Montreal. A second group was beginning to emerge in the Toronto-Hamilton areas which he divides into three subsections: those associated with extractive industries which were closely tied to the U.S., manufacturers who were forming their own financial base and the third group associated with government and the railways (Ryerson, 1968:277).

This ruling class was one which was showing signs of independence, unlike earlier oligarchies, from Britain and was beginning to launch a campaign of economic expansion into the west and development of an indigenous economic force. For example, by 1857 "the Bank of Montreal was larger than any American bank and probably the largest and most powerful transactor in the New York money market" (Hammond, 1967:168). This power was weakened, however, by the failure to diversify. Concentration remained in staple production and mercantile activities which tied it to the economies of the U.K. and U.S. thus making it vulnerable to international economic conditions. In the U.S., on the other hand, industrialization was leading to greater diversification and with that strength, while Canadian manufacturers remained small and only incidentally protected from U.S. manufactured goods. Also U.S. manufacturers were beginning to move into Canada on a small scale, for example Hiram Walker moved from Massachusetts in 1857 and established his distillery. This kind of encroachment on manufacturing was responded to with pressure from the Toronto-Hamilton manufacturers and in 1859, Alexander Galt introduced the first "industrially-based tariff in Canada" to protect these interests (Easterbrook & Aitken, 1956:373).

Responding to the attempt to create a unified economic system and a strong central government which could promote westward expansion, Confederation was expected to strengthen Canada's position in the international money and trade markets as well as promote inter-provincial trade for a strengthened local market. This was the aspiration of elites from both Canadas, and the Maritime provinces, each of whom felt they would benefit by the union. As Tupper of Nova Scotia said: "the possession of coal mines, together with

other natural advantages, must, in the course of time, make Nova Scotia the great emporium for manufacturers in British America" (Creighton, 1965:462-63). His assumptions were shared by the business interests of each of the provinces. Confederation was to strengthen the economic position of all concerned and generate a new industrial center. The aspirations of the early Canadian businessmen were large and not without foundation at the time.

(V) Expansion of Canadian Mercantilism (1867-1900)

With Confederation 'colony had given way to nation', but had the Toronto-Montreal ruling class not become itself a colonizer and the west its hinterland? Torn between British capital and American markets, the Canadian ruling class generated what has come to be known as 'the national policy', a policy which asserted the independence of Canada from the encroachment of U.S. westward expansion and a policy which asserted that central Canada was to rule the western hinterland. In the age of his greatest autonomy, the Canadian entrepreneur with the support of the state proceeded to assert a vision of Canada which placed the St. Lawrence region at the center of an east-west nexus of trade. Working as a unity, the economic and political ruling class prepared themselves to work in partnership under mercantilist assumptions for the extraction, transportation and exportation of Canada's staples. Contrary to the myth of the national policy as a popular nationalist movement, Watkins asserts that it "was the ideological content of the new technology of the railway wedded to the old river economy of the St. Lawrence. As a manifestation of nationalism and as an instrument of nation-building, the National Policy was more the com-

mercial imperialism of the St. Lawrence merchants than a broad-based mass movement" (1970:287).

Assuming the central role of the Toronto-Montreal axis, the policy of continental expansion maintained that rail transportation was a prerequisite to extracting the Canadian staples and moving them to the markets abroad. Railways and other primary activities, it was argued, would 'spin off' a series of financial and industrial benefits which would project Canada into a developed nation. Protection of indigenous development would be provided by protective and revenue producing tariffs which would strengthen the financial position of the state and provide the capital base for expansion. The strengthened state would also be in a position to tap the financial resources of the London money market. The debate between Sir John A. Macdonald and his policy of protectionism and the free trade economic philosophy of Sir Wilfrid Laurier was won by the protectionists, and Laurier's prophesy that this policy would reinforce the power of the vested interests which supported Macdonald, has been borne out in history (Rae & McLeod, 1969:204). As Underhill asserts, the forces behind the national policy were "the interests of the ambitious, dynamic, speculative or entrepreneurial business groups, who aimed to make money out of the new national community or to install themselves in the strategic positions of power within it--the railway promoters, banks, manufacturers, land companies, contractors, and such people" who were to gain the benefits of Canada's own form of mercantilism (Underhill, 1964:24).

As ambitious and confident as these people were, the achievement of these aspirations of power were detached from the reality

of their position in the North Atlantic triangle. Finance and markets were not under their control. Their strength, as mercantilists, depended on outside links which they could create to support their ventures and absorb the staples they extracted. The grand design was inherently vulnerable to the world situation and the implications of their actions for the development of a strong indigenous industrial base were deceptive.

It cannot be asserted enough that the early railway promoters and politicians, particularly at the cabinet and prime minister level, were intimate. Not only were they from the same social class, as occurs frequently in later years, but they were often the same people. Based in railway promotions, construction and finance, their accumulated wealth and advantage allowed them to become leading capitalists in other spheres including mining, manufacturing and pulp and paper production. Documentation is provided by Myers, among others, to illustrate that Canada up to the early 1900's was dominated by a select group of people which could correctly be called a ruling class representing the dominant religious, political, economic and military forces of their time. Each of these institutions was dominated by an interlocking network of the same men, holding positions in each simultaneously and throughout their careers. This was an era in Canadian history when it could correctly be said that an economic class ruled politically.

It can also be said that the failure to develop autonomously from either the U.S. or U.K. has been a flaw in Canadian development which has often made the ruling elite in Canada subservient to external forces. This dependency relationship was inherent in

the course of development, chosen with the emphasis on staple extraction and exportation and the failure to encourage an indigenous industrial base which would have offered a degree of self-sufficiency unknown in Canadian history. It is often thought that the marriage of politics and business was primarily a phenomenon which occurred at the executive level of government but a survey of the legislature undertaken by Myers for the year 1878 shows that "there were 56 merchants, 55 lawyers, 12 gentlemen of leisure, and an assortment of manufacturers, insurance company presidents, ship building and lumber capitalists, contractors, and a few journalists; physicians and farmers" (Myers, 1972:265-66). The differentiation of political and economic functions more prevalent today had not yet occurred at this time. This was not simply characteristic of the Macdonald government, as Creighton argues the "Laurier Plutocracy" was composed of the same "bankers, engineers, corporation lawyers, railway builders, mining promoters, pulp and paper producers, and public utility entrepreneurs" (1970:108). Even exposure on the scale of the infamous 'Pacific Scandal' was not enough to keep the powerful interests which supported Macdonald out of office in 1878. Business and politics was an accepted developmental strategy. The close relationship between George Stephen, of the Bank of Montreal and major promoter of the Canadian Pacific Railway, and Macdonald continued as "one of the closest political-business friendships in North American history" even after Macdonald was forced to resign office and when he was returned. Stephen, it has been noted by Bliss, contributed one million dollars to Macdonald's campaign fund (1972:177). It is within the context of these power alliances that the transcontinental railway was constructed.

Confederation had promised the commercial interests of central Canada two railways, one from the Maritimes and the other transcontinental. Maritime interests felt that a railway from central Canada to the east coast would promote industrialization there by opening the more populated areas of the center to its coal and lumber. In fact the railway was to have the opposite implication and served as a drain of the maritime economy in favour of the center. The transcontinental railway, on the other hand was designed to drain the western hinterland of her staples and when it was finally completed did serve this task.

Keeping with the National Policy of defensive expansion, the government insisted that the line be built completely within Canada. This proved to be a more difficult task than anticipated and the bargaining of the railway promoters for added concessions delayed the beginning of the project. Insisting that the road was to be built by private capitalists and financed by government land grants and loans, Macdonald reluctantly initiated construction without private entrepreneurs but only on a limited basis to fulfill the political promises he had made. When the contract was finally set, the Montreal promoters had received more than generous concessions. In response to the Canadian Pacific charter Myers asks rhetorically, "When had any Company, except the Hudson's Bay Company, been invested with such extraordinary privileges and powers, immunities and rights?" (1972:266). The contract involved a direct subsidy of \$25 million in cash, 25 million acres of suitable land along the rail line, land for roadbeds and stations, complete turnover of existing rail lines valued at \$37.8 million, as well as concessions on taxation of land, capital stock and no duties on im-

ported materials for construction. In addition to the other concessions and grants which were later made, the government agreed to give the company a 'free hand' at setting freight rates until it had made a 10% profit on its capital (Easterbrook & Aitken, 1956:428-29). Welfare capitalism had begun. By forming its own construction company in conjuncture with the Bank of Montreal, the railway syndicate had been able to make an initial \$10 million profit. With the formation of a land company to dispose of the generous land grants additional capital was raised (Myers, 1972:273-82). Apparently employment was not a problem because the company imported 4,000-6,000 people from Hong Kong in 1882 alone. Sponsored colonialism had begun.

Railways placed a heavy burden on the resources of the federal government, by this period three-quarters of federal debt was incurred in support of the railways and other transportation facilities (Rowell/Sirois Report, 1963:45-46). Tariffs, designed to create revenue, served both commercial interests and nascent manufacturers by simultaneously providing a financial base and providing incidental protection. In the seven years following confederation customs revenues increased by 60%. "Dominion Government was proving to be a magnificent financial instrument for creating the new British North America of which the Fathers had dreamed" (81).

It should be clear that the tariff policy associated with the national policy was not intended to prevent foreign capital from entering the country, exactly the opposite is true; it was rather designed to promote a Canadian market and industrialization within Canada. The protective dimensions of the tariff were designed between 1879 and 1887 with the intent of developing an interprovincial

trading system, obviously to the advantage of mercantile interests who benefited from the exchange of goods and capital. With implementation of the tariff in 1879 branch plants from the U.S. were actively encouraged to enter Canada, and this policy met with some success producing what Naylor has called "industry in Canada, but no Canadian industry".

In 1867 there was only \$15 million in U.S. direct investment and \$815 million in bonds from the U.K. Only \$30 million in portfolio investment came from the U.S.* This pattern of investment, U.K. portfolio and U.S. direct, was to be a persistent one throughout Canadian history. The implications of this difference in investment techniques are most apparent in the type of institutional structures which have developed and the nature of the elites which head these organizations. With portfolio investment decision-making as to the allocation of investment, although tied to a veto power of the lending financiers, produces relatively more freedom than does direct investment. Portfolio investment is 'self-liquidating' in the sense that the earnings from investment are used to pay off the debt, typically in the form of bonds. This creates institutions within the economy which are headed by indigenous entrepreneurs who are able to form an indigenous capitalist class. Direct investment brings with it, as the name implies, direct control and foreign capitalists. Rather than being 'self-liquidating' like portfolio investment, direct investment has the tendency to accumulate and expand on the original investment. When direct investment is repatriated to the host capitalists upon their decision to withdraw, the enterprises which it supported are also withdrawn. Direct

* See Appendix II for investment information.

investment, while creating economic activity, does not create an indigenous capitalist class.

It is obvious that both types of investment are active at the same time but not necessarily in the same quantities, as Appendix II illustrates. The trend however, is toward an increasing proportion of direct to portfolio. Between 1867 and 1900, the percentage of direct to total investment increased from 7.7% to 18.5%. The other trend to be noted, as this early period indicates, is the tendency for U.S. investment to be direct and U.K. investment to be portfolio. It is at the level of capital formation that the basic difference between Canada's relationship with the U.K. and U.S. exists. One relationship breeds increasing independence, the other dependency.

Increasing interpenetration of the continental economies was occurring not only at the level of capital but also in terms of trade. Growth within the U.S. increasingly pulled Canadian staples into its industrial system. Having the effect of increasing regionalism within Canada, the north-south pull, which was previously evident with the Red River settlement and British Columbia, was beginning to rival the projected east-west trajectory of the national policy design. In pursuit of outlets for the natural resources of the hinterland, commercial interests of central Canada promoted this development especially in the areas of forest products and non-ferrous metals. Some of these new companies were off-shoots of earlier corporations which had accumulated capital enabling them to invest in new staples. One typical example of this was the Nanaimo coal mine operation which was initiated by the Hudson's Bay Company.

In the early post-Confederation period world trade was prosperous and Canada's position reflected this general boom. Between 1868 and 1871 exports rose from \$58 million to \$89 million while imports increased from \$73 to \$128 million. Exports doubled during this time to the U.K. while they increased by one-third to the U.S. (Lesterbrook & Aitken, 1956:389). With a slump in 1873 and depressions in 1876 and 1879, the situation stimulated protectionist policies in the U.S. and U.K. and slowed down this early boom.

The predominant characteristics of industry at the time of Confederation were that they were small, rural and had low capital investment. In 1870 there were 38,898 establishments engaged in manufacturing, employing 181,679 people with an average capital investment of \$1,900. Only one-quarter of the net value added by these enterprises came from leading urban centers (Creighton, 1970: 6-7; Rowell/Sirois Report, 1963:24). This reflects the fact that 80% of the population was rural at this time and the 'agricultural' character of manufacturing with concentration on blacksmith shops, handicrafts and agricultural implements. Over one-half of the population was engaged in agriculture, lumbering and fishing while 15-18% was involved in manufacturing and handicrafts (Ryerson, 1968:113). This phase would not last long.

Myers dates the beginning of concentration to 1879 with the construction of a series of small railways by the Grand Trunk and Canadian Pacific. The tariff also served to increase the number of mergers as in the case of textiles where many small manufacturers gave way to two giants in 1892 (Naylor- 1971:61). With the

tariff and increasing entry of U.S. firms into the domestic market, concentration proceeded to consolidate the multitude of small firms which had previously existed. These developments should be placed in the context of the dominance of mercantile interests over industrial entrepreneurs and the effect this had on the underdevelopment of industrial base in Canada. As Naylor notes:

Industrial capital needs cheap raw materials, easy credit conditions, and low transport costs; merchant capital relies on regional scarcities of raw materials, and goods to obtain high prices extracted through credit costs, transportation rates, and merchandise mark-up. Merchant capital, typified by a low ratio of fixed to circulatory capital, also needs rapid turnover, and cannot undertake long term risky investment. It is, therefore, oriented toward abetting the quick extraction of staple output, rather than industrial processing (1972:21).

With a strong central ruling class in power dominated by mercantile interests it is understandable that industrial pursuits would be so ignored and left to the well capitalized U.S. industrialists and newly arrived industrialist immigrants from the U.K.

In striking contrast to the situation just 10 to 15 years earlier, Acheson presents an excellent study of the emerging industrial elite in Canada between 1880-1885. This study provides a contrast between the mercantile interests represented in the ruling class of the time and the nascent industrial entrepreneurs who were recent immigrants from the U.K. and U.S. Acheson argues that 168 industrialists dominated manufacturing between 1880 and 1885. He drew his population from trade journals of the period, records of the Canadian Manufacturers Association and biographical dictionaries (1972:144-45n). Social mobility for the industrial elite was intimately linked with immigration, Acheson argues, since immigrants composed more than half of the elite. This varied, however, with each region:

Virtually all of the successful Maritime entrepreneurs were native-born, as were nearly half of those of the St. Lawrence region. By contrast, more than three-fifths of the Lake Peninsula leaders were foreign-born... (146-47).

Moreover, four-fifths of the elite had fathers who were foreign-born, "a proportion which would rise to nine out of ten if the Maritimes were excluded" (148). Occupational inheritance was prevalent among the elite, "it would appear that most Canadian industrialists inherited rather than acquired their status in society: nearly one-third were sons of manufacturers, more than a fifth were raised as children of men engaged in a variety of other business occupations" (150). Seen in the context of the high immigration statistics for this group it is obvious that these people imported their skills and capital to Canada in order to take advantage of the growing opportunities. Rather than representing social mobility for indigenous Canadians, the new industrialization represented "horizontal mobility" from a similar social position in their place of origin (151). Acheson found that "mobility on a more modest scale was also evident among the number of the native-born members" citing examples of Hart Massey and Alexander Gibson as exceptional (155).

Three groups made up the elite:

The smallest consisted of a group of old Canadian industrial and commercial families often of several generations standing in British North America. The largest contained a number of individuals of British, American and German backgrounds, scions of industrial or commercial families in their native lands who succeeded in transferring their status to the new society through a form of horizontal mobility. Finally, a third group, largely of Scottish or native-Canadian farm or minor industrial origins, succeeded over a life-time in achieving a significant degree of vertical mobility (171).

Acheson maintains that only in the case of tariff policy in the 1890's was this group able to act effectively politically, in fact

outside of their own industrial sphere this group was powerless, considering themselves the 'working class' of the businessmen (151). This relatively low place in terms of wealth is evident in a survey Acheson reports:

In a survey of Canadian wealth conducted in 1892, the Canadian Journal of Commerce gave pride of place to the transportation entrepreneurs whose personal resources frequently exceeded several millions of dollars. The remaining Canadian millionaires were all "merchant princes"--wholesalers and shippers (164).

By his calculation, Acheson says that "the 'typical' industrialist of the period was a man whose personal fortune largely invested in his physical plant, probably amount to \$100,000 to \$300,000--a modest sum when measured in either international or national business terms" (166).

It is quite evident that the industrial elite of the period was not only separate from the ruling class but that it did not contend in any way with it for power. The likes of Donald Alexander Smith of the C.P.R., governor of the Hudson's Bay Company, president of the Bank of Montreal and member of parliament; Sir Herbert Holt, financier and railwayman and Sir Hugh Allan of steamship, banking, insurance, telegraph and railway fame were all mercantile capitalists which dominated Canada at the time. They established policy for the country and provided the restrictive framework within which the emerging industrialists had to contend for power. It was only the immigrant capitalists and extensions of industrialization from the U.K. and U.S. which could provide their own capital and markets who were able to survive.

Operating as mediators in the North Atlantic triangle, the mercantile interests concentrated on developing staples which would give the industrialists of the U.K. and U.S. Their profit was in

the international market, not in the limited native markets. It is this international character of Canadian capitalism, unable to contend with trade restrictions and international fluctuations, which has dominated Canadian political economy. Selfishly extending themselves into the western and northern hinterlands to exploit the staple wealth of Canada, mercantilists virtually ignored indigenous industry. They were tied to external industry.

(vi) Expansion and the Wheat Economy (1900-1913)

Scattering to service the industrial centers of the world with staples, the Canadian ruling class was obsessed with railways and the prosperity they would bring. Once again using the instruments of land grants and subsidies, the government commissioned a second transcontinental railway and, as before, contracted private capitalists and used public money to fund the venture. In the years before 1913, the government had supported railways to the extent of 56 million acres of prime land valued at over \$1,121 million in addition to cash subsidies of \$224 million and bonds valued at \$245 million, an average subsidy of \$50,000 per mile of railway (Myers, 1972:151). By so totally committing itself to construction of the second transcontinental railway the government found itself in a position of being forced "more by accident than design", to quote the Royal Commission on Transportation, into taking over the disastrous C.N.R.

Mackenzie and Mann, the two major promoters of the C.N.R., were able to make sizable fortunes from the project in spite of its failure. Afraid of the implication of bankruptcy for their international credit position and the effect it would have on the Bank of Commerce at home, government invented another form of what

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Creighton calls "railway dole", nationalization. Rather than running counter to capitalist sentiments, as some have suggested, nationalization of the C.N.R. was clearly supportive of capitalism, following the tradition of welfare capitalism so prevalent throughout Canada's economic history. Characterized by the Rowell/Sirois Report as the "great holding company", the federal government had increased its revenues from \$63 million to \$253 million between 1896 and 1913 only to increase its debt to \$521 million in 1913, most of the debt attributable to transportation facilities (Rowell/Sirois Report, 1963:56, 95, 98). With \$2 billion dollars invested in railways, expansion west began to tap the wheat boom which characterized this period and became a staple central to Canadian agriculture and export policy.

The wheat boom stimulated immigration and migration west as it did industrialization, central Canadian industrialization that is. Drawing a parallel between wheat and the fur trade, Easterbrook and Aitken argue that wheat, like furs, was developed to satisfy export ties with developed areas of the world and served to reinforce Canada's ties with European countries (1956:476-77).

Just as the tariff policy had the effect of creating a branch plant situation in central Canadian industry, it had its counterpart in the west. Innis maintains that the wheat boom encouraged many farmers from the U.S. to take up their vocation in Canada's west; "Grain firms followed the settlers from Minneapolis to Winnipeg with the expansion of the Winnipeg grain exchange. American capital and technique seized on the advantages of a potential expanding market and branch plants were established in Canada in increasing numbers" (1956:167).

Events within the U.K. and U.S. at this time generated a situation of readily available capital and Canada was one of the main outlets for this surplus, increasing foreign capital investment by \$2,545 million between 1900 and 1913. With the height of the industrial boom over at home, the U.K. increased foreign investment capital from 8% to 48% of all British investment (Easterbrook & Aitken, 1956:402). This investment was mainly divided between railways (41%) and government stocks (30%) with limited investment in finance (8%), mining (7%), industry (6%) and other activities (Block, 1970:161n). In Canada new British portfolio investment amounted to \$1,618 million between 1900 and 1913 while only \$135 million was in direct investment. U.S. investment for the same period was \$285 million portfolio and \$345 million direct. Once again the different forms of investment reflect the different economic philosophies, as Creighton suggests: "The basic principle of the nineteenth century British Empire, in economics as well as in politics, had been devolution--the encouragement of local initiative and the grant of local autonomy. The hard foundation of the twentieth-century American empire was to be centralized control" (1970:181). Reflecting the tariff barrier and the nature of direct investment, the phenomenon of branch plants began to take on real significance. There were 450 such operations in Canada in 1913 including "Singer Sewing Machine, Edison Electric, American Tobacco, Westinghouse, Gillette, and International Harvester" (Bliss, 1970:31-32). Although this reflects the industrial strength of the U.S. at this time, it also indicates the chosen policy of development envisioned by the ruling economic and political interests who assumed that the jump over the border would result in a

"Canadianization" of these industries thus permitting importation of a full blown industrial system. What was ignored, however, was the fact that these corporations were vertically and often horizontally linked with their U.S. counterparts and unlike portfolio debts, the debts of direct investment do not go away instead they strengthen. Regardless, manufacturing grew rapidly during this period, surpassing agricultural output after 1910 but remaining concentrated in central Canada. In 1911, four-fifths of manufacturing output was from Ontario and Quebec; this was consistent with the centers of power and the national policy of an east-west nexus. From 1900 to 1910 the net value of manufacturing had increased 2 1/2 times, as had textiles, while iron and steel increased over 3 times and flour and grist mills more than 5 times. There was also the start of pulp and paper, coal, and lumber mills (Easterbrook & Aitken, 1956:485).

An excellent illustration of the development of indigenous industrial capitalism on a large scale, in contrast to the small operations outlined to this point, are to be found in the origins of the Steel Company of Canada. Unlike earlier ventures, Stelco was backed by the indigenous ruling class. Created by merging the industrial efforts of the Bigelow and Hersey families, which Kilbourn characterizes as standing "in the tradition of rugged individualism and the small self-made entrepreneur" (1960:18), the marriage was performed by members of the ruling class. As Kilbourn states,

The Montreal Rolling Mills was born not in a blacksmith's shop, but in the counting house of a wealthy merchant. It had the benefit, from the beginning of distinguished godparents and influential uncles, among whom were numbered important members of the Conservative Party and the leading families of Montreal. It was a harbinger of finance

capitalism and the large corporation. It was ultimately to be the means by which a young financier named Max Aitken put together the many-sided industrial empire of the Steel Company of Canada (18).

Kilbourn's detailed historical-journalistic account of these early days of Canadian large-scale manufacturing is ridden with illustrations of the friendships and fortunes which forged this giant corporation and the concessions, exemptions and bonuses offered by the city of Hamilton to the early steel interests and later to U.S. giants, Westinghouse and International Nickel (48). He also describes how the influential Senator Wood, a financier and "prominent Liberal" persuaded the Cabinet to grant trade and tariff concessions to the steel makers (50). The early company ran into early financial difficulty but was "tided over by a large personal loan from George Gooderham, the Toronto banker and whisky distiller and a friend of some of the company's organizers" (50). The value of being 'well connected' within the ruling elite was evident in the entire range of transactions which occurred before Stelco could be successfully formed. Little wonder the smaller nascent industrialists were not able to develop given their distance from the inner circles of power. Stelco's origins were not industrial, they were financial and political.

Built as a 'spin off' from the railway boom, all of the early steel producers were heavily dependent on the ruling mercantile/railway elite so it is understandable that this elite would engage in steel production above all other industrial pursuits. This is reflected in the enormous increase in production for this industry during the early period. "Between 1901 and 1911, iron and steel and their manufactures became Canada's foremost industry. Steel production jumped from 29,000 to 882,000 tons a year, pig iron from

252,000 to 923,000 tons" (54). This was not the industry of the previous period nor were the men that ran it the earlier industrialists. Once again Kilbourn is worth quoting at length to illustrate exactly who the men were that began in this first large-scale industrial venture of indigenous capitalists. He says that the board of directors included men such as:

...William Molson, president of Molson's Bank and of the Champlain Railway Company, director of the Grand Trunk, Governor of McGill University, and scion of the brewing family which was so successful at breeding generations of able sons. And there was Peter Randolph, of the sugar refinery and many other commercial interests, a member of one of those Transatlantic Montreal families which still maintained their social roots and business ties on both sides of the water. The company's board would include in the future several distinguished and influential senators. Among its future presidents, besides Molson and Redpath themselves, would be the shipping magnate Andrew Allan, and Sir Edward Clouston of the Bank of Montreal, the accepted financial oracle of his day. These were men of substance whose advice was based on experience in many fields. They could talk on equal terms with Cabinet ministers. And they would bring back valuable intelligence and tangible support from their friends in the City of London on their regular visits to the world's financial capital (20-21).

This does not even exhaust the powerful connections this early enterprise enjoyed; there were also men like "William McMaster, distant younger relative of a more famous Scot with the same name, the Toronto Liberal Senator who built a dry goods business, a university, and the Canadian Bank of Commerce"; E.R. Wood of Dominion Securities, and his associates, "Senator Cox of Canada Life and Sir Edmund Walker of the Canadian Bank of Commerce"; Sir Edmund Osler, president of the Dominion Bank, and his brother Dr. William Osler; D. Matthews, a director of the C.P.R. and vice-president of the Dominion Bank (23-24, 64-72). The list goes on and on, all the evidence pointing to the fact that these men were not industrialists but financiers and political men who had entered the industrial

world for one reason, to further integrate their already tight control on the railways which they felt were the life-blood of their mercantile livelihood.

The Canadian social structure of this time is an extension of that from post-Confederation. The alliance of transportation, banking and political interests remained and was strengthened by the economic boom. Wealth was increasingly concentrated with "less than 50 men" controlling "\$4,000,000 or more than one-third of Canada's material wealth as expressed in railways, banks, factories, mines, and other properties and resources" (Myers, 1972:xxxi). The famous "Eighteen Liberals of Toronto", among them "bankers, corporation lawyers, manufacturers and merchandisers" were deciding government policies and futures (Creighton, 1970:124). By 1907 the yearly sales of Eaton's were over \$22 million and their empire, with that of Simpson's and Hudson's Bay, was extending into the west to capture growing markets. Behind the federal government and the railways, Eaton's was third in terms of employment (Starowitz, 1972:7-8). Over-arching the entire social structure remained the oligarchy of business and government working on mercantile assumptions and guided by a colonialist national policy. Projecting itself into the world market, the stability of the ruling class and with it the fate of the Canadian economy depended on outlets for Canadian staples. They may have had control of the political and economic situation within Canada but within the world market they were in a dependency relationship. This tenuous relationship was soon to have its effect but first there was to be an added boost to the economy, the First World War.

(ii) First World War

War stimulated the economy; in the west wheat production was

intensified to meet the growing demand for food and in the east munitions plants were established. Munitions sustained the declining industrial sector which had been developed to support railway requirements but which had shown signs of a slow-down with most of the capital requirements of railways satisfied.

The war gave an important boost to the manufacturing sector in Canada; for example, the "total annual value of manufactures more than doubled in the decade 1910-20, to almost a billion and a half dollars. The country's steel capacity also doubled to two million tons, one-quarter of it accounted for by Stelco" (Kilbourn, 1966:107). In a detailed examination of the impact of the First World War on the position of Stelco, Kilbourn describes how war production doubled the ingot capacity, increased profits, financed expansion of plants and equipment, and expanded the number of employees almost two-fold from 4,400 to 7,800. He goes on to say, "More lasting and far more significant than mere expansion in size was the fact the new prosperity enabled the company to improve its position as an integrated steel-making enterprise. It could add new areas to its finishing work and move towards self-sufficiency in ore, coal, and coke-making" (102-3). In other words, power gained primarily through their position and profits as a key industry during the war allowed the directors of Stelco to expand, vertically integrating various elements of production which otherwise may have developed as resource-based companies. Rather than encourage the development of an independent resource sector, the industrial sector extended its operations into this area in order to sell to themselves.

War had a particularly strong impact on non-ferrous metal extraction, especially copper, zinc and nickel. These resources were

mainly for export however, with export in these items accounting for an increase from \$14 million to \$23 million between 1911 and 1914. Most dramatic was the increase during a similar period from \$19 million to \$150 million in pulp and paper (Hasterbrook & Aitken, 1966:188). The war boost was to end in 1920 with another withdrawal of the world economy but some residual effect was to be felt.

The policy of production decentralization throughout the Commonwealth during the war had stimulated indigenously financed industry in Canada. On the other hand, war produced a substantial strengthening of the federal government with over \$2,100 million in war loans attained from within Canada, of which "from 80 per cent to 85 per cent of the war loan bonds were purchased by business organizations, financial institutions, and individuals with substantial incomes" from within Canada (Rowell/Sirois Report, 1963:125). The federal government took a new interest in industry during the war and using powers conferred by the War Measures Act created the Board of Commerce which became active until its existence was declared unconstitutional in 1922 (122).

In 1917, with the introduction of the Manitoba Farm Loans Association, a new orientation to agriculture came into evidence. This was followed for a short time by the Canadian Wheat Board in 1919. Taking an elitist perspective on the war, the Rowell/Sirois Commission argued that "growing concentration of control and finance and the large profits made by individuals and corporations out of the war-time prosperity, enlarged the pools of wealth which could be tapped by corporation taxes and eventually by succession taxes" (1963:130).

The post-war period saw a different focus in investment from

early staples to the new staples of pulp and paper and minerals. The increasing importance of the motor car saw extension of the U.S. giants like General Motors, Ford and Imperial Oil into Canada. In 1913 R.S. McLaughlin of Oshawa sold his automotive industry to General Motors. In terms of economic importance the U.S. surpassed the U.K. during this period. Industrialization had begun on an enlarged scale in Canada but the small Canadian firms were not in a strong position to compete with their giant U.S. counterparts. By 1921, 60% of trade was conducted with the U.S.

It is interesting to note the change in the nature of capital investment at the time. Heavy war demands had forced some U.K. investment to withdraw but in the U.S. the war had a different impact by stimulating industrialization and creating a surplus. Although U.K. direct investment increased by \$136 million between 1913 and 1926, portfolio investment declined by \$317 million. Contrary to an early pattern and later investment, the U.S. actually had more portfolio investment in Canada in 1926 than direct investment (\$1,793 million compared to \$1,403). U.S. investment as a percentage of foreign investment had increased from 21.5% in 1913 to 53.0% in 1926 but a great deal of this was portfolio. This reflects two patterns in Canada-U.S. investment relations during the period. Simultaneously U.S. corporate giants were establishing branches in Canada and an indigenous industrial base, using mainly U.S. portfolio investment, was also beginning to show signs of strength. Paradoxically, Canada was showing both signs of dependence and independence but, in either case, it had now become totally committed to the continental economy in terms of imports and exports, portfolio and direct investment. The era of U.K. supremacy in Can-

ada was over.

New relationships in economics were to be felt in the political world as well. For the next 21 years Canadian political life was to be dominated by Mackenzie King, the first prime minister to be raised on U.S. political culture, having spent a good deal of his time in the U.S. working for the Rockefeller family. King's orientation reflected Canada's.

Although industrial development of Canada to this time had been almost ignored by the Canadian power structure and left to external initiative to develop, the financial structure was a different case. Banking, for example, was of central importance to the dominant mercantile interests. From a high of 51 banks in 1874, there were only 36 by 1900 and 11 by 1925, reflecting the increasing concentration of power in the financial field. In 1895 only the Bank of Montreal with 17.56% of the total resources of banks and the Commerce with 9.04%, were large. By 1927, the situation had changed dramatically with the Bank of Montreal accounting for 26%, as did the Royal Bank, and the Commerce had 17%. Between them the three largest banks accounted for about 70% of the total resources of banks in Canada. As Appendix III indicates the concentration in 1928 did not change much to the present. The Canadian financial interests had become centered in three major banks and seven smaller ones by 1928. Concentrated in a few banks and railway companies, the mercantile interests maintained their close alliance with political interests but industrialists were beginning to appear as more powerful rivals than earlier.

(ii) Depression and Withdrawal of the World Economy (1926-1939)

The height of the wheat boom in Canada was reached in 1928

when it accounted for more than 50% of world export in this staple. In Canada wheat accounted for 32%, pulp and paper for 15% of exports and each of these commodities was dependent on world trade conditions for their success. By 1932, the pulp and paper industry had fallen to 53% capacity and mineral exports had dropped by more than 60%. Capital expenditures dropped by 70% (Creighton, 1970:200-201). The level of industrial development reached between 1926 and 1929 was not to be reached again until after the Second World War. Depression brought with it a withdrawal of the world economy and an end to free trade. The Fordney-McCumber tariff almost completely closed off exports to the U.S.

By 1930 the average capital investment had been \$217,000 per establishment compared to only \$1,900 in 1870. Depression further increased concentration by eliminating the smallest firms and increased reliance on finance capital, but as Innis says, "crisis and depression exposed the limitation of finance capitalism and were followed by the spread of national capitalism" (1956:291). The state became increasingly important in the economy, even more so than during the first war. But this time involvement was in terms of salvaging the mercantile empire which it had helped develop. Between 1932 and 1934, the state paid 40% of the transportation costs of using the CNR but in spite of these efforts, the economy was in worse shape in 1939 than it had been when the period opened.

Depression altered the extent of steel imports into Canada; "In the late nineteen-twenties, 57% of all steel used in Canada came from outside the country. In the early nineteen-thirties that figure was reduced to 49%, and in the second half of the decade to 31%" (Kilbourn, 1960:144). Although a lower proportion of steel

was being imported, substantially less was being produced. "The Steel Company of Canada, operating at one-quarter capacity, was better off than its rivals. In 1932 the company produced about forty-five per cent of the total steel tonnage" (142).

Canada still remained tied to the U.S. empire and maintained the tariff policy on the basis that it was bringing U.S. branch plants into Canada, 92 in 1931 alone (Naylor, 1972:29). But, on the whole the depression served to finalize the end of the British empire and decrease the total amount of investment in Canada. The decline of the U.K. and U.S. investment position slowed down Canadian industrialization which was so dependent on foreign stimulation. British investment further declined during this period and U.S. investment increased only slightly, representing the lowest period of growth since Confederation, with \$477 million in portfolio and an equal amount of direct investment. The central characteristic of the direct investment was its concentration in manufacturing, particularly automobiles, and mining, particularly iron ore. It took the Second World War to provide a stimulus to the Canadian economy and generation of a truly Canadian program of industrialization.

(ix) The Second World War, Government and Industry (1939-1946)

The Second World War had a "similar though quantitatively much greater effect" on industrialization in Canada. Manufacturing, especially in the areas of tool-making, electronics, chemicals and aluminum, began to blossom while the steel industry increased its output by over 120% and aluminum grew by 500% between 1939 and 1942 (Easterbrook & Aitken, 1956:520). These developments reflect the different character of the Second from the First War where much

greater mechanization and motorization became important. Canadian plants concentrated on airplanes, ships, tanks, and cars producing one million motor vehicles during the war alone (Creighton, 1970:249). The war also had the effect of reintegrating the Canadian economy with the U.S. economy, the strongest world economy in the capitalist system after the war.

Canada was actually a net exporter of capital during the war and the amount of total U.K. investment in Canada dropped \$777 million. U.S. portfolio investment increased by only \$359 million while direct was up by \$547 million. This was the beginning of the reintroduction of direct investment as the major means of investment in Canada, but its proportions were still not as great in terms of the entire economy as it would be in the future. With the withdrawal of U.K. investment, opportunities were opening for indigenous investment. Indigenous industrial capitalists did not represent a strong force in Canada prior to the Second War and even with the expanding opportunities available at this time were not in a position to take up all of the opportunities presented. This was left in large margin to the powerful industrial class which had evolved in the U.S.

The government began to reintroduce its earlier concern with wheat during this time and in 1935 the Canadian Wheat Board was reconstituted and maintained with the outbreak of war when, in 1943, it became the only marketing agent for wheat in Canada. Similar to conditions of crisis which caused the government to take over the CNR, the Wheat Board came under government control only after it was illustrated that private capitalists were not able to cope with the existing trade conditions (Easterbrook & Aitken, 1956:502).

403). Similarly, the Bank of Canada, established in 1935 as a private corporation to manage the monetary system, was nationalized in 1938 to provide an over-arching agency to maintain financial stability and deal with matters of foreign exchange. It was also in this period that the Industrial Development Bank was established to provide industrial loans, an area of finance lacking in indigenous support to this time.

Two of the most powerful organizations ever to exist in Canada were instituted during the Second World War. These were the War-time Industries Control Board under the direction of C.D. Howe and the Wartime Prices and Trade Board directed by Donald Gordon. Each of these boards was invested with dictatorial powers over the direction of Canada's economy. As C.D. Howe said in the preface to the official government history of these boards, the period when these boards were in power was "one of the more important eras of Canadian history, the years during which the country emerged from its position as a producer of basic supplies to that of a highly industrialized state" (Kennedy, 1950:iv). From the corporate world and upper levels of the state bureaucracies some of Canada's most powerful men were recruited to establish policies and oversee the administration of these boards and with them the entire Canadian economy. When the boards were finally dismantled after the war, the individuals which had held these powerful positions again re-entered the corporate and state bureaucracies with many contacts, lasting friendships and an intimate knowledge of Canada's corporate and state policies and personnel. Many members of the present economic elite emerged in the post-war period after tenure on these boards in more powerful positions than they held before they went in.

Although many areas of production were established on the basis of crown corporations, in those industries where firms already established, they were 'induced' through such measures as direct payments by the government for capital equipment, payments for the expansion of facilities which were sold back to the companies for nominal sums after the war and, most important of all subsidies, a fast write-off of capital equipment in three years was granted thus providing great quantities of capital for expansion. Kilbourn discusses the effects these measures had on the steel industry declaring that they provided the greatest expansion ever occurring within the industry, before or since the war (1960: 175-76). Neufeld describes a similar phenomenon in the Massey-Ferguson organization which benefited from contracts with not only the Canadian Government but those of the U.K. and U.S. as well. He states that the company's sales were \$21 million in 1939, none of this from war production, but by 1942, sales had climbed to \$58 million of which 49% was from war production. By 1945 sales were up to \$116 million with war production up to 58%. Even with price controls in effect, "over the six-year period, 1940-1945, Massey-Ferguson's net profit before taxes amounted to \$25.6 million, half of which reflected profits from war production" (1969:45-46). As with the steel industry there were added advantages of fast write-off of capital investments, expanded production and new technology which had effects on the companies' position well after the war had passed. Similar developments occurred in all major industries within Canada including, for example, Molson's Breweries (Denison, 1955:354).

The war is of importance in this discussion for two key reasons. First it was a time when most of the present dominant indus-

trial corporations enjoyed the greatest expansion and movement into positions of importance within the Canadian economy and, secondly, it provided a period of great mobility for many of the present corporate elite, providing them with experience and contacts important in the upper levels of power, those with government and the corporate world. This will be returned to in a later discussion when mobility into the elite is discussed and the phenomenon of elite forums is analysed.

(x) Early Post-War Boom and the Rise of an Industrial Structure (1946-1952)

Piling on the back of the war boom, industrialization in Canada reached its period of greatest growth immediately following the war. The period saw a striking shift in the nature of Canada's exports; pulp and paper and related products had captured 34% of the export market by 1954, with agricultural products declining to 17% and a new growth in non-ferrous metals was evident with it contributing 17% to the market. In 1947 oil was first struck in Alberta and in the following ten years, crude petroleum increased from 1 billion to 220 billion cubic feet. Iron ore increased from 2 tons to 21 tons (Easterbrook & Aitken, 1956:545-46; Creighton, 1970:283-84). Reliance was still on natural resources but there was emerging a diversification not characteristic of early decades. The Korean War also served to stimulate government spending on defence with an increase from less than \$400 million in 1949 to almost \$2 billion in 1952. "The newly established Department of Mineral Production, over which the energetic and ruthless C.D. Howe presided, stimulated the revival and expansion of the aircraft and electronics industries and brought ship building back to something

file it's level of importance during the Second World War" (Creighton, 1970:284).

Investment patterns reflect the great boost which had been felt to this period, particularly through U.S. direct investment. By 1952, U.K. direct investment only totalled \$544 million and portfolio investment was at it's low ebb totalling only \$1,340 million. The great boost was from the U.S. where portfolio investment was increased by \$737 million to total \$3,466 million and direct investment increased by \$2,104 million in only six years to total \$1,532 million in 1952. The major shift in this period is from 39% of total foreign investment in the forms of direct investment in 1946 to one-half of all investment by 1952.

It was for the period of 1948-1950 that John Porter conducted his study of dominant corporations in Canada. Just before the fantastic on-slaught of U.S. capital was to come, the study captures the Canadian economic power structure on the peak of the post-war and Korean War industrial boom. This was probably one of the periods of greatest independence for Canadian industrialists, just after the withdrawal of British capital and just before the wholesale importation of U.S. direct investment and the truncated industrial structure that it brought with it. Canadian finance, as always, was independent of control by foreign interests, but as concentrated as it had been since the 1920's.

Table II presents, in summary form, the distribution of the economic elite in Canada for 1951. Of the total number of elites, 57 were U.S. dominated while only 41 were dominated by the U.K. This reflects the investment pattern which had prevailed to this time characterized by a withdrawal of U.K. capital and an emergence of U.S. capital. See Appendix III.

of U.S. direct investment. Porter's study provides an analysis of the Canadian born members of this elite; totalling 985 Canadian residents. This elite was based in major corporations which as,

a group of 183 'dominant' corporations were responsible in the period 1948-1950, for 40 to 50 per cent of the gross value of production in manufacturing, 63 per cent of the total value of metal production; 90 per cent of railway transportation; 88 per cent of the gross earnings of telegraph and cable services; 82 per cent of the total revenue of Canadian air carriers; 83 per cent of telephone revenues; and 60 to 70 per cent of the hydro-electricity produced by privately-owned companies, as well as a large but undetermined proportion of other industries such as industrial minerals, fuels, water transportation, and retail distribution (1955:508).

Porter found that "There is undoubtedly a great deal of American influence over the 159 manufacturing corporations, given in the list that account for an estimated 40-50 per cent of the gross value of production in manufacturing in 1948" (1956:204).

TABLE II.

Distribution of Economic Elite in Canada

by Residence & Corporate Affiliation, 1951

<u>Residence & Corporate Association</u>	<u>Number</u>	<u>Percentage</u>
U.S. residents	256	16%
Canadians in wholly owned U.S. subsidiaries	<u>117</u>	<u>7%</u>
Total U.S. dominated*	373	23%
U.K. residents	53	3%
Canadians in wholly owned U.K. subsidiaries	<u>11</u>	<u>1%</u>
Total U.K. dominated	64	4%
Canadians	<u>1,117</u>	<u>73%</u>
Grand Total	1,613	100%

*The directors of 13 of the 183 dominant corporations could not be identified. Ten of these 13 corporations are wholly owned American subsidiaries" (Porter, 1956:210). This tends to slightly underestimate the number of U.S. dominated members of the economic elite.

(Calculated from Porter, 1956:205; 1957:379).

Financial institutions represented a very different pattern, with only five U.S. residents and one person from the U.K. out of a total of 203 bank directors. Bankers held 23% of all directorships in dominant industrial corporations. Directors from dominant insurance companies totalled 134 and this group held 14% of the directorships in industry and 27% of the banking directorships while bankers held 41% of the directorships in dominant insurance companies (1956:211).

It is the social characteristics of this economic elite that is of concern here* and Porter found that "the professional and financial groups make up almost 60 per cent of the economic elite. Another 14.8 per cent of the elite are individuals who were born in or close to it", thus indicating that not only was mobility limited to those of advantaged social backgrounds, but that the background was predominantly from finance (1957:380-81). Only 6.6% of the elite was composed of French Canadians (one-third of the population) while other ethnic groups represented insignificant numbers in the elite (one-fifth of the population). The remainder were from Anglo backgrounds, thus indicating that ethnic differentiation plays a significant part in differentiation within the economic elite (386). The following table indicates that social class background is an important variable in determining access to the economic elite. Rigid criteria indicate that 38% of the elite were from upper class origins while an additional 44% come from "middle class" or higher, backgrounds, indicating significant social advancement. When the most powerful members of the group are considered separately, the number from the upper class jumps to 55% indicating

* much more detailed examination of Porter's findings are provided in comparative perspective in Chapter #7.

significant differentiation within the elite itself.

TABLE III

Class Origins of 611 Canadian-Born Members
of the Economic Elite

<u>Class Indicator</u>	<u>No.</u>	<u>Cumulative</u>		
		<u>No.</u>	<u>%</u>	<u>Top 100 (%)</u>
<u>Upper</u>				
Father in economic elite	135	135	22	30.3
Father in other elite	13	148	24	37
Wife from elite family	41	189	31	46.6
Father in substantial business	42	231	37.8	54.5
<u>Middle or higher</u>				
Attended private school	75	306	50	67
<u>Middle</u>				
Father has middle class occupation and/or attended university	197	503	82	85.2
Possibly lower than middle class	108	611	100	100

(Porter, 1965:292)

The 100 most powerful members of the elite themselves accounted for 25% of the directorships in industry, 29% in banks and 23% in insurance companies, thus representing a sizable amount of influence beyond the 10% of the elite they represent (1957:391n). The high interlocking within economic institutions is matched by the cross-membership the elite had in terms of kinship, common educational backgrounds in private schools, and later in law schools, and social groups such as private clubs (394). Porter also describes in detail a number of the relationships members of the economic elite have with one another and members of other elites, particularly political elites (1965:430, 526-29). He argues that,

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Social goals are now established by a much smaller number than in the days of entrepreneurial capitalism. Because of the traditional rights of private property, enshrined in the myth that corporations are individuals, the corporate elite hold the creative privileges available (1961:34).

It is the corporate elite which determines the making of history in Canada, Porter argues, because they, unlike the political elite lacking continuity, have had continuous control of the major economic enterprises which guide the making of history. It is the economic elite which makes the decisions about development within Canada and it is the economic elite which has chosen to base itself in the traditional mercantile pursuits of finance and transportation and have ignored in large part the industrial potential of the country leaving this for an external elite to develop. As will be illustrated, the period just after Porter based his study confirms the trend to greater U.S. control of the industrial and resource sectors of the economy suggested in his study. The rapid growth in U.S. direct investment during the next period has the effect of increasing the number of U.S. dominated members of the elite, particularly in the area of manufacturing and resource extraction, integrating to a greater extent than any period in Canadian history, the Canadian economy into the economy of the continent.

Chapter #5

PARASITES, SATELLITES AND STRATIFICATION: CURRENT TRENDS IN CANADA'S ECONOMY

Representing a strong social force in Canadian society, multinational corporations have a prominent place among dominant corporations. This serves to dislodge a portion of the indigenous economic life and create a unique set of relationships among elites. The expansive powers of European capitalism at an earlier period, and U.S. capitalism in recent times, have extended beyond national bounds and created a system of internationalized capitalism which is at once rooted in nation states and at the same time independent of them. The practice of trans-national corporations is not an entirely new one. In 1932 Berle and Means characterized the American Telephone and Telegraph Company as "an empire bounded by no geographical limits, but held together by centralized control" (1968:5). What has changed recently is the scope and dimensions of their activities. More recently Berle has maintained that these corporate giants must be put in a framework "in somewhat the way we have heretofore thought of nations" (1957:15). Child characterizes corporations like British Petroleum and Unilever as "supra-national organizations" whose "international decisions may have as much impact on patterns of trade and international relations as decisions taken by governments" (1969:1). Indeed, findings indicate that the production value of multinationals outside their native nations made them the third largest world economy in 1967 (Rotstein, 1970:211). This has concerned Canadian politicians, as the following statement by John Turner illustrates:

Next to the nation state, the international corporation is today's most influential institution. It commands vast resources, stretches across countless boundaries, directs the fate of millions of world's citizens and carries a common

culture which has been labeled 'coca-colonization'. We have no international institutions to control the power of the multinational corporation (Toronto Star, October 3, 1968).

There has been great concern in Canada over what has been termed its 'branch plant' condition or 'miniature replica' economy. In terms of power and stratification decision making for foreign subsidiaries is carried on outside the nation and positions of power are predominantly held by non-residents (Litvak & Maule, 1971: 211). Effects of this extend beyond the economy per se and into the political domains in terms of the kinds of economic policies which can be carried out (Hymer, 1972:60; Behrman, 1972:143).

Multinational firms effect the nature of the boards of directors. C.M. Harding refers to the "invisible boards in Canada" when discussing the foreign parents of Canadian subsidiaries (McDougall, 1969: 26). When referring to proposed Ontario legislation on Canadian representation on subsidiary boards, Mitchell Sharp suggested that this was ineffectual, stating that the federal government "was aware that a firm required to alter the composition of its board by law might seek out passive directors. And it was aware that key decisions are often taken not by the board of a subsidiary but by the board of the parent company itself" (Globe & Mail, June 21, 1972). Earlier in the year, Sharp told the Vancouver Board of Trade that "Every Canadian should pray every morning and evening that the United States' economy will continue to prosper" (Globe & Mail, January 18, 1972).

Sharp's own career in the corporate world and position as Minister of External Affairs make him qualified to understand where power is held. With parents holding dominant corporations, a portion of the economic elite will be foreign to Canada's stratification too. This has not reached proportions where it could be said.

that there is no economic elite in Canada but it is important enough to have a substantial part in stratification analysis.

Canada is also the base nation for multinational companies which operate elsewhere. For example, Cominco is a mining oriented company which is Canadian but operates in 10 different countries (Globe & Mail, July 4, 1972). It should be clear that the separation of power between the Canadian economic elite and the U.S. economic elite is not such that a 'countervailing' situation exists. Rather, they tend to reinforce each other under one economic system - the North American system. At the upper levels nationality has much of its importance. Canadian middle-range powers may call upon nationalist sentiments to try and gain further mobility for themselves in the North American power structure but they are not in opposition to that structure, they simply want a larger share in it.

(1) Regression and Neo-Mercantilism (1950's)

Continental integration, particularly trade, had been strong since 1854 and increasingly rapid after the early 1920's but total capital and resource integration took on a different face in the early 1950's, particularly under the guidance of the American import of the Liberal St-Laurent cabinet as minister of Trade and Commerce and Defence Production, C.D. Howe. Possibly the most dramatic event which illustrates the changing nature of Canadian-U.S. economic relations and C.D. Howe's part in these developments is the natural

A recent study entitled "Parasitism: Decision-Making and the Presence of Multinational Corporations" has been prepared but will not be reproduced here because of its length. The study places Canadian and Canadian-based multinationals within the context of relations between Canada, the U.S. and Latin America and illustrates that a number of Canadian-based corporations operate within a continental and world economy but many of these are in fact U.S. controlled subsidiaries which use Canada as a go-between for their own multinational operations.

gas/Trans-Canada pipeline deal he engineered in 1956. Guided by the Albertan and Federal governments, the privately-owned Trans-Canada Pipe Lines company was formed to transmit natural gas from the west to eastern Canadian and U.S. markets. Although involving both a Canadian company and U.S. subsidiary, the project was controlled by Americans. The natural gas supplier was also U.S.-controlled. For funding the pipeline company requested a \$275 million loan from the Canadian government but there was strong opposition to assistance for this foreign controlled deal by the Conservatives, press and public as well as the Minister of Finance, Walter Dill Scott. Howe, a powerful cabinet minister and active continentalist, tried to fight against all opposition and began to mount an attack on cash legislation through the House which would subsidize the project. Opposition there was strong but the Liberals employed closure ten times to push it through. "On six of the seven clauses proposed to the government at the resolution stage, the entire discussion consisted of 207 words uttered by Howe himself!" (Creighton, 1970:295). It was a project which the Prime Minister, St-Laurent, had declared to be of such import as to rank with construction of the Canadian Pacific (293). In light of developments which have occurred since with natural gas and the general thrust of U.S. ownership, control of use of natural resources, the shift of a significant amount of control to the U.S. must rank in historical significance with the flow of oil into the Canadian West. Creighton places Howe's role in this development in this way:

The close integration of Canada into a North American economy dominated by the United States was, to a large extent, a

for example, Laxer (1970) The Energy Poker Game.

development of the two decades in which he (C.D. Howe) had watched over Canada's economic progress; and Canada's new continental orientation was in effect a gigantic amplification of his own continental outlook (1970:294).

Supported to a large extent by wartime expansion and the process of industrialization introduced by Howe, the Canadian economy became totally integrated as the resource producing appendage of the North American economic system. Unlike an earlier debate on the CPR, there was no government opposition to building part of the oil pipeline through the U.S., nor was there opposition to the U.S. companies who owned the oil reserves of the west and proposed to sell the oil to the U.S.; on the contrary, it was the U.S. government which proposed quotas in 1958 to which the Canadian government protested and was able to attain an exemption (Aitken, 1965:507). The U.S. controlled refineries in the east preferred to use Canadian oil, and their oil in the U.S., as a reserve first drawing on the cheaper and less stable 'foreign' resources.

Policy on natural gas was quite different with the Canadian government deciding in 1953 that it would impose quotas on its export. Actually the ruling was designed to insure that central Canada was well supplied with cheap natural gas essential to its industrial needs and not for the purpose of creating Canadian reserves (Aitken, 1965:509). Using the method of a Crown corporation to build the costly northern section of the gas line and subsidizing the extent of 90% of the western section, the government continued in the Canadian tradition of allying itself closely with business interests* and taking financial responsibility for transporta-

The movement between business and industry at the upper levels was common for men like Louis St-Laurent, Mitchell Sharp, Robert Winters and James Richardson but the zeal of C.D. Howe seems to outshine them all; at his death in 1961 Howe was "chairman of Ogilvie Flour Mills Ltd. and a director of the Bank of Montreal. He also held directorships in National Trust Co. Ltd. and the Crown Life Insurance

tion facilities. The same is true of the government ownership of air travel which C.D. Howe argued private enterprise could not afford to finance but from which they would greatly benefit (Rae & McLeod, 1969:172-73). Government continued its policy of providing the economic sub-structure on which business could construct profitable enterprises, and in particular, profitable for central Canada. For example, the oil boom, like the wheat boom before it, produced staple extraction but not industrial development. In Alberta and Saskatchewan the oil industry ranked second and first respectively in terms of gross value but eight and sixth in terms of employment in 1951 (Caves & Holton, 1963:321-22). Continental integration was continuing not only on the level of ownership but also in trade. In 1950 two-thirds of Canada's exports went to the U.S. and the same proportion of imports was received from there (Easterbrook & Vitken, 1965:576). The St. Lawrence, once the link with the U.K., was now serving to integrate the continental economies; in 1955 Canada paid \$189 million and the U.S. \$72 million to complete the transportation part of the project (555).

The 1950's represent a dramatic inflow of U.S. capital into Canada on a scale quantitatively greater than at any previous period. Between 1952 and 1960 U.S. direct investment rose by \$6,013 million to \$10,519 million while U.S. portfolio investment increased by \$1,053 million to \$6,169 million. This is compared to the \$1,535 million in U.K. direct investment and \$1,824 million in portfolio

(note from previous page continued) Co., was Chairman of Price Brothers & Co. Ltd., a director of Dominion Tar & Chemical Co. Ltd., the latter a Taylor-Argus company, and the Taylor interests having substantial holding in Price Brothers), Atlas Steel Ltd., Rio Tinto Inc. Co. of Canada Ltd., Hollinger Consolidated Gold Mines... (etc.) also held directorships in the following U.S. controlled firms: Dominion Ltd., RCA Victor Co. Ltd. and two New York-controlled investment trusts: Canadian Fund Inc. and Canadian Investment Fund Ltd." (Hall & Park, 1962:58-59).

investment held by the U.K. in 1960. It is this more than two-fold increase in U.S., mainly direct investments, in the span of only eight years which has had such a great effect on the Canadian economy and social structure. More U.S. direct investment existed in Canada in 1960 than the total of all types of investment which had entered Canada up to 1952.

This great influx did not occur because of capital shortage in Canada, indeed in 1957 Canada had \$4.6 billion invested in portfolio investment in the U.K. and \$2 billion direct investment, \$1.2 billion of this in the U.S. (Easterbrook & Aitken, 1956:573-74). Between 1946 and 1958 domestic savings accounted for 75% of all capital investment in Canada (571).

Concentration in the 1950's

In a study of corporate concentration based in the mid-1950's, Rosenbluth found that there were about 100 corporations with assets over \$100 million, of which 57 were non-financial (1961:198). These corporations accounted for 38% of the 'real' assets of all non-financial corporations, and this percentage under-estimates concentration since private companies like Eatons and General Motors did not publish their financial statements (199-200). In the manufacturing sector 28 corporations accounted for 29% of the assets, again under-estimating actual control concentration because subsidiaries are not consolidated with parents (200). Concentration was low in retail, wholesale and service sectors (201). The CNR and CPR accounted for 89% of railway revenue while their subsidiaries had 69% of the assets of the air transport industry. Bell Telephone alone had 60% of the operating revenue of all telephone companies while in oil pipelines, the Interprovincial and Trans Mountain companies had

of the assets (201-202). In finance the degree of concentration was high, as it had been for some time (see Appendix III), with 9 banks accounting for almost all the assets and the same number of insurance companies held 75% of the total assets in that sector (202). The following table indicates not only the high degree of concentration prevalent in this period but also the high degree of foreign, particularly U.S., ownership of these resource industries.

TABLE IV CONCENTRATION OF INDUSTRY, 1961

Industry	% of value-added accounted for by the 6 largest firms	No. of foreign controlled firms among the largest 6	
		US	Other foreign
Crude Petroleum	68	5	1
Petroleum refining	98	4	1
Nickel-Copper	100	3	1
Lead-Zinc	86	1	1
Copper-Gold	88	2	-
Iron Ore	100	3	-
Aluminum	100	1	-
Asbestos	94	2	1
Grain	97	3	1

(Rosenbluth, 1961:207, Table III).

Rosenbluth illustrates the rapidity with which foreign, mainly U.S., control came to the manufacturing sector. While in 1946 only 10% of that sector was foreign controlled, by 1953 this had jumped to 50% and to 56% by 1957. In the space of 10 years manufacturing had changed from predominantly Canadian to foreign dominated. The same pattern, although occurring more dramatically, was apparent in mining and smelting where foreign control represented only 38% in 1946 but 57% in 1953 and 70% by 1957 (206). In the 60 largest manufacturing concerns studies, Rosenbluth found that 50% (51%) were Canadian controlled but accounted for only 42% of the investment while

25 (33%) U.S. corporations accounted for 52% of the total investment. The 4 (6%) U.K. companies represented only 6% of the total investment for the year ending 1953 (205). This illustrates clearly that the U.S. controlled more than one-half of the manufacturing in 1953 and that the U.S. corporations were much more concentrated than were Canadian corporations.

What should be noted is the dramatic change in the structure and size of the Canadian economy in the decade of the 1950's. John Porter's study of the 1948-1950 structure of corporate capitalism captured the situation just prior to a great surge of U.S. direct investment and rapid growth of the 1950's and 60's. The period of 1948-1950 was one of relatively high Canadian autonomy with one-quarter of the elite composed of U.S. dominated persons. It can be projected that with the rapid introduction of direct investment from the U.S. and the concentration of this investment in the largest corporations of the manufacturing and resource spheres of the economy, a great increase in the number of members of the economic elite which fall under U.S. dominance has occurred. The lack of foreign investment in utilities, transportation (other than pipe lines) and financial institutions would suggest that this section of the elite still remained under predominantly Canadian control during the 1950's, similar to the situation which existed when Porter conducted his study (Devitt, 1970:61). The decade of the 1960's saw the emergence, in dominant form, of multinational corporations which adds a totally new dimension to the study of economic elites not only in Canada, but elsewhere as well.

(iii) The Decade of the Multinationals (1960's)

Multinational corporations are a response to two developments characteristic of contemporary capitalism. The first is the marked tendency for accumulation and concentration within advanced capitalist economies. This is most dramatically illustrated by the U.S. situation where there emerges several giant corporations which have at their disposal resources which enable them to carry out large scale operations, frequently integrated vertically and horizontally. This first characteristic of corporate strength works with the greater interpenetration of the various national economies of the world, both through the initiative of multinationals and the encouragement, at lack of resistance, by host countries. Multinationals are not exclusively a phenomenon of the 1960's, it is only that they have attained a predominant position in many economic spheres during this period. The two characteristics of corporate concentration and strength with interpenetrating economies represent the Canadian situation in the 1960's. Multinationals did not initiate the interpenetration of the North American economy but they have followed the path set by prior trade and investment patterns.

It is the multinational corporation, as a way of organizing economic activity, which distinguishes the original mercantile period from what is called 'neo-mercantilism'. It is a period like its forerunner characterized by economic organizations from one nation-state operating in another nation-state for the purpose of obtaining resources, and capital, to capitalists of the home country.

Another characteristic similar to the earlier period is the close relationship between business and politics characterized by state support of the corporation and economic agreements and inter-

vention by the political leaders of the nations associated with the corporations. Characteristic of mercantilism is the asymmetric involvement in the 'negotiations' between the political and economic elites of the home and host countries. Kari Levitt describes the U.S. appropriately as the "super-metropole" of new mercantilism and she draws an interesting comparison between the more recent version of mercantilism and the original.

In the new mercantilism, as in the old, the corporation based in the metropole directly exercises the entrepreneurial function and collects a 'venture profit' from its investment. It organizes the collection or extraction of the raw material staple required in the metropolis and supplies the hinterland with manufactured goods, whether produced at home or 'on site' in the host country (1970:23-24).

Clearly the multinational corporation is a much more efficient instrument of mercantilism for the U.S. empire than was the charter company of the British Empire. In each case, however, the instrument of empire has maintained close links with the financial interests of the home and host countries while at the same time generating a good deal of its investment capital from the earnings of its own operations. A further characteristic, suggested in the quote by Levitt, is that the simple process of extraction and export of early chartered companies has been replaced by a more sophisticated system of branch plant operations, marketing in the host country and capital, as well as resource, export to the home country.

The top 100 industrials outside the U.S. are comparable with the top 150 U.S. industrials, as ranked by Fortune in 1971, with the 10th outside the U.S. corporation having sales of \$818 million compared to 150th U.S. corporation having sales of \$830 million. In other words, of the top 250 world industrials in 1971, 3/5 are U.S. based and 2/5 are outside the U.S. The following table illustrates

the distribution of the top 250 world industrials:

TABLE V

Top 250 World Industrials by Nation, 1971.

United States	150	Australia	2
Japan	21	Belgium	2
Germany	20	Netherlands	2
Britain	19	Noth.-Britain	2
France	14	Brazil	1
Italy	4	Luxembourg	1
Switzerland	4	Mexico	1
Sweden	3	Britain-Italy	1
Canada	3	TOTAL	250

the three Canadian corporations in the top 250 world corporations are Alcan (58/150 non-U.S.), Massey-Ferguson (84) and Canada Packers (91). The second hundred non-U.S. corporations includes only a further 7 Canadian corporations, as does the third hundred. It is interesting to note that the largest 'Canadian' industrial, Alcan, is not controlled in Canada with 51.2% foreign ownership, 39.4% which is U.S. Similarly, the 4th largest 'Canadian' industrial, the International Nickel Co. of Canada, is controlled 70% outside Canada, more than 50% of which is U.S.

The volume of multinationals makes them a powerful force in the economy of the entire world. The enormousness of these enterprises is illustrated by Rotstein:

The value of the production of all multinational corporations in countries outside their home base in 1967 exceeded \$214 billion. This makes the aggregate production of these corporations abroad the third largest economy in the world, second only to the domestic economies of the United States and the Soviet Union (1970:211).

Power of the multinational comes not only from the size of the forces it commands but also from the flexibility it has through worldwide operations. This means that investment decisions can, and are, made on the basis of "an overall assessment of the firm's international position" thus adding a dimension of flexibility which

national corporations lack, not only in investment decisions but in dealing with politicians in various countries (Block, 1970:152). An example of this would be the ability of mining companies to shift operations to avoid taxes (Foreign Direct Investment, 1972:304). The size and flexibility of multinationals combined with their close financial connections gives them added strength in capitalizing on credit opportunities, often to the detriment of small-scale national organizations. Draining capital reserves from the financial institutions of both the home and host countries creates a situation which, in Block's terms, is "ironic" in advanced nations but "tragic" in underdeveloped nations. The government study of Foreign Direct Investment in Canada identifies two characteristics of multinational corporations which further adds to their strength relative to national corporations, particularly Canadian industries. These are "distinctiveness" by which is meant the ability of multinationals to manufacture for a much larger market, both in the home and host nations, and secondly "backward vertical integration" by which is meant the ability to take advantage of resources available in the host country because they 'feed' the industrial capacity at home (1972:32, 45).

Multinationals which are so pervasive throughout the world are not really 'multinational' at all, in fact they are extensions of predominantly U.S. corporations into the world economy and for this reason are more accurately analysed as U.S. national corporations with international operations. Some recent data from the Foreign Direct Investment in Canada study will illustrate the point:

- (i) The book value of United States foreign direct investment increased from approximately \$7.5 billion in 1929 to \$70.8 billion in 1969.
- (ii) Sixty-two of the top 100 United States corporations have production facilities in at least 6 foreign countries and 71 of the top 126 industrial corporations for which inter-

mation is available are reported to have one-third of their employment abroad.

- (iii) It is estimated that about 80 per cent of all United States foreign direct investment is accounted for by some 200 firms (e.g., General Motors, Chrysler, Ford, Sincor, Esso, TI, etc.). About 100 non-United States firms comprise the major MNE's of the rest of the world (e.g., Nestle, Shell, Lever Brothers, etc.). This means that about 300 MNE's, two-thirds of them United States controlled, dominate the field of foreign direct investment (1972:52).

It is often argued that multinationals bring extensive capital into capital poor areas, either geographically defined or developmentally defined, but the example of Canada would suggest otherwise. Between 1960 and 1967 new capital inflow from the U.S. amounted to \$1.1 billion but counter to this, outflows in the form of remittances to U.S. parents amounted to \$5.9 billion, a net outflow of capital from Canada to the U.S. of \$1.8 billion during this period (Levitt, 1970:91).

Trade and Tariffs

The dominant position of multinationals also has an important effect on the area of trade. With the multinational operation 'trade' loses any notion of a market situation since the majority of transactions involve intra-company movement of raw materials from subsidiary to parent. What once was a market situation is now an administrative exchange within one organization which extends over national boundaries. In 1969 exchanges between subsidiary and parent accounted for 75% of all 'trade' conducted by foreign controlled companies in Canada (I.D.I., 1972:171). This is encouraged by government through agreements as the Auto Pact between Canada and the U.S. which explicitly acknowledges the continental nature of the North American economic system. Other inter-governmental agencies like IMF, GATT, and IBRD reflect similar assumptions (Godfrey & Watkins, 1970:223).

Free trade is the economic philosophy of multinationals since it serves to open new markets and impose fewer restrictions and duties but protectionism remains the philosophy of national economic elites. This is seen most evidently in the different positions advocated by the major economic associations in Canada. The Canadian Manufacturers' Association advocates strong tariffs (1969:207) while the Canadian American Committee comes out strongly for the tariff elimination (1969:210). Regardless of which philosophy prevails, as the national policy of Macdonald illustrated in 1867, tariffs do not change the nature of dependence, they only shift the location of plants.

Canadian Capital and Concentration

It is often argued that U.S. investment comes to Canada because capital is scarce in this country but the statistics would indicate otherwise. In addition to the net outflow of funds from subsidiaries to parents of \$1.8 billion between 1960 and 1965 already mentioned, there is the fact that most of the foreign capital for expansion is obtained within Canada. Capital sources for expansion of foreign-controlled firms totalled \$43.9 billion between 1946 and 1967 of which only \$9.7 billion or 22% was from foreign sources. If only the more recent period of 1960-1967 is examined, this decrease is only 19% (E.D.F., 1972:25). This indicates that mostly Canadian capital, or capital generated from retained earnings by Canadian operations of foreign firms, finances the large amounts of foreign investment. In addition to this, a good deal of Canadian capital, particularly that held by financial institutions, is invested out of Canada as portfolio investment. This phenomenon has increased rapidly during the 1960's. "As recently as 1960, major

Canadian financial institutions held only 10% of their stock portfolios in foreign equities; the proportion had risen to 24% by 1966" (Levitt, 1970:139). Pension funds have also tended to place their portfolio investment in foreign institutions, amounting to \$600 million between 1962 and 1969 while during the same period mutual funds invested \$1 billion abroad (F.D.I., 1972:81). It should be noted that these forms of investment do not involve Canadian control of foreign enterprises, rather they tend for the most part to be portfolio investments.

Financial institutions in Canada have traditionally been oriented to long-term, stable investment and therefore, have tended to avoid loans to newly-emerging industry. In some cases the legal structure, particularly in the case of insurance companies, prohibits what may be called 'venture capital'. This problem has been compounded by the concentrated nature of Canadian financial institutions. The degree of concentration in finance is illustrated in the following table constructed from data in Foreign Direct Investment in Canada (1972:101f) for the year end December 1969:

TABLE VI

CONCENTRATIONS IN FINANCIAL ORGANIZATIONS (1969)

Financial Sector	% of assets controlled by the five largest corporations
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chartered banks	93%
life insurance	63%
trust companies	61%
mortgage loan	61%
sales finance	68%
consumer loan	88%
investment dealers	49%

These figures actually under-represent concentration because of the relationships between corporations in these various sectors; for ex-

ample, each of the major banks operates a trust company.

Concentration of Canadian industry is greater than the counterparts in the U.S.; for example, 3/4 of the shipments from manufacturing firms originates in industries where 8 or fewer firms represent 1/4 of the shipments while in the U.S. the corresponding figure is only 15.7% (F.D.I., 1972:217). This does not measure the actual corporate concentration which is much greater because several firms are frequently owned or controlled by the same corporation, but it does give a comparative indication between Canada and the U.S. A good deal of concentration in Canada can be directly attributed to the presence of U.S. giant corporations operating in Canada; for example, the average assets of foreign-owned firms in Canada were \$7.81 million in 1968 compared to \$2.45 million for Canadian-owned firms and the corresponding figures for sales are \$6.34 and \$1.62 million, respectively (F.D.I., 1972:214). In manufacturing alone even more startling differences exist with foreign firms averaging \$12.11 million in sales and \$11.44 million in assets compared to corresponding figures of \$3.03 and \$2.58 million for Canadian controlled firms (214). Mining foreign firms are about 5 times larger than Canadian firms (assets of \$17 million compared to \$3.8 million in 1967). Although foreign-controlled firms compose only 11.5% of all the firms in mining they account for 60% of the assets. Other resource sectors represent much the same situation:

The big foreign controlled firms are particularly concentrated in petroleum and coal products (24 firms with average assets of \$198 million), smelting and refining (28 firms with average assets of \$86 million), primary metals (69 firms with average assets of \$52 million), and metal mining (63 firms with average assets of \$31 million). The eight largest firms in petroleum accounted for eighty per cent of industry sales in 1968. The four largest firms in primary smelting and refining accounted for nearly ninety per cent of production (F.D.I., 1972:224).

Again it should be emphasized that concentration in terms of firms under-estimates concentration in terms of control, with one corporation operating several firms in one sector and even several firms in more than one sector. The point to be made, however, is that foreign firms tend to congregate in the most concentrated industries, particularly manufacturing and resource industries, and tend to be much larger than Canadian controlled firms operating within the same sector. As the government report on foreign investment suggests, "much foreign investment merely represents the extension of foreign oligopoly and world concentration into Canada" creating an investment situation unfavourable to indigenous capitalists (F.D.I., 1972: 13).

The following table representing U.S. direct investment throughout the world illustrates the central position Canada has in the U.S. empire, especially in the 1950's and 60's surpassing U.S. direct investment of even Latin America by 1964.

TABLE VII

U.S. DIRECT INVESTMENT (in billions)

	1924		1958		1964		1967	
	\$	%	\$	%	\$	%	\$	%
Europe	.9	17	4.4	16	12.1	27	17.9	30
Canada	1.1	20	8.9	32	13.8	31	18.0	31
Latin America	2.8	52	12.7	43	10.3	23	10.2	17
Other	.6	11	1.1	9	8.1	19	13.2	22
Total	5.4	100	27.1	100	44.3	100	59.3	100

Drache, 1970:25; Turner, 1970:5).

The shift from under-development areas of the world to less under-developed, by U.S. direct investment, suggests a further characteristic of the multinational corporation. There is an increased tendency for multinationals to enter manufacturing spheres of the economy rather than strictly resource sectors, as was previously the

case. Now there tends to be a greater integration of resource exploitation and manufacturing production within single companies. For example, in 1897 resources accounted for 59% of U.S. foreign investment, with only 15% in manufacturing while in 1969, 42% is in manufacturing and 56% in resources (F.D.I., 1972:52). This reflects the more sophisticated organization of the multinationals discussed earlier and their ability to tap local markets and local labour with the branch plant operation, the most common organizational form used in foreign investment (Aluminum Company of Canada and International Nickel Co. being notable exceptions).

Foreign investment in Canada during the 1960's followed much the same pattern as the previous decade, again with rapid inflow and concentration on U.S. direct investment. From 1960 to 1965, U.S. direct investment increased by \$3,391 million while U.K. total investments increased by only \$139 million. U.S. portfolio investment also increased in significant quantities to add \$3,196 million during the period. It is interesting to note that the percentage of direct investment compared with total foreign investments appears to have levelled at about 58%, by far the highest proportion of direct investment in Canada's history. The percentage of total investment accounted for by U.S. investment also increased to a high of 79%. It does not appear from the statistics that there is any levelling off of U.S. direct investment, actually the one year investment high over \$80 million, of which almost \$50 million was direct investment, was reached in 1967, the last available year (F.D.I., 1972:15).

The State and the Corporate World

Although a comprehensive study of the relationship between government and business has not been conducted in recent years, there

are a number of indicators which can be used to illustrate that, consistent with neo-mercantilism, the relationship has been a close one. Robert Presthus (1973) in his work on interest groups in Canada illustrates that business associations have greater power than any other group in determining policy at both the bureaucratic and political level of government. One area which indicates the support government gives to corporations is in the area of taxes. Deaton found that:

Between 1962 and 1970 the corporate share of all Federal income revenue fell by roughly 38% while the individual share of Federal income tax revenue increased by over 23%. With respect to all Provincial income tax revenue between 1962 and 1970 the corporate share fell by over 60% while the individual share increased by roughly 83% (1972:32).

The State also provides indirect subsidies to corporations through a variety of mechanisms; for example while industry consumes 70% of electrical energy in Canada it provides only 60% of the sales revenue from this utility thus leaving either the state or private user to provide 40% of the cost for 30% of the use (Deaton, 1972:117).

More blatant examples of state support of industry can be illustrated, for example, the cabinet forgave Ford duties of over \$75 million early in 1969 and certainly not because Ford was in a difficult financial situation since its profits increased from \$2 million in 1964 to over \$50 million in 1968 (Zartisky, 1972:131-33).

Government and business come together on a number of fronts in Canada but one of the most effective ways is through advisory councils and associations created by both business and government, the Canadian Manufacturers' Association, Canadian Chamber of Commerce, National Committee on Petroleum and the Business Advisory Committee.

For an analysis of the role these associations have in current state and corporate relations, see Chapter 7.

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name but a few of the forums. Through these organizations, and in a variety of other ways, government and industry relate to one another and discover each other's views, form alliances and plan strategies of development not open to the great majority of people.

Just as the Canadian government just after Confederation used enormous funds to finance the likes of the CPR, government is still forced, within the framework of corporate capitalism, to try and manipulate the economy through corporations with DREE being the classic example. In an attempt to reduce regional inequalities, the government is forced to use incentives to corporations to encourage them to locate where they are needed. However, when government is dealing with corporate capitalists, particularly multinationals, they are not in a position to dictate the results of their expenditures. The following example illustrates that multinational corporations are in a position to by-pass many of the stated aims of the government incentives and use these programs for their own ends.

Government grants amount to \$40 million to Rayonier, a subsidiary of I.T.T., to create some 500 jobs in a vast expanse of Quebec's northern forest area, while C.I.P., also a subsidiary of I.T.T., laid off more than 600 workers at Temiskaming (Levitt, 1972:8).

The company was given timber rights to 26,000 square miles of Quebec and a \$57.3 million government subsidy for the 350 miles of road to be constructed to their Port Cartier mill.

This 'hard-nosed' deal was negotiated on behalf of the Quebec government of Premier Bourassa by his predecessor, Jean Lesage, a man who has spent most of his retirement years collecting a score of company directorships.

The terms ITT ran away with call for royalty payments of 50 cents a cord, compared to the \$2.50 to \$3.00 a cord plus \$20 per square mile concession rights other companies pay. To gild the golden lily Quebec has even agreed to assume all responsibility for reforestation and silvi-culture, and for fire protection....

Just in case all this does not prove satisfactory to the company, it can cancel the contract without any conditions. As it is, the contract runs for 40 years, with option to renew.

To add insult to injury, ITT plans to finance its part of the bargain by an initial bond issue of \$25 million on the Canadian market. Thus, while the federal and provincial governments can trumpet this as another much-needed "foreign investment" of \$165 million (\$57.3 million of which is subsidized), ITT will actually put in only a minute fraction of the amount it will take out of the country. (der Maur, 1973: 25).

This is quite an expensive way to lose 100 jobs in the forest industry in Quebec. Working within the framework of the assumptions of corporate capitalism and in an economic environment dominated by multinational corporations, the government is not in a position to dictate national goals and insure that they will be followed.

At times it appears that the alliance between government and business is not an alliance of equals but one dominated by the interests of corporate capitalism. Using corporations as the main means of conducting programs like DREE necessitates an alliance and use of business representatives on boards which decide these grants. This leads to a situation where business is deciding where it will spend government money, and often results in cases of 'conflict of interest' with board members giving grants to their own or associated companies (Chodos, 1972:146-49). In other areas government establishes agencies which provide support to corporations in dealing with international trade; for example, the Canadian Commercial Corporation and International Programs Branch. The state is in the position of providing and supporting the agencies, services and incentives which are designed to strengthen corporate structures while profits from these services goes into private hands.

It is frequently argued that government also serves the function

of regulating business in the public interest but the government's ability and even motivation, to regulate is questionable. Some examples of 'government regulation' will illustrate. The Bank of Canada was established by the federal government to regulate the Canadian economy through various financial manipulations by means of controlling currency, issuing bonds and holding bonds, but the most effective mechanism of control, as used by the U.K. and U.S. central banks, is the primary reserve ratio. Although the Bank of Canada between 1951 and 1967 had these powers it never once used them preferring instead to use "moral suasion" as regulating devices (Drummond, 1972:73). The efficacy of "moral suasion" is questionable, especially within the framework of banking concentration as it is evident in Canada. In fact what this means is that chartered banks are left to regulate the economy as they see fit and when it is to their advantage to do so. The Bank of Canada is dependent on the "good will" of the chartered banks to respond to their requests and lacks the teeth to demand conformity. Anti-combines laws, first introduced in 1889, have,

always kept two principles in mind. First, the law should not be a law against combines and mergers in general. Hence it is totally different in intent for U.S. anti-trust law. Second, the law should emphasize publicity as a regulatory device. Canadian scholars have suggested a third principle, implicit in the law and government behavior. Rosenbluth and Thornburn believe that the law has always meant to inflict the minimum inconvenience on business consistent with government need to convince ordinary citizens that it is against monopoly (Drummond, 1972:101).

Inactivity and failure to enforce existing legislation in anti-combines matters reflects the alliance of business and government and lack of control Canadian political men have chosen to exert over business. Again, perhaps "moral suasion" is considered a more effective policy. Crown corporations, it is sometimes suggested, signify

the government's willingness to enter the economy and business but, the history of crown corporations would indicate otherwise. They have traditionally been established in areas of the economy where private business has failed or does not find it profitable to engage in business activity. The crown corporations in Canada reflect the government's willingness to provide essential support services to business when businessmen themselves feel it unprofitable to do so (Mathias, 1971:12).

One area in which the government has shown a willingness to intervene, particularly foreign take-overs, is in finance. Government has tried, sometimes unsuccessfully, to keep banking and insurance in Canadian enterprises (Rae & McLeod, 1969:194-95). This reflects the close alliance which has traditionally existed between politics and finance in Canada since its origins. Focusing on financial control of mercantile activities, the Canadian economic elite had established a close hold on these areas of the economy and has called on the political leaders to help them maintain this position. Finance, as earlier statistics indicate, provides a striking difference from manufacturing and resource industries; foreign ownership of government legislation, or lack of it, in this area reflects the relative power differential between financial and industrial capitalists historically in Canada.

Changing Corporate Elite in the 1960's

Each of these developments in capital investment, organizational structures, degrees of concentration and relationships between the state and business give an indication of the type of social structure which has developed in Canada since 1950 and particularly in the 1960's. One of the points of analysis insisted on by elite

theory is that it is not enough to examine the underlying economic processes and institutional structures but that analysis must be taken to the level of relationships between people, particularly those people who hold the command posts of the dominant institutions and have under their control the means of exercising power. Essential to elite analysis is the structure of decision-making and study of the people who hold the positions of the decision-making in a society. It is only by taking the analysis to this point that the structure of inequality can be analysed in terms of social stratification. For example, to argue that multinational corporations dominate the Canadian economy would be incorrect. Elite theory would insist it is the men who head these corporations that command the resources of these organizations and therefore, control the economy. It is this essential de-reification of corporate structures which is essential to an analysis of stratification.

Based on calculations from a 1962 CALURA study of the 217 largest mining and manufacturing corporations, the following table gives some indication about residence and nationality of directors from leading non-financial corporations in Canada. It shows that 62.2% of the directors in firms with assets over \$25 million in 1962 were Canadian citizens while 66.7% of the directors were residents of Canada. It is obvious from the table that higher percentages of directors were non-residents in corporations with higher degrees of non-resident ownership.

Performing additional calculations on this data the following can be determined: the corporations which are foreign controlled (over 50% non-resident ownership) account for 62% of the directors of corporations with assets over \$25 million while only 33% of the

directors are with corporations controlled in Canada. This 38% would decline slightly if non-resident directors were excluded.

TABLE VIII

DIRECTORSHIPS OF CORPORATIONS WITH OVER \$25 MILLION ASSETS

IN 1962

<u>Non-resident Ownership</u>	<u>No. of Corp.</u>	<u>Total Direc- tors</u>	<u>Directors Resident in Canada</u>	<u>%</u>	<u>Directors Can. Citi- zens</u>	<u>%</u>
95% or over	94	841	391	46.5	317	37.7
75-94.9%	21	232	145	62.5	123	53.1
50-74.9%	23	259	165	63.4	152	58.7
25-49.9%	22	236	192	81.4	186	78.8
5-24.9%	39	439	399	90.0	392	89.3
under 5%	18	155	150	96.8	148	95.3
Totals	217	2,162	1,442	66.7	1,304	60.5

(Based on CALURA Report for 1962:35-36).

These figures indicate that by far the largest proportions of directors in the largest mining and manufacturing corporations of Canada are controlled from outside Canada as of 1962. This would suggest that the proportion of directors controlled from outside Canada had increased substantially since 1948-1950 when John Porter found that a total of 27% from all sectors were foreign controlled (23% U.S. and 4% U.K.). Although the corresponding proportion for 1962 appears from the above calculations to be 62% this over-states the actual control because finance and utilities, two key Canadian controlled sectors were not included in the CALURA study while they were in Porter's.

Because of the way the CALURA data is reported the breakdown between U.S. and U.K. cannot be determined. On the basis of investment patterns, however, the suggestion is that the distribution would be even greater in terms of U.S. dominance than in 1948-50. The fol-

following represents these calculations in table form:

TABLE IX

RESIDENT/NON-RESIDENT DISTRIBUTION OF DIRECTORS OF CORPORATIONS WITH
ASSETS OVER \$25 MILLION

	<u>No. of Corp.</u>	<u>No. of Directors</u>	<u>% of Directors</u>	<u>% of Directors with Canadian Citizenship</u>
Non-resident controlled corporations (50%)	138	1,332	62%	44%
Canadian controlled corporations (50%)	79	830	38%	88%
Totals	217	2,162	100%	61% average

The above data indicates that the degree of truncation which has occurred in the Canadian economy as a result of the introduction of the multinational corporation has had a significant effect on the structure and distribution of members of the economic elite. By far the majority of top decision-making positions in the largest mining and manufacturing corporations in 1962 were held by people who were either in non-Canadian controlled corporations or were not Canadian citizens or residents. In terms of the structure of economic elites in these sectors during 1962 in Canada the majority were representative of a 'satellite' elite and a minority were 'indigenous' elites. Limitations of this kind of study should be noted. Since it is a study of corporations with assets of \$25 million the study does not indicate the different degrees of ownership by assets. There would be a substantial difference between corporations which have assets only \$25 million and the group with assets over \$250 million, of which the dominant corporations are a part. Since data was collected on a corporation by corporation basis, no interlocking directorships were taken into account so that the number of directorships is not

the same as the number of directors. There is no differentiation between different spheres of the economy; nor is there representation from the finances, utilities and trade sectors. In spite of its limitations the study does give an indication in the changing trend toward increased foreign domination in the major decision-making posts of the Canadian economy.

It is appropriate to group members of the economic elite who sit on boards of foreign controlled firms as satellite elites because their appointments are determined by the foreign parent and, with the centralization of decision-making in multinational corporations, key decisions of consequence are made by board members of branch plants. This view is supported by the government study of Foreign Direct Investment in Canada (1972:140). This study also notes a number of other situations which follow from Canada's particular position in the continental economic system. For example, it notes the "under-development of the Canadian techno-structure" because much of the research and development activity is carried on in the U.S. (207); it notes the large payments made to non-residents for management fees (\$72 million in 1964), royalties (\$69 million), patent fees (\$19 million) and research and development (\$34 million) (203); it notes that U.S. manufacturing establishments tend to be more capital intensive and create less jobs; for example, U.S. manufacturers employed 30% of the workers but held 60% of the assets (214).

One of the most interesting sociological reasons the government gives for the high degree of foreign investment is the "social mobility" of the Canadian social structure. It notes that "Canadian society has tended, particularly in the past, to be dominated by an establishment based more on social connections than ability and pro-

viding only limited scope for social mobility" (296-97). At another point it explicitly mentions financial institutions as being particularly closed, even to other businessmen and "restricted to individuals having the right social connections" (40). Finally, the authors of the study argue, implicitly using an elite model of mercantile society, that:

It was not very long ago that large portions of Canada's population were effectively frozen out of top jobs in Canadian business. Persons who were not of Anglo-Saxon extraction appear to have had more difficulty in penetrating the senior levels of many corporations. They often found it difficult also to obtain the support and assistance for their own smaller businesses from the large corporations, further stultifying their growth capabilities (139-40).

Understandably, the government attempted to suppress the document before it was exposed through a leak to the Canadian Forum. From a sociological perspective no more damning document of the Canadian social structure exists than the information contained in this report.

In a rather strange way Neil McKinnon, chairman of the Canadian Imperial Bank of Commerce supports the view that the tightly controlled financial structure in Canada has been the main source of capital.

Canada has always been under-capitalized because most of the industrial development here took place during and after World War II, when the welfare state had started. In the U.S., on the other hand, most of the growth took place during the 19th century when large pools of private capital could still be collected. Here, the large pools of capital have had to be provided by financial institutions, particularly the banks, rather than individuals (quoted by Newman, 1972a:23).

McKinnon's analysis that "the welfare state" somehow has confiscated the pools of capital held by Canadian capitalists is subject to question but his general point that the banks have been key institutions in capital sources is well taken.

Canada in the 1960's witnessed a great transformation in the

economic power structure. Primarily using the multinational corporation, U.S. economic elites have penetrated the Canadian power structure and created a distorted elite formation at the top of the economic hierarchy. Three major elites can be identified for analytical purposes, although it remains to be demonstrated that they exist as separate social groups. First is the indigenous elite closely associated with financial institutions, utilities and transportation, with greater representation in the areas of manufacturing and resource extraction. Second, a comprador elite sitting on the boards of U.S. and sometimes other foreign branch plants, mainly in manufacturing and resource industries. This group is subservient to the third group who are parasite elites, mainly from the U.S., who control the major multinational corporations which dominate Canada, and presumably other parts of the world, in resource and manufacturing sectors and operate their enterprises as part of an integrated organization. The relative power of each group in this particular historical phase of Canadian development is yet to be determined, as is the social background characteristic of the members of these sets of elites.

(iii) Overview and Implications for Analysis

As argued throughout this and the previous chapter, there has been a qualitatively different type of economic relationship for Canada between the U.S. and U.K. imperial systems. The different nature of these two imperial 'policies', one primarily commercial and the other industrial, is attributable to the nature of capitalist development in each country at the time they penetrated the Canadian economy. This evolution of the internal organization of the two imperial powers and a comparative analysis of each is detailed

by Block in "Expanding Capitalism: The British and American Cases" (1970:165) where he presents a strong case for analysing imperialism in terms of stages of development within the home and host nations. In this and the previous chapter, the difference between the two systems has been illustrated with particular reference to the type of investment used by each and the economic spheres within which investment took place. For example, U.K. investment has been located in the tertiary sector of the economy, mainly transportation, finance and other 'support' services, while U.S. investment was initially in natural resources, as early as the 1800's in timber. This was expanded to the industrial sphere particularly after 1950. Appendix II (a & b) illustrates clearly the changing volume of capital from the U.S. and U.K. and it also provides the essential distinction between portfolio and direct investment. It provides evidence for the high correlation between portfolio U.K. investment and direct U.S. investment. From 1867 to about 1962, portfolio investment has always been greater from the U.K. than has direct investment and in the post 1962 period very little total investment has been of U.K. origin. U.S. portfolio investment, compared to direct, was greater from the period of the early 1920's to about 1950 at which time a great boom in U.S. direct investment took place pushing the U.S. investment as a percentage of total investment from 33.5% in 1939 to 72% in 1946 and 77% in 1952. With the rapid introduction of U.S. capital the percentage of direct relative to all foreign investment increased for the same years from 33.5% to 39.0% and 50%, respectively, apparently stabilizing at 58% by 1960. The production of \$6,107 million in U.S. direct investment alone between 1952 and 1960, is almost twice the total of all U.K. investment

present in Canada at any point in history.

It is within the North Atlantic triangle that Canada as a national entity must be analysed and it is first to the U.K. and later to the U.S. that Canada has had the role of an economic 'satellite' to these more developed nations in terms of trading natural resources and importing manufactured goods. In terms of investment it may be accurate to describe Canada's relationship with the U.K. as 'satellitic' since it was U.K. portfolio investment which was used to develop an indigenous economic elite, however, the notion of satellite does not seem to accurately capture the nature of Canada's relationship with the U.S. since 1950. The U.S. case involves direct control and development of a 'satellite' elite within Canada but this elite is without power. The powerful elite associated with U.S. direct investment is actually a foreign elite more appropriately described as a parasite*. The appropriation of capital and stultification of indigenous elites in the industrial and resource spheres has left Canada in a situation of dependence on the U.S. in these sectors and has not produced adequate returns to Canada from this asymmetrical relationship. Although a satellite elite has developed with U.S. direct investment, the absence of power within this group creates a situation wherein major decisions in the areas of resources and manufacturing accrue to the heads of multinational corporations

Parasitism, according to the dictionary, is "a parasitic mode of life or existence" with a parasite something which receives advantage from its "host" "without giving any useful or proper return" thus reducing the host's potential for development. Typically, a parasite does not eliminate its host; if it did it would destroy its own source of nourishment. In a curious way a parasite is dependent on the survival of the very thing from which it takes for its own well being. What is important for present purposes is that this concept describes a particular relationship, a relationship in which the actions of one party serve its own self-interest to the detriment of other parties. It will be argued that this relationship accurately describes how multinational corporations relate to structures of decision-making and potential for development within many nations.

based mainly in the U.S. The removal of power from Canada, contrary to the U.K. era, follows from the type of capital investment and organization associated with multinational corporations. With direct investment, dependence and control increase over time, as in a parasitic relationship, and does not generate a situation where debts are paid off and control increases over time, as in portfolio investment. The parasitic elite gathers in capital and resources in Canada and in turn is able to reallocate the surplus into further control. Parasitism is the modus operandi of multinational corporations. They receive support from comprador elites from the nation within which they operate while at the same time preserving and increasing their advantage through maintenance of control and expropriation of capital to their elite in the center nation. This creates a situation where capital, entrepreneurial talent and investment potentials are eliminated from the 'host' country with the effect of decreasing, rather than increasing autonomy with development. British investment, since it was portfolio, increased autonomy over time and permitted the emergence of an indigenous Canadian elite. U.S. investment, primarily centered in multinational corporations and direct, has reversed the development toward autonomy and instead has brought Canada into a greater situation of dependency than during any previous period. This confirms Innis' perceptive statement that "Canada went from colony to nation to colony" (1956:405). In terms of the power to decide about the allocation of resources in Canada, there has been a regression to the under-development of decision-making (though not under-development of 'material' well-being), with loss of control over the future of development, over stability built on an indigenous base and over the retention and allocation of surplus.

It should be emphasized that these remarks refer exclusively to those sectors of the Canadian economy dominated by the U.S.-based multinational corporations, particularly natural resources and manufacturing, and not to the other sectors, such as finance, transportation and utilities which were once associated with U.K. portfolio investment but now are controlled by indigenous elites. This reflects the changing nature of mercantilism with the rise of industrialization and the introduction of branch plants into the manufacturing sector. Early mercantilism worked mainly through financial institutions and the state whereas neo-mercantilism operates directly.

Early mercantilism was also associated with parallel economic and political penetration thus being of a more 'formal' nature but, as Watkins argues, neo-mercantilism has a different character suggesting "a new colonialism that replaces formal empire with informal empire and tolerates political independence but not economic independence... Informal empire turns formal, however, when the chips are down. That's what the U.S. marines are all about in this hemisphere" (1970:131). One of the greatest advantages to multinational corporations is Canada's receptiveness to their presence and the lack of hostility they encounter in terms of expropriating natural resources.

Naylor emphasizes the cumulative effect of direct investment, opposed to the disintegrating effect of loans when he refers to the distinctive effects of economic systems based on these types of capital.

Empires built on direct investment are the highest stage of imperialism. Mercantile empires are premised on exclusivist sources of primary staples with markets regulated by the imperial government; laissez-faire empires are predicated on the free exchange of staples and finished products. In both cases, the colonial surplus is appropriated through the act of exchange itself by the imposition of adverse terms of trade. Portfolio investment empires are based on self-liqui-

tying loans, and the surplus is extracted through a return flow of interest payments. But direct investment empires are founded on the takeover of the actual production process, and they grow on their own volition by reinvestment of alienated hinterland surplus (1972:31).

As argued in Chapter 3, the nature of capital, the form of organization used to organize production and the social structure are each related to one another. To examine the patterns of stratification, particularly at the elite level, requires an analysis of the capital formations, organizational forms and social structure in an historical perspective. The following will summarize the implications of the analysis in terms of the elite formations which have emerged from this and the previous chapter.

Canadian entrepreneurs evolved from the British mercantile empire with relative autonomy, although there has been heavy reliance on staples designed for the industrial centers of the U.K. and U.S. Interlock within the North Atlantic triangle in the interim between the old mercantilism and the emergence of neo-mercantilism was based on trade with mostly portfolio investment providing capital requirements and relatively low levels of direct control of economic organizations from outside Canada. This permitted and encouraged the development of an indigenous economic elite, an elite which traditionally centered its resources in mercantile activities such as transportation, finance and trade, while virtually ignoring the industrial development of the country. The indigenous industrial elite which emerged since Confederation did not enjoy the position of power as the mercantile elite, nor did it enjoy the benefits of government support to the extent of mercantile interests. Indigenous industrial entrepreneurs enjoyed periods of boom during the first and second wars but it was not sufficiently developed to withstand the brunt

of neo-mercantilism. Emerging as the most powerful capitalist nation after the Second World War, U.S.-based industrial interests were able to follow the path of earlier penetration and establish branch plants within Canada to ⁶ capture large parts of the Canadian market and buy out many already existing firms. The fate of industrial sectors followed the prior course of resource industries which were integrated with U.S. industries in their home country. This had the effect of weakening the industrial elite in Canada, never a very powerful group but representing the potential for an independently controlled industrial system.

The long established mercantile elite was never threatened by the burst of U.S. direct investment and in fact enjoyed a favourable position of servicing the industrial boom stimulated by U.S. controlled industrialization. Even in the few instances where their autonomy was threatened, as in the Mercantile Bank affair and insurance company take-overs in the early 1960's, the close alliance with political interests allowed them to capitalize on this position and brought pressure to bear for legislation insuring their protection. With U.S. dominance in resource and industrial spheres emerged an elite centered in these areas which was subservient to the needs and demands of a foreign elite. Using natural resources and capital withdrawn from Canada, this parasitic elite reinforced its position of dominance in the capitalist world and particularly in Canada. The satellite elite is composed of both foreign nationals and men drawn from the privileged strata of Canadian society. This elite is mostly described as management in terms of its function and is not the decision-making and policy-setting sector of the elite, a function reserved for the foreign elite. The satellite elite is contin-

entalist in its orientation, occasionally having career patterns which take them into dominant positions within the foreign elite.

The separation of elites which has occurred does not necessarily or even often, breed conflict. On the contrary, the position of the indigenous elite, particularly the major section based in finance, transportation and utilities, is reinforced by the industrial development occurring with U.S. direct investment. It is only the small proportion of Canadian elites based in industry which feels the squeeze of U.S. dominance with their weaker capital and market position and is in a position of conflict. Unable to maintain their autonomy, this group is frequently forced to sell out their interests and join the ranks of the satellite elite, witness the large numbers of take-overs of existing operations during the last 20 years.

In the meantime, other interests, not as well developed as the predominantly Anglo-Saxon elites, are struggling to become part of the upper economic levels. These include, for example, French Canadians, members of 'third' ethnic groups, people from the under-developed regions of Canada such as the Maritimes and the West, and other members of regional and social hinterlands.

The current relationship between the three economic elites (indigenous, satellite and foreign) and the political elites is yet to be determined by comprehensive study. It is suggested that given the close alliance between the indigenous economic elite and the political elite that this relationship still exists but the newly created satellite elite and foreign elite remain a matter of speculation. Legislation does not indicate that there is any conflict between the two later groups and the state, but the degree of similarity of background and amount of social intercourse between them

plans to be established.

To conclude on a somewhat more general level, important sections of the current Canadian economy, and the elites which control it, are marginal to the U.S., with Canada dependent not only on the monetary and tariff policies of the U.S. but subservient in many respects to the decision-making processes of the multinational corporations. This leaves Canada, as Kari Levitt suggests, "the world's richest under-developed country" (1970:25). Under-developed in the sense that important sections of the indigenous economic life have been stifled and the amount of autonomy which now exists in the direction of the future of Canadian development is lower than it has ever been. In spite of these developments there remains an important core of indigenous elites based in finance and utilities which still remain responsible for the major thrust of Canada's

city.

STRUCTURED INEQUALITY: DOMINANT CORPORATIONS AND THEIR INTERLOCKS

Identification of the corporate elite, and indeed its existence, depends on analysing the structure of economic power as represented by the extent of concentration within a few dominant corporations. It is by identifying the elite through a set of positions that position can be related to biography and biography to class origins. Contemporary structures of economic power, it has been illustrated, have developed within Canada over a long historical period culminating in the present configuration of inequality. This inequality is the present class system in Canada which is commanded, in its economic aspects at least, by the corporate elite.

Control over the major sources of capital, especially the key banks and insurance companies, as well as paramount positions within most of the key sectors of Canada's economy, serves to reinforce the power of the corporate elite. It becomes increasingly difficult, almost impossible, for those outside the inner circles of power to break through. Tight control prohibits other members of society from influencing or participating in the economic decisions which count, decisions about the future and direction of the Canadian nation state.

Presiding over the corporate world, members of the economic elite use as their means of power the central institutions of the Canadian economy--113 dominant corporations, their subsidiaries, affiliates, investments, interlocking directorships with smaller corporations, family ties and common class origins. Each of these separate organizations and relationships cross-cut the corporate world obscuring the fact that at the top a small number of people with common interests oversee the direction of economic life. The

'corporate mirage' of competing, struggling economic entities operating in a pluralistic environment obscures the reality of elite power and masks the over-riding factors which bring those at the top together to govern the legal fictions known as corporations. Canada has been and remains an elitist society, despite the prevailing ideology disseminated by the corporate elite. Failure to understand this point is a failure to appreciate the reality of power in Canada today. This chapter will untangle part of this corporate mirage in order to identify the current corporate elite which sits atop the Canadian economy.

A) IDENTIFYING DOMINANT CORPORATIONS

In the 20 or so year period which has lapsed since John Porter identified the central corporations in Canada, mergers and acquisitions have been prevalent among dominant corporations. For example, Domtar, an affiliate of Argus Corporation, has acquired three other dominant corporations as they were defined in 1948-50. Although other corporations such as John Labatts and Canadian Breweries have also been prominent in the merger movement, it is George Weston Ltd. which has been most active with the present company representing the product of no less than six earlier dominant corporations. Since mergers typically occur within sectors of related economic function, they are an important source of concentration and the most effective means of eliminating 'competition'. All forms of increased concentration need not involve destruction of old organizations, as Neufeld illustrates with the case of Massey-Ferguson, "Legally a new organization was not formed. Rather Massey-Harris Company Limited issued shares to Harry Ferguson and merely changed its corporate name to Massey-Harris-Ferguson Limited" but "Within a year even Harry Ferguson left the company, and had sold his stock to the Argus

group, the shareholders who had been close to Massey-Harris for many years" (1969:147). Although technically a merger, in fact those in control of Massey-Harris were able, through this transaction, to take over the Ferguson organization. Thus the Massey-Ferguson organization expanded by absorbing one of the few other organizations in the farm implement business under the pretext of a merger which in fact turned out to be a takeover with those in command of Massey-Harris still with the upper hand in the 'new' company.

The centripetal movement represented by merger and acquisition, concentrates the means of exercising economic power and further aggregates the scope of power exercised by the corporate elite. The result of this movement has been to create a situation wherein a few large corporate complexes dominate each key sector of the economy with some participating in more than one sector, as in the case of conglomerates which dominate several sectors simultaneously. While horizontal mergers absorb similar organizations and vertical mergers integrate over several aspects of production (e.g., raw materials or transportation or refining or production or distribution), conglomerates are purely capital oriented in the sense that no relationship exists at the level of production between subsidiaries, only at the level of control.

Other evidence exists which illustrates that there has been an increasing rate of concentration within the manufacturing sector (Concentration in Manufacturing, 1971:5ff.).

Concern about monopoly differs for the sociologist from that of, for example, the economist whose concern is framed in terms of competing economic units, rather than in a social sense focusing on similar social types (the limiting case being common kin-

ship) controlling 'competing' economic units. This position suggests that the traditional economist's focus on monopoly is too sector-specific and what should be focused on is the overall structure of power since capital (e.g., assets and profit) cuts across sectors. This assumes that the major way capitalists relate is through capital and not necessarily, as the conglomerate illustrates, through similar production activities. Capital as an indicator of economic power has implications for what corporations become defined as dominant.

When, for example, value-added or number of hands employed is used to indicate relative concentration they necessarily are biased towards production-based companies and even within these companies, towards particular ways of producing profits. For example, number of hands employed is biased towards labour intensive industries and understates the power of capital intensive operations. If it can be agreed that increased profit, and with that, control over sources of capital, is the goal of capitalism, then it is more appropriate to focus on the goal rather than the means. More general statistics such as assets, revenue and net income cut across all sectors and are more oriented toward the actual goals of capitalism thus appropriate to a focus on general economic power.

The appendix entitled "Relative Position of Canadian Corporations as Identified by Porter E. 1950 and Position in 1971" illustrates both the mergers which have occurred during recent times and to some extent the implications of defining dominant differently as did Porter. Generally, the finance corporations have remained stable with two amalgamations involving four banks increasing concentration within the already highly centralized banking community and two dominant insurance companies becoming subsidiaries of a

holding company. Industrial corporations have also become more concentrated with most of those corporations identified by Porter as dominant either directly represented in the current set of dominant corporations or represented through being merged with current dominant corporations. Those corporations which were identified by Porter as dominant but are not now within this group are typically the smaller ones within his original categories. They have either failed to grow at the same rate as other corporations or have been eliminated in the change of criteria from number of hands employed, as used by Porter, to amount of assets and sales, as used in this study.* The decision to change the criteria from number of hands employed** to one which combines sales and assets was based in large part on the increasing availability of data since Porter completed his study. More corporations now publish financial statements and for many of those which do not, financial statements can be purchased from Consumer and Corporate Affairs. Exceptions will exist for corporations, such as Canadian International Paper, which have provincial charters and do not file with Consumer and Corporate Affairs. These exceptions have only a minimal effect on the overall availability and are not sufficient to warrant using alternative criteria.

By arguing that power stems from command over resources, there still several types of resources which can be selected as criteria. Number of hands employed is biased towards production, labour intensive corporations and understates the power of finance based capital intensive corporations. Assets have as their base

~~Another~~ Further reference to the corporations identified by Porter and still operating but not included as dominant in 1972, appears near the end of this chapter. For a detailed description of the criteria and sources used by Porter to identify dominant corporations in 1948-50, see 'The Concentration of Economic Power', Appendix II of the Vertical Monopoly (1965:570-580).

of power, control over property commanded (in the sense of capital) and reflect most closely the marxist contention that power derives from control over the means of production. Assets, however, tend to be biased toward finance corporations because of the extensive capital they command. Operating revenue or income (under certain circumstances defined simply as sales) represents power in terms of a type of 'market' situation. Revenue measures not only direct sales but also incorporates income from investments and subsidiaries which for some corporations represent substantial portions of their returns. Revenue tends to be biased towards production types of operations which have both high income and high overhead. Net income is another criteria which could be used to represent power in terms of flexibility and growth but it is so subject to bookkeeping techniques and investment patterns that it is overly volatile to use as an indicator of corporate power except over an extended period of time. From some of these possibilities mentioned, sales or revenue and assets together best approximate an operationalization of the concept of power which is defined as command over resources. For this reason a combination of revenue and assets was selected to minimize the biases of each toward either production or finance types of operations, forming what is called a composite index.

Using revenue and assets, dominant corporations were defined with two points of reference. First, within particular functionally defined sectors by the amount of revenue or assets accounted for, and secondly, in the context of all other corporations outside that functionally defined sector in order to balance the importance of each sector against all others. It was decided to report net income

For a detailed explanation see the statement attached to the "Corporation Financial Tables" appendix.

rather than incorporate it as part of the criteria for selection. Based on a study of all corporations for which data was available, the following guidelines were established: a corporation was defined as dominant if it had assets of greater than \$250 million and income of over \$50 million and as middle range if over \$50 million assets and \$10 million sales but not meeting the criteria for dominance. These guidelines remained flexible so that within particular functionally defined sectors, such as banking and insurance, when the largest corporations accounted for 80% or more of all sales and assets within that sector, only the largest were selected.

The uses of assets and income introduces a slight bias by over-representing, slightly, Canadian as apposed to foreign control. Using data provided by Foreign Direct Investment in Canada for overall levels of non-resident ownership (defined as over 50% voting stock held outside Canada) indicates that foreign ownership accounted for 39.6% of all assets, 43.2% of equity, 35.1% of sales, 13.8% of profits and 47.7% of taxable income. Therefore, use of assets and sales, the two lowest indicators of foreign control, tends to understate the impact of foreign control as compared to equity or profits and taxable income (1972:17). Additional factors related to foreign investment will be discussed elsewhere in this chapter.

One additional decision related to subsidiaries should be explained. As was argued in earlier chapters, boards of subsidiaries are appointed by and subject to the whim and will of the parent corporate board. As such their power is delegated and according to the rules of power, less powerful than those who do the appointing. Consequently, subsidiaries are reported within particular sectors when their parents do not consolidate their assets and revenues in their own statements; however, only the boards of parent

corporations are selected as dominant. Notable exceptions are the boards of foreign controlled subsidiaries. Since the parameters of power are defined within the Canadian nation state, only the boards of foreign subsidiaries operating in Canada, and not the foreign-based parent boards, are included in the present study, except to the extent that Canadian boards and foreign boards overlap. This necessary exception itself indicates the inadequacy of abstracting Canada as a nation state from Canada as part of a larger economic system, a problem discussed extensively earlier.

The result of these criteria when applied to corporations operating in Canada are summarized in the appendix as 'Corporation Tables and Notes'. The 113 corporations identified as dominant account for 90% of assets and 91% of income of banks, 86% of assets and 81% of income of life insurance companies, approximately 90% of the assets of sales finance companies and 80% of the assets of trust companies. For trade they account for 39% of assets and 45% of sales in retail and 15% of assets and 11% of sales in wholesale. For utilities, dominant electrical power, gas and water corporations account for 66% and 81% of assets and income respectively, 89% of assets and 87% of income for railways and 90% of assets and 31% of income for transportation companies when pipelines are included. Dominant communications corporations include 97% of assets and 93% of income in their sector. In mining, 56% of assets and 64% of income for the metal mining sector and 48% of assets and 40% of income in mineral fuels while 20% and 23% respectively in other mining. In manufacturing 52% of assets and 57% of income for paper products, 19% and 11% respectively for wood industries, 90% and 94% for petroleum, 44% and 30% of non-metallic minerals, 66% and 58% for machinery, 35% and 31% of electrical products and 29% and 43%

of other manufacturing. The very high percentages in these sectors, as defined by Standard Industrial Classification, illustrates the enormous amount of power concentrated in only 113 dominant corporations.

A breakdown of assets and sales by each sector is provided in the appendix "Distribution of Sales and Assets for Industrial Corporations by Sector expressed in Dollars and Percentages, 1971 year end". An examination of this appendix indicates that the sectors which contribute the greatest proportion of assets and sales for industrial corporations are included as dominant, thus meeting the criteria mentioned earlier of comparability between sectors. The table also illustrates differences between sectors in terms of all industrial corporations on the two criteria. For example, retail trade accounts for only 8.4% of the assets but 16.2% of the sales for industrial corporations while communications industries account for 5.3% of assets and only 1.3% of sales. The amalgamation of these two criteria provide a better index than do each of them separately from the perspective of measuring control over resources. If assets were used alone then retail trade would be under-represented or if sales alone, then the communications industry would be understated.

The percentage control reported above for the 113 dominant corporations understates the actual control they exercise. It does not include hundreds of smaller businesses which are only nominally independent of these central corporations either as suppliers or retailers, one example being franchise relationships such as the ones many retail automobile dealers have with automobile manufacturers. It does not include the control of subsidiaries which are smaller than 'middle range', and since they are excluded, from the present

analysis. It does not measure the power exercised by directors of dominant corporations in other middle range and smaller corporations by their presence on the boards of directors, nor does it give an indication of the amount of power exercised beyond their immediate corporations by 'setting the pace' for various industries because they are the largest and most important corporations within these sectors. Each of these factors would increase the amount of control exercised by the 113 dominant corporations. A further way in which these corporations compound their control beyond their immediate assets and income is the method known as pyramiding whereby control is compounded through less than 100% ownership yet control of enough ownership to maintain effective control. For example, Canadian Pacific Ltd. holds 90.11% of Canadian Investments Ltd. which in turn controls Cominco Ltd. through 53% holding which in turn controls Pacific Coast Terminals Co. Ltd. through a 78.21 holding. Each step away from the original investment expands the amount of control exercised by that investment thus 'pyramiding' the actual amount of control the investment gives. The Argus example of control with less than 50% ownership presented in an earlier chapter illustrates another form of pyramiding control.

It was stated at the beginning of this chapter that the corporate elite exercise power through a 'corporate mirage', a web of interlocked networks which weave throughout corporations operating in Canada. In addition to interlocking directorships and common legal origins, which will be examined later, a series of other relationships can be described which serve to unify the top of the corporate world beyond the 113 dominant corporations. Some subsidiaries, particularly from the United States, have more than this will be further examined later in this chapter.

one subsidiary operating in Canada but have no legal connection in Canada, sharing only the foreign parent in common. For example, Ford of Canada and Ensite are both subsidiaries of Ford Motor Co., the United States parent; General Motors (U.S.) operates both General Motors of Canada and GM Acceptance Co.; Celanese Corp. of America operates two major Canadian subsidiaries, Celanese Canada and Columbia Cellulose; IT&T operates several independent subsidiaries in Canada including Rayonier, Sheraton Hotels and Avis Rent-A-Car. Each of these corporate mirages creates problems of classification since Canada is viewed here apart from its North American context. In terms of decision making it would be correct to take only the boards of parent companies, such as General Motors (U.S.), and not the boards of both General Motors of Canada and GM Acceptance but since each operates in separate sectors and each subsidiary is comparable with other dominants in its sector, the boards of each was selected.

An example of vertically integrated operations across several sectors is the oil industry where exploration, drilling, refining, transportation through pipelines or ships, wholesale and retail trades are all related operations. Within the Canadian Gas Association, for example, several industrial sectors are integrated. The current president is A.R. McMurrich, vice-president of the Inland Steel Co. of Canada which is represented because it is a major pipeline producer. It is reported that the presidency "rotates among the component groups that make up the \$6-billion natural gas industry in Canada--the producers, the pipeliners, the utilities and the makers of gas appliances" (Globe and Mail, May 31, 1972).

Other legal fictions include joint ventures such as the Gas Pipeline Group which is composed of Texas Eastern Transmission Corp.,

Canadian National Railways, Columbia Gas System of Delaware, Northern Natural Gas of Omaha and Pacific Lighting Corp. of Los Angeles or the Northwest Group composed of Humber Oil and Refining Co., Trans-Canada Pipelines Ltd. of Toronto, Atlantic Richfield Co. of New York, Standard Oil (Ohio) and others (Globe and Mail, June 9, 1972). Joint ventures appear to be on the increase with even such long established firms as Eatons joining with the Steel Co. of Canada and TRW Inc. to form the Canada Systems Group (CSI) Ltd., a computer services company (Financial Post, April 1, 1972). Other companies with wide participation are Brinco, made up of 2 companies, RoyNat Ltd., a term financing company for land and buildings involving 4 companies, Syncrude Canada is the product of 4 partners, all large in the oil sector which joined to develop the Alberta Tar Sands in a \$800 million project and other joint ventures such as the Orion Banking Group, a London-based multinational banking company of which Royal Bank was a founding member. This represents only a few ways major corporations work together, not compete with one another. Other relations involve those of buyer-seller, producer-distributor, financier-producer and a host of other types of relations including even joint media campaigns such as the extensive advertisements carried out in major Canadian papers sponsored jointly by the Aluminum Co. of Canada, American Can of Canada Ltd., Dominion Foundries and Steel and the Steel Company of Canada, telling the reader of the merits of disposable cans (Globe and Mail, May 2, 1972:33). Each of these relations suggest that the separate corporate structures are in fact legal screen and are best understood as interwoven extensions of the corporate elite into the economy of Canada. The myth that each corporation is an independent empire unto itself, fiercely struggling

with all other corporations, obscures the fact that atop this collage is a set of inter-related people directing the Canadian economy.

B) CORPORATE SECTORS

Corporate sectors are divisions constructed by the use of Standard Industrial Classifications based on an analysis of the major activity of the corporation in terms of some production or financial function. Although difficulties with this type of classification are discussed in the appendix, there appears to be no more satisfactory method available if aggregate financial statistics are desired. That is, since government publications of financial statistics for corporations use SIC, it is necessary to replicate their classifications*. The following sections will discuss in a more detailed manner, the various sectors and the percentage of assets and sales accounted for by dominant corporations. Statistical calculations reported here can be found in the appendix "Corporation Tables and Notes".

(1) Banks

Chartered banks are among the oldest and most powerful of Canada's corporate institutions. All of the five dominant banks or their successors were founded before or just following Confederation. Since that time five have risen to places of ascendancy within their field accounting between them for 90% of the assets and 91% of the income of all banks thus representing one of the most concentrated banking structures in the world. All five are national banks, unlike four out of the five middle range ones which are regional in character and scope. A fifth middle range bank, the Mercantile Bank, is the only foreign controlled bank to break

Fortunately, two individuals from CALURA Division of Statistics Canada were kind enough to provide SIC numbers and other information for a large number of corporations.

into the banking community in recent years. Barclay's Bank of Canada, an English subsidiary, was established in 1929 but it was bought out by the Imperial Bank in 1953. The Mercantile Bank was established by a Dutch Bank in the same year Barclay's was bought out, with control later passing to the First National Bank of New York.

Since 1951, there have been two mergers involving four banks, aside from Barclay's. In 1955, the Bank of Toronto and the Dominion Bank amalgamated to form the Toronto-Dominion Bank and in 1961, the Bank of Commerce and the Imperial Bank joined to form the Canadian Imperial Bank of Commerce, leaving only 8 banks until the establishment of the Bank of British Columbia in 1968. The only shifts in relative power of the banks since 1951 have been due to the amalgamations mentioned, thus further concentrating the already tight banking establishment.

Reflective of their great stability and power is the fact that a bank has not failed in Canada since 1923, a situation very different from the United States where a small bank drops off about every two weeks on the average. Part of the reason for their survival is the very tight control exercised from the top of the banks with the top executives and directors directly passing on sums exceeding a million dollars.

Three of the five dominant banks have their head offices in Toronto and the Royal Bank and Bank of Montreal, which have their head offices centered in Montreal, are reported to be shifting some of their operations toward Toronto in recent years. This phenomenon appears to be related to a general shift of power away from Montreal to Toronto in recent years. It is not known whether the banks are part of the cause of the shift or responsible to other forces.

Recently, banks have entered the mortgage lending business, many of them forming subsidiaries directly for this purpose since 1963. In 1963 banks along with three trust companies formed RoyNat to engage in financing, development and rental of commercial real estate. Similar ventures have occurred in the mutual fund field (Neufeld, 1972:131-32). Although there has been a long association between banks and trust companies, the 1967 Bank Act required that banks reduce their equity holdings in these companies to 10%, although the close association has remained. Regulations also provide that banks, the Mercantile being a notable exception, remain Canadian controlled. These involve regulations both in terms of equity participation and directorships (Galbraith, 1970:24-5).

The five dominant banks are at the center of indigenous capitalism in Canada, providing both financing for other central corporations and, as will be illustrated, their board rooms provide the main focal point for meetings of the economic elite.

(ii) Life Insurance

Very similar in character to the chartered banks, the life insurance companies are well established institutions of power within Canada. All of the dominant Canadian controlled life insurance companies were established in or before 1900 with only a few of the middle range companies being established after this date. Among the 13 dominant insurance companies there are 3 which are foreign controlled, the Metropolitan Life and Prudential Life being controlled in the U.S. and Standard Life from the United Kingdom. A further two dominant insurance companies, Great West Life and Imperial Life, are both subsidiaries of Power Corporation. This leaves only 8 independent Canadian controlled companies. Although slightly less concentrated than the banks, dominant life insurance companies account for 86% of the total assets and 81%

of income of all the corporations in this sector. Canadian companies control 82% of all assets and 80% of all income for life insurance companies operating in Canada. Unlike banks, the number of life insurance companies has been steadily increasing in Canada with 24 at Confederation, there were 52 by 1905, 59 in 1925, decreasing to 57 in 1945 but then increasing rapidly to 98 by 1960 and 129 by 1970. In spite of the increasing numbers of companies operating in Canada there has been very little change in the relative dominance of these companies since 1900 with particularly Canada Life, Sun Life, Confederation Life and Mutual Life the central companies since that time. In 1900 these four companies alone accounted for about 78% of all the assets of life companies (Neufeld, 1972:247). All ten companies identified by Porter in 1950 as dominant remain dominant today with the only additions being three foreign controlled companies and these were comparable with those identified as dominant in 1950 as well.

The origins of life insurance companies certainly were not humble as this statement from the Financial Post indicates: "Manufacturers Life was founded by the Gooderham family in 1887. First president was Sir John A. Macdonald, who assumed the post while still Prime Minister. He served as president until his death in 1891" (emphasis added, August 12, 1972). Currently several life insurance companies remain dominated by elite families, London Life and the Jeffery family and Crown Life and the Burns family being examples.

Since 1961, following seven foreign takeovers and several others imminent, legislation has been in force to insure Canadian control and participation in the life insurance business. This is further reinforced in 1965 with legislation similar to that

protecting the banks (Neufeld, 1972:246-48). Both life insurance companies and banks, two sectors dominated by long established Canadian controlled firms, have enjoyed government protection from foreign takeovers unlike most other sectors of the Canadian corporate structure. It is not unexpected then, that the life companies and banks together form the nub not only of Canadian finance but of indigenous Canadian capitalism.

(iii) Investment Companies

Investment companies represent a collage of corporations operating in several different sectors. The one thing they do have in common is that their main activity is that of holding companies, with assets in more than one sector. Most of the companies defined as dominant in this sector are either parents of corporations dominant in other sectors (for example, Anglo-Canadian Telephone, the Canadian subsidiary of the U.S. General Telephone and Electronics controls both British Columbia Telephone and Quebec Telephone) or they are themselves subsidiaries of dominant corporations from other sectors (for example, Canadian Pacific Investments acts as a holding company for Canadian Pacific, dominant in transportation). Other companies, like Moore Corp., have extensive operations outside Canada and as such do not fit standard classification procedures used by CALURA.

Two companies which are exceptional in this sector are Power and Argus Corporations. Each is fairly unique to the Canadian corporate scene and each extremely powerful within the corporate world. Power Corporation is controlled by Paul Desmarais, a Sudbury-born financier, through a series of other holding companies. Desmarais's major holdings are presented in "Notes to Corporate Tables" and are those of Argus Corporation. Some of Power's holdings are

run as independent operations, such as the Canada Steamship Lines run by Paul Desmarais's brother, Louis, while others such as Laurentide Financial Corp. and Union Acceptance Corp. operate through an integrated management function called Laurentide-Union Management Corp. Argus is similar to Power but rather than running its conglomerate on majority control as does Power, it uses minority holdings to control. As E.P. Taylor, the architect of Argus once said, "I look for companies that will not grow with the country, but faster than the country ... I look for companies where no very large shareholder exists. With my partners, I buy enough stock to give us effective control. Then the company holds our view.... It's our policy to find the right executives, to put them at the top, then to leave them alone to appoint their own employees right down the line" (quoted by Newman, 1959:224-26). With companies like Argus and Power around looking for other large companies which are so-called management controlled it is little wonder that tight control over corporate holdings is so prevalent in Canada.

(iv) Other Finance Companies

The remaining finance companies are ones in sectors not included by Porter in 1948-50. These include sales finance and consumer loans, trust and mortgage companies. It is argued here that the introduction of these new sectors is not simply the artifact of an alteration in the methodology but represents an actual increase in the growth and importance of these sectors over the past 10 years. It would not be argued that they have gained nearly the same stature as dominant banks or insurance companies but the 'near banks' have developed to the extent that they are highly comparable to other dominant corporations.

Eight consumer loans and sales finance companies are included as dominant with one, Laurentide Finance, being a subsidiary of Power Corporation. General Motors Acceptance is a subsidiary of General Motors Corp. of Detroit, just as is General Motors of Canada but it is organized in such a way that the board is accountable to the parent rather than to the Canadian subsidiary. General Motors Acceptance was organized in 1953 to provide financing for GM dealers. Ford established Ford Motor Credit Co. of Canada in 1962 and Chrysler organized Chrysler Credit Canada Ltd. in 1966 but because of the way they organized their ownership, only the boards of Ford and Chrysler corporations are included.

Based on various calculations by Neufeld it estimated that approximately 90% of the assets of the sales finance and consumer loans sector are accounted for by the companies classified as dominant*. Neufeld, in a detailed examination of this sector suggests that "significant structural changes have occurred in the consumer credit industry since the end of the Second World War" noting that they made a dramatic increase in the mid-1950's but that they have become endangered in recent years because of competition from more established financial institutions (1972:324-25). The development of this sector has been stimulated by Canada's proximity, geographically and economically, to the United States. The early companies were associated with the U.S. automobile industry. Even IAC, the largest company in this sector, began in 1925 as a U.S. subsidiary but in the early 1930's was bought out by Canadian interests. Although U.S. ownership is significant in this sector, federal intervention into the proposed takeover of Traders Group in 1969 has helped to maintain the majority of the sales finance sector (about

See table entitled "Sales Finance & Consumer Loans" in the appendix.

5/2) under Canadian control. Within the 8 key corporations in both the sales finance and consumer loans sectors, there are 4 Canadian controlled and 4 U.S. controlled companies

Just as problems of classification prevent giving a precise figure for sales finance and consumer loans companies, this also creates a problem in the trust and mortgage field. However, based on calculations presented by Neufeld it is estimated that over 80% of the assets in this sector are accounted for by the 5 trust and mortgage companies identified as dominant*.

Rond and Shearer maintain that trust companies act as two companies in one, both administering trusts and estates (that is, other people's holdings) and acting as "true financial intermediaries" by accepting deposits and making investments (1972:215). They have been active in the mortgage field and have a relatively free hand in type of investments they are able to make. Neufeld documents three cases of close relationships between banks and trust companies: Royal Trust and the Bank of Montreal, Montreal Trust and the Royal Bank and National Trust and the Canadian Bank of Commerce. They are, however, prohibited by legislation from interlocking directorships since 1971 and limited in equity participation to 10% (1972:295). It is also suggested by Neufeld that trust companies have enjoyed high degrees of growth in the post-war period (1972:319). This is particularly true in the real estate field where extensive growth has occurred.

A closer examination of Royal Trust, the largest in its sector provides an indication of the types of activities and power of all trust companies. Their annual report for 1971 states that

Royal has a total of 76 offices and 3,114 employees making it
see corporation tables and footnote for a description of the circulation,

a sizable operation. Royal's assets are broken down as follows: mortgages 51%, securities 19%, Canada Bonds 9%, secured loans 6%, and cash or equivalent 15%; this compares with the entire industry which has 75%, 14%, 6%, 1% and 4% respectively for each of these categories. This same report also provided a detailed breakdown of the services provided individuals (among them estate planning, executor and trustee services, investment management and retirement plans) and for corporations (among them transfer agents, trustee services, real estate agents, property management and collection services for charitable organizations). The Financial Post states that the Royal controls assets greatly beyond those reported because of its administering of accounts valued at \$9,325 million (August 5, 1972). It is also interesting to note that in 1973 Power Corporation, through its subsidiary Investors Group, acquired 51% of the equity in Montreal Trust making it a subsidiary, thus even further concentrating the corporate world.

Mortgage companies have also experienced rapid growth in the post-war period, with Neufeld reporting that "the growth rate of the mortgage loan companies from 1944 to 1968 exceeded that of the total of all financial intermediaries combined" (1972:216). Bond and Shepper argue that the function of mortgage loan companies "are practically indistinguishable from the trust companies" except for the specifically trust functions (1972:220). In fact one of the largest mortgage companies, Canada Permanent, also operates one of the largest trust companies and, as their annual report spells out, "there are few financial companies whose services are so widespread as those of Canada Permanent" going on to state that "it is one of Canada's largest financial complexes." The report also states that in addition to their own assets of \$1,552 million they administer.

an additional \$2,025 million. Another company in the mortgage sector is Investors Group, a subsidiary of Power Corporation. The only foreign controlled company in this sector is Crédit Foncier which is controlled from France. A very old company founded by special legislation in Quebec in 1880, the company is national in scope and not regionalized in Quebec as the name would suggest. The company operates two subsidiaries, one in the real estate field and a second in the development field, "mainly in the field of natural resources" according to the annual report. The annual report also provides a breakdown of the distribution of loans with 37% in Quebec, 21% in B.C., 24% in Ontario and 9%, 5% and 4% respectively in Alberta, Manitoba and Saskatchewan.

(v) Trade

In the wholesale trade foreign ownership accounted for 27% of the assets and 25% of the sales while Canadian private control accounted for 54% of the assets and 62% of the sales. Foreign companies paid 56% of their profit in taxes while Canadian private companies 52%. A similar situation exists in the retail sector with foreign firms accounting for 21% of assets and 19% of sales while Canadian private control accounts for 56% of assets and 46% of sales. Foreign firms paid 52% of profits in income tax while Canadian companies paid only 44%.

In the retail trade 11 companies are classed as dominant, with e.g., Loblaw Groceries being a subsidiary of Loblaw Companies, also a subsidiary of George Weston Ltd. which is dominant in food and beverages. These 11 dominant corporations account for 39% of the assets and 45% of the sales of all retail companies. This however, understates the actual control exercised in the retail business because motor vehicle dealers, which are mainly controlled through franchise of relationships with one of the dominant auto-

mobile manufacturers, are excluded. According to published figures motor vehicle dealers had sales of \$4,925 million in 1971 representing approximately one-quarter of all retail sales. If this figure were added to the already identified retail companies they would account for almost three-quarters of all retail sales (Economic Review, April 1973:93).

Among the dominant retail companies are those which specialize in food distribution and those mainly oriented to dry goods. All of the companies were established during or before 1931 with the exception of Simpsons-Sears, which is a joint venture of Simpsons and Sears-Roebuck of the United States, and of course the parents are very old firms. The joint venture gave the U.S. company an avenue into the Canadian retail market and the Canadian company greater buying contacts in the U.S. Until recently, there was an agreement which prohibited each of the companies from building within a set proximity of the other.

Retail companies employ a tremendous number of people; for example, Eatons employs 50,000, Hudson's Bay Company 17,000, Simpsons-Sears 22,000 and Simpsons 9,000. Between them, these four companies employ about one million people; more if part-time seasonal help were included.

Family enterprises dominate in retail trade; for example, the Weston family in Loblaws, the Eaton family in Eatons, the Burton family in Simpsons, and the Steinberg family in Steinbergs. These are the four largest retail companies. Eatons, for example, is really owned by four beneficiaries and they are run by a group of trustees who, in fact, administer on behalf of the beneficiaries the shares of the T. Eaton Co. The four beneficiaries are the four sons of John David Eaton", according to John Picton, President of Eatons since 1969. He also states that "No management of Eatons

have any shares in the company" (Globe and Mail, June 15, 1972:B5).

The Hudson's Bay Co., which was discussed as being of such historical importance in earlier chapters, remains an important retailer. According to its annual report, furs constitute only 1.0% of its total sales with retail sales accounting for 80.2% and wholesale for the remaining 18.8%. Early land grants provided the company with sufficient capital to establish itself as dominant in retail trade and its ventures into the oil business through the affiliated Hudson's Bay Oil and Gas Co. directly stem from the original land granted under the Deed of Surrender in 1870.

Another dominant retail company is Dominion Stores, an affiliate of Argus Corporation. Four other companies are subsidiaries of United States parents, including Woolworth's, Canada Safeway, Kresge's and Zellers. Rather than independent Canadian operations, these companies might better be regarded as extensions of U.S. marketing schemes into the North American economy. Their operations are integrated with those of the U.S. parent's and their Canadian operations are designed to capture part of the Canadian market by taking advantage of 'spill-over advertising'.

The wholesale trade is composed of companies which are related to retail operations, such as Canadian Tire, Oshawa Group and M. Loeb as well as two wholesalers of oil. The 7 dominant wholesalers, including Kelly Douglas, a subsidiary of George Weston, account for 60% of assets and 11% of sales. Once again family firms dominate this sector, for example, the Weston's through Kelly Douglas, the Bille family in Oshawa Group, the Billes family in Canadian Tire, the Loeb's in M. Loeb, the Irving's in Irving Oil and the Richardson's in James Richardson.

Two of the dominant wholesale companies are tied in with IGA retail stores. M. Loeb, which sells both in Canada and the eastern United States, has a franchise with IGA in addition to owning 42.6% of IGA Canada Ltd. Similarly, the Oshawa Group has an IGA franchise and owns 42.6% of IGA Canada Ltd. According to "Canadian Stock Comment 26-Oshawa Group" prepared by Merrill Lynch, Royal Securities Ltd., 54% of Oshawa Group's food sales in 1971-72 were to IGA and food accounted for 72% of Oshawa's total sales for the same period. Similar data is not available for M. Loeb but based on the data regarding ownership and the sales of Oshawa Group, it can be stated that the separateness of these companies is another case of 'the corporate mirage' discussed earlier. Further examples of this appear in a recent Financial Post article which reports that George Weston was attempting to gain control of M. Loeb. In addition to being of interest from the perspective of how stocks can be manipulated to maintain control, the article illustrates some 'customer' relations corporations establish with one another. The article states that Garfield Weston personally flew to Canada from his estate in England to make an offer to the Loeb family but a price could not be agreed on so Weston began to buy up stock on the market managing to acquire 13.6%. In order to protect themselves, the Loeb's began to use a third company, Horne & Pitfield which they controlled, to which it issued additional shares deflating the Weston ownership, which had grown by this time to about 24% down to about 14%. One would expect by this time that some competitive fervor would have arisen by this point but the Financial Post reports, "Not so, says Bertram Loeb: 'There is little likelihood of their losing us as a customer. We buy from each other because it suits us.' 'Our relationship is good,' Creber (President of

George Weston) chimes in" (February 1973:15). Even after one company tried to take over the other against the owner's will, it was 'business as usual'.

(vi) Transportation and Utilities

The transportation and utilities sector differs from all other sectors in that there are high degrees of government participation, particularly through crown corporations such as the Canadian National Railway, discussed in earlier chapters, and in government controlled hydro electric projects. Foreign participation accounts for only 8% of the assets, 10% of sales and 18% of profits, while Canadian private companies account for 33% of the assets, 47% of sales and 70% of profits. Government enterprises have 58% of assets, 37% of sales and 10% of profits. Foreign firms pay 38% taxes while Canadian firms 34%. It is obvious from these statistics that government enterprises have, on the aggregate, high investments but very low returns indicating that this is a highly subsidized sector of the economy.

The communications sector is very highly concentrated with only two dominant corporations and their subsidiaries accounting for 97% of the assets and 93% of the sales. Bell Canada commands the field with Anglo-Canadian Telephone, a subsidiary of General Telephone and Electronics from the U.S., being the only other major corporation in the field. Each is a long established firm with Bell incorporated in 1880 and the Anglo-Canadian subsidiaries established during or before 1927. Being government regulated corporations, together they have a de facto monopoly of the communications industry.

The other utilities sectors are also highly concentrated with corporations in the electric power, gas and water utilities sec-

tor accounting for 66% of assets and 81% of sales. The only foreign controlled firm in this sector is Canadian Utilities, a subsidiary of International Utilities of the United States. Canadian Utilities also controls two middle range corporations, Northwestern Utilities and Canadian Western Natural Gas. Most of the corporations in this sector are involved in natural gas transportation. The largest company, Northern and Central Gas, according to its annual report, has the following distribution of sales: oil and gas exploration and production 21%, industrial gas 32%, commercial gas 13% and residential gas 28%.

CALURA aggregates pipelines and railways so it is difficult to present individual percentages, however, using the Statistics Canada Publication, Railway Transport, it is possible to determine that two railways, the Canadian National and Canadian Pacific, account for 89% of assets and 87% of income between them. When railways and pipelines are combined under the heading 'transportation', 86% of assets and 81% of revenue becomes accounted for. While the railways are Canadian owned, CP privately and CN as a crown corporation, the pipelines present a different case. Exceptional in the utilities sector, U.S. control dominates in the pipeline sector with only TransCanada being controlled in Canada. This can be accounted for by the fact that pipelines are part of an integrated oil operation ruled by U.S. control. In fact each of the central oil producers is affiliated with one of the key pipelines*. Unlike any other sector examined to this point, the pipeline business is very young dating from the early 1950's. It is in this area of new growth that U.S. capital has been able to gain ascendancy just as it has in most other sectors of the Canadian economy whose growth dates from the post-war period.

*See Pipelines table and endnote #3.

(vii) Mining

There are 9 dominant mining corporations, 7 of which are controlled in the United States and 2 Canadian. This includes 4 corporations in metal mining, 2 of which are U.S. controlled, and 5 from mineral fuels, all U.S. controlled. This foreign mystery is reflected in the aggregate statistics for mines with 68% of all assets, 73% of sales and 72% of profits controlled outside Canada. About 80% of the foreign control is accounted for by the United States. Canadian private companies control 30% of assets, 25% of sales and 29% of profits. One notable characteristic of the mining sector is that foreign controlled companies pay only 14% tax on profits while Canadian companies pay 21%. This represents a significant form of subsidy to mining companies when compared to other sectors of the economy.

Dominant corporations in metal mining account for 56% of all assets and 64% of sales with the corresponding figures being 48% and 40% for mineral fuels. The two capital intensive mining sectors date from quite distinct periods. The key metal mines are somewhat older, originating around 1920, while the younger mineral fuels sector did not develop until about the Second World War in any extensive way. While there are high degrees of U.S. ownership in the metal mining sectors these are not integrated with U.S.-based operations; rather, they tend to be fairly independent Canadian operations responsive to particular Canadian resources. On the other hand, mineral fuels represent an extension of U.S. giants to the Canadian resource base. Each of the dominant corporations is a subsidiary of its U.S. parent operating within a continental framework. Regardless of whether Canada's government has a continental energy policy or not, it is clear that the U.S. oil giants use just such a policy, integrating their Canadian subsidiary on-

erations with their U.S. headquarters.

(viii) Manufacturing

About 3/5ths of the entire manufacturing sector is foreign controlled with 59% of the assets, 54% of sales and 62% of profits while Canadian private control represents 38% of assets, 41% of sales and 36% of profits. Foreign corporations pay somewhat less tax with 44% compared to 48% by Canadian controlled companies. There is, however, substantial variation within the subdivisions of manufacturing with respect to foreign control.

In the paper products sector there are 6 dominant corporations, the largest 4 of which are Canadian controlled with one each of the remaining two controlled in the U.S. and U.K. Dominant companies in this sector were established mainly between the First World War and the depression, making this a well established industry. The dominant corporations in this sector account for 52% of assets and 57% of sales. Since 1950 this sector has become much more concentrated with the present 6 dominant companies accounting for 13 companies identified as dominant by Porter. The greatest expansion has occurred by Domtar which accounts for four corporations which were dominant in 1950. Pulp and paper is the oldest resource-based manufacturing sector in Canada. The predominance of Canadian control in this sector can be linked to its early origins at a time when British portfolio investments provided the major source of financing. This is unlike most of the other manufacturing and resource sectors which were established in the era of U.S. direct investment.

Wood industries are smaller than paper products with only 2 dominant corporations, one controlled in the U.S. and the other a consortium of U.S. and Canadian companies. These are both younger companies being established in the post-war period. Between them

The two dominant companies account for 19% of the assets and 11% of sales indicating that although these two companies lead the field there is substantial participation by smaller concerns.

Just as in the mineral fuels sector, the petroleum sector is an exclusive preserve of foreign corporations, the majority of which are controlled in the U.S. Also similar to mineral fuels is the fact that foreign firms pay only 19% tax while lack of Canadian participation prevents a corresponding figure for Canadian controlled firms. Between them the 8 dominant corporations in this sector account for 90% of all assets and 94% of all sales, making it among the most concentrated industries. It should be noted that this is concentration from outside Canada and reflects the state of the world oil industry and not any indigenous forces. The largest of the firms are older and well established within Canada but many did not experience rapid growth until the post-war period. Although the 4 largest companies were identified as dominant in 1950, the 4 smaller dominant companies have attained this position since that time.

The food and beverage industry is dominated by Canadian dominant corporations and U.S. middle range companies. This pattern exists because the industry is continental in scope with U.S. plants in the field extending their operations into Canada, very similar to the pattern in retail trade. Because they are primarily U.S. extensions and not independent operations, they tend to be smaller than their Canadian counterparts. Only recently with the sale of Canadian Breweries to Rothman's have any of the dominant companies come under foreign control. Many key companies in this sector are controlled by well established family firms with no new companies becoming dominant after 1930. The largest companies

account for 66% of the assets and 56% of sales in this sector while a series of middle range companies add an additional 16% and 19% respectively. Rapid concentration has occurred in this sector since 1950 with the present 7 dominant companies representing 23 companies identified as dominant by Porter. George Weston alone has absorbed 9 of these original companies into its corporate empire.

The primary metal sector is dominated by four companies, 3 of which are steel producers with high Canadian participation and the 4th, the U.S. controlled Aluminum Co. of Canada. Between them the 4 companies account for 55% of the assets and 57% of the sales in the primary metals sector. Once again they are older companies, well established in the industry. This sector has also become more concentrated since 1950 with four companies now accounting for 7 companies identified by Porter as dominant about 20 years ago. This occurred during the same period when the industry experienced rapid growth with the introduction of blast furnaces and oxygen steel making. Simultaneously the companies began expansion into integrated operations with the purchase of several mining companies and secondary manufacturing concerns such as Dofasco's purchase of National Steel Car.

The transportation equipment sector is dominated by the 3 giant U.S. automakers which between them account for almost the entire automobile manufacturing in Canada and 59% of the assets and sales of the entire transportation and shipment sector. These three companies have extensive economic power within Canada; for example, General Motors employs 28,000 people and spends \$650 million with Canadian suppliers, consequently controlling resources well beyond those indicated by its individual assets and sales. For example, two of the middle range companies, Ensco and Budd

Automotive, are integrated with the dominant companies. As in many of the other sectors discussed, the automotive industry is continental in scope. Total U.S. dominance occurred during the rapid growth of the industry early in the 1900's when the few indigenous Canadian manufacturers sold out to the U.S. giants, Sam McLaughlin being the most notable example. Since that time, the three have monopolized the industry, reinforced in large part by government support such as the Auto Pact, and no company has even approached the inner circle since that time.

The machinery sector is dominated by one company in each of two fields, with Massey Ferguson dominating the farm implement field and IBM Canada the computer industry. Together they account for 66% of the assets and 58% of the sales in this sector.

Sectors not discussed to this point include two dominant companies in the electrical products sector with one, Northern Electric, a subsidiary of Bell Canada and the other, Canadian General Electric, a subsidiary of the U.S. parent General Electric. Together these companies account for 35% of the assets and 31% of the sales in this sector. Other manufacturing companies classed as dominant include Imasco and Rothmans, both foreign controlled, which monopolize the tobacco products industry. In chemicals only Canadian Industries, controlled in the U.K., is classified as dominant while a series of U.S. companies control the middle range companies in this sector. As with retail and food and beverages, there is a continental network centered in the U.S. which has branch plants in Canada integrated with the parent operations. The existence of these capital and high-skill companies on a continental basis inhibits the development of indigenous outlets for highly qualified manpower and at the same time reduces the research and

development potential of the nation.

The final sector to be discussed is real estate, a relatively recent growth industry in Canada. Generally real estate companies, in and of themselves, do not have the assets or revenue to be considered dominant but during the past few years dominant corporations have established several subsidiaries in this field. Many of these new ventures are part of mortgage and trust companies, as referred to earlier, but other companies such as Power Corporation and even the very old family firm of Eatons have entered this field in a big way, as has Distillers-Seagrams through Camp Investments. The evidence suggests that rather than being taken over by 'new blood', this emerging industry is in fact controlled by the established corporate elite.

Before leaving this section and turning to the issue of directorships, a general comment seems in order. Most of the discussion in recent years has focused on the issue of U.S. ownership of the Canadian economy. Ideologues of all persuasions have latched onto this issue as being central in any discussion of corporate capitalism in Canada. While it is correct to state that U.S. control monopolizes the resource and much of the manufacturing sectors, all and not even most, of the control over the Canadian economy is in the hands of U.S. corporate capitalists. On the contrary, indigenous Canadian capitalists have been ignored while a smokescreen of nationalism shrouds their existence. Throughout the uproar the Canadian economy remains controlled in large part by a set of families which have been in the past and still remain at the core of the Canadian economy. Very little discussion has been concerned with the extent of democratization in Canadian institutions, very few remarks can be heard about equalizing access

to places of decision making in the Canadian economy. The indigenous elite based in the upper class remains unchallenged by the champions of 'Canadian control'.

(C) DIRECTORSHIP POSITIONS

Directorship positions represent the actual number of openings on the board of directors and are not equivalent to the number of persons since one individual may, and often does, hold more than one directorship position simultaneously. In the following section the phenomenon of interlocking directorships will be examined but for now the focus remains on positions. By examining directorships defined as dominant by Porter in 1951, it is found that 170 dominant corporations included 1,304 positions held by Canadian residents and an additional 309 held by persons resident outside Canada. In 1972 only 113 dominant corporations included 1,454 positions held by residents of Canada with an additional 301 held outside Canada. This represents an overall expansion in the number of elite positions since 1951 but a contraction of the number of dominant corporations. The explanation of the larger boards is that several new sectors in finance have been included in 1972 and these typically have larger boards than do production companies. Another factor which has increased the number of positions is that corporations defined as dominant in 1951 are relatively larger than those of 1972 and this usually means that a larger board is created. It is important to note that aside from some minimal requirements based on legislation, the size of the board is based on a decision by those in control of the corporation and varies with the number of contacts they decide to establish.

The total number of foreign resident directorships has remained stable over the 1951 to 1972 period shifting only slightly from 309 to 301 in spite of rapid increases in the amount of foreign investment and control over that same period. This indicates

that a simultaneous shift has occurred in the way foreign investment is now controlled. Rather than coming to Canada from foreign residences to board meetings, an increased proportion of the foreign subsidiaries are managed by inside directors resident in Canada. In other cases Canadian participation has increased on foreign-controlled subsidiaries. Evidence indicates that both processes have been occurring. An increased number of directors of foreign boards are members of the indigenous Canadian economic elite and there has been more delegation of administration to foreign and Canadian born executives who head subsidiary boards and report back to the parent board. This indicates that in a substantial number of cases, very direct control is exercised outside the country and the boards are strictly administrative in Canada with policy direction emanating from the parent. In these cases the Canadian subsidiary board is redundant, run by memos from the parent.

All foreign residents are not members of foreign subsidiaries in Canada; in fact a substantial number are recruited as contacts for indigenously controlled boards thus suggestive of the international scope of capitalism. For example, there are 23 foreign residents on the boards of the Canadian controlled dominant banks. These are powerful foreign capitalists which have been recruited to the bank boards because they provide essential contacts and legitimacy for the multinational operations of the Canadian banks. Similar situations occur on other Canadian controlled boards of Canadian multinationals.

There are some problems using residence as a criteria for only mobile elite members; for example, John Angus McDougald, chairman and president of Argus, reports two residents, one in

Ontario and the other in Florida. In these cases even if one residence was reported as being in Canada, the individual was classed as being a Canadian resident. Similarly the use of birth place as an indicator of early experience has problems. The decision was made to define as Canadian-born anyone actually born in Canada or to parents normally resident in Canada but temporarily outside Canada because of schooling or temporary placement. Two assumptions had to be made for those people on whom adequate data was not available. It was assumed that for those whom data was missing that they were born in Canada if presently resident in Canada and similarly for those now resident outside Canada, that they were born in the country of their present residence.

Each corporation and the major sectors were broken down by the residence and birth of their directors. This table is presented in the Appendix as "Distribution of Directorships by Corporation, Residence and Birth, 1972". The table shows that 1,277 positions are held by persons born in Canada while 301 are held by persons born in the U.S., 113 in the U.K. and 64 by those born elsewhere. This gives the impression that Canadian born members of the elite dominate the board rooms of corporations in Canada, however, when residence criteria and control of corporations are combined a different situation becomes evident.

Porter found that in 1951 a total of 27% of the positions in dominant corporations operating in Canada were either held by foreign residents or by Canadian residents in foreign-controlled corporations*. In 1972 this 27% had increased to 40% of the positions held by residents outside Canada or in foreign controlled firms.

* See "Distribution of Economic Elite in Canada by Residence and Corporate Affiliation" in the previous chapter.

when birth rather than residence is used as the criteria the extent of foreign birth and control increases to 46%. These figures represent the total of all sectors combined but when the analysis becomes sector-specific some important differences emerge.

The following table presents the residence and control of directorship positions subdivided by five key sectors discussed earlier in this chapter.

TABLE X

RESIDENCE AND CONTROL OF DOMINANT

DIRECTORSHIP POSITIONS, BY SECTOR, 1972*

RESIDENCE & CONTROL	FINANCE	UTILITIES	TRADE	INDUSTRY	RESOURCE	ALL
#	%	#	%	#	%	#
Canada	655 76.9	128 75.3	90 51.7	101 44.7	80 24.0	1054 60.0
U.S.	103 12.1	38 22.4	66 37.9	73 32.3	175 52.6	455 26.0
U.K.	60 7.0	2 1.2	18 10.4	27 12.0	28 8.4	135 7.7
Other	34 4.0	2 1.2	0 0.0	25 11.1	50 15.0	111 6.3
TOTAL	852 100%	170 100%	174 100%	226 100%	333 100%	1755 100%

*Joint ventures have been included by residence of director without control differentiation.

The wide variance between sectors illustrates the validity of making the distinctions. Canadian residents and Canadian controlled companies account for about 3/4 of the directorships in both finance and utilities with U.S. residents and U.S. control accounting for only 12% in finance (the lowest U.S. participation of any sector) and 22% in utilities. U.K. and 'other' control and residence account for 7% and 4% respectively in finance but only 1% each in utilities. It is evident that the core of indigenous Canadian capitalism is centered in finance and utilities, accounting between them for 3/4 of all directorships which are Canadian controlled and resident. Canadian control and residence account for about 1/2 of

the positions in trade, while the U.S. participation increases to almost 2/5ths and the U.K. about 1/10th. Canadian residence and control in the industrial sector drops to 45%, most of this being accounted for by people involved in either the pulp and paper industry or food and beverages. U.S. participation is about 1/3 while the largest difference from other sectors occurs in those director's resident or controlled outside Canada, the U.S. and U.K. with these accounting for about 1/10 of all the positions, equal to the amount accounted for by the U.K. Most significant of all is the fact that over 1/2 the positions in the resource sector are controlled by U.S. residents or ownership while less than 1/4 of the positions are Canadian resident and controlled. U.K. participation remains at about 1/10 but the 'other' areas increase to 15%, the sector of their highest participation. When birth is substituted for residence the amount of Canadian participation drops even further.

TABLE XI

BIRTH AND CONTROL OF DOMINANTDIRECTORSHIP POSITIONS BY SECTOR, 1972*

BIRTH & CONTROL	FINANCE	UTILITIES	TRADE	INDUSTRY	RESOURCE	ALL
	1	1	1	1	1	1
Canada	579 68.0	111 65.3	83 47.7	93 41.2	76 22.8	942 53.7
U.S.	140 16.4	49 28.8	68 39.1	78 34.5	178 53.5	513 29.2
U.K.	91 10.7	7 4.1	19 10.9	30 13.2	29 8.7	176 10.0
Other	42 4.9	3 1.8	4 2.3	25 11.1	50 15.0	124 7.1
TOTAL	852 100	170 100	174 100	226 100	333 100	1755 100

Joint ventures have been included by birth of director without control differentiation. Canadian born is defined as born in Canada or to parents temporarily resident outside Canada (e.g., schooling, temporary placement). The assumption is made that those for whom data is not available are born in Canada and the further assumption is made that foreign residents were born in the country of present residence.

Canadian born and control still dominate the finance sector although there is a drop of almost 10% from when residence was used as a criteria. The difference is picked up almost evenly by U.S. and U.K. birth and control with each increasing by about 4% and the 'other' category remains stable. Very similar shifts occur through the table with the general trend of decreased Canadian born and controlled participation and a shift upwards of the U.S. and U.K. born and controlled. The 'other' category remains fairly stable between the two tables, indicative of the low levels of elite mobility into Canada from areas outside the U.S. and U.K. The only area where any noticeable difference between the two criteria with respect to 'other' born and controlled is a slight increase in the trade sector (from no participation based on residence to 2.3% based on birth). This phenomenon will be examined in the following chapter. Otherwise the effect of immigration (the difference between birth and residence) is confined to the North Atlantic triangle.

On the aggregate the difference between birth and residence as criteria decreases overall Canadian participation from 60% to 5.7% and increases U.S. participation from 26% to 29.2%, as does that of the U.K. from 7.7% to 10%. The best overall indicator of the extent of compradorization which has occurred remains the difference between 27% foreign controlled positions based on residence in 1951 to the 40% by residence and 46% by birth in 1972. While it does indicate a significant increase in the amount of foreign, particularly U.S., control a substantial segment still remains under Canadian control and an important indigenous elite still exists, in spite of the erosion of power in industrial and resource sectors.

DI CORPORATE INTERLOCKS

Interlocking directorships are of interest because they are concrete expressions of social and economic networks, indicating common commitments and shared relationships. Those members of the corporate elite who sit on more than one dominant board do so because they are recognized by their peers as men of power and import. The practice of interlocking directorships serves to further concentrate power even beyond the already highly concentrated corporate structures which compose the 113 dominant corporations. At the pinnacle of the corporate elite are those members who sit on the boards of one of Canada's five dominant banks or 11 dominant insurance companies, or even both as is frequently the case. Since interlocks with dominant banks and insurance companies are of such import they will be analysed separately before an analysis of other interlocks is presented.

(1) Dominant Bank and Insurance Interlocks

In 1951 Porter found that the 9 largest Canadian Banks had 54 interlocks with the 10 largest Canadian insurance companies. In 1972 the largest 5 Canadian banks, when interlocked with the 8 independent Canadian-controlled dominant insurance companies, produced a total of 51 interlocks. Since insurance companies are prohibited from interlocking with other insurance companies and banks with other banks, each bank and each insurance company can only interface once. In 1951, 90 interfaces (10 banks times 9 insurance companies) produced 55 interlocks; in 1972, only 40 interfaces (5 banks times 8 insurance companies) produced 51 interlocks presenting a substantial increase in the 'density' of interlocking between dominant Canadian banks and insurance companies. If the number of insurance companies is expanded to include all dominant insurance companies operating in Canada (8 controlled in Can-

ada, 2 U.S., and 1 U.K.) then this total of 11 insurance companies has 59 interlocks with the 5 dominant banks with still only 45 interfaces. To this point the two subsidiaries of Power Corporation, Great West and Imperial Life, have been excluded. They have a total of 6 interlocks with dominant banks bringing the total to 65 interlocks between dominant insurance companies and banks. In contrast, the 5 other 'Canadian' banks have only 3 interlocks with the 8 dominant Canadian insurance companies and 2 more with the two dominant subsidiaries of Power. They do not interlock at all with the 3 foreign controlled insurance companies.

Not all dominant insurance companies are equally interlocked with the dominant banks. The 3 foreign controlled insurance companies have only 8 interlocks with the 5 giant banks and 4 of these are between Standard Life (U.K.) and the Bank of Montreal. Sun Life, the largest insurance company, has a total of 14 interlocks with dominant banks including 4 with each of the Royal Bank and Canadian Imperial Bank and 5 with the Bank of Montreal; this means that 70% of the directors of Sun Life also hold bank directorships.

The 9 chartered banks identified as dominant by Porter in 1951 had 203 directors including 5 U.S. residents and 1 resident of the U.K. In 1972 the 5 dominant banks have a total of 231 directorships which include 7 U.S. residents, 10 U.K. residents and 1 other. Although there are three times as many foreign resident directors in the dominant banks now as in 1951, they still account for only 9% of all directorships in the dominant banks. Porter also found that 197 Canadian residents with bank directorships held 297 directorships in the dominant corporations of the Canadian economy representing 22.7% of the total positions. In 1972, the 231 Canadian residents with bank directorships held 306 other dominant

directorship positions representing 25.11 of all these positions held by Canadian residents. This represents an increase in the scope of members of the corporate elite with dominant bank directorships over the past 20 years. In addition, more than one-quarter of the bank directorships are held by members of the elite who also hold directorships in one of the 11 dominant insurance companies.

The extensiveness of interlocking between banks and other dominant companies is of importance both from the perspective of the companies many of the directors represent, and the operations of the banks themselves. Charles Rathgeb, president of Comstock International, director of Algoma Steel, IAC Ltd., and a recent appointee to the Royal Bank has said, "For a Canadian, becoming a bank director is the summit of one's business career. The banks are so powerful in the sense that no individual in Canada, in my mind, can do much without the support of the chartered banks." From the labor's point of view, John Coleman, Royal's deputy chairman and director of Calgary Power, Chrysler Canada, TransCanada Pipelines and Chrysler Corp. (Detroit), has said "Our directors are of considerable help to management. The product of banking is the same, it's the personal contact that counts. If we hear of some corporate business coming up, if necessary we'll look at the names of the company's directors and try to get at them through our own directors and their connections. If we heard a big deal was coming up in the West, we wouldn't hesitate a minute to call up one of our inside directors to see if he could get us some of the action" (cited by Newman, 1972b:30, 74). These examples illustrate that inside and outside directors operate in a corresponsive relationship, mutually supportive and gaining from the contacts and contacts of the other. The two routes to the board rooms of the domin-

ant banks, one being the long haul through the banks themselves into executive positions and the other as an outside director brought in because of power and position gained in other corporate sectors; are complimentary associations with one group having capital to invest and the other desiring capital to expand present and engage in new undertakings.

A strong explanation why capital for new ventures, not undertaken by members of the corporate elite, is so difficult for Canadian entrepreneurs to come by is that the banking circles are so much a part of the established dominant corporate world that they are almost impossible for outsiders to break into. The corporate elite has both the contacts and legitimacy required for access to large sums of capital. It is able to take advantage of investment opportunities as they arise because they have ready access to large quantities of capital through the dominant banks. Such a tight system insures that investments by banks will be fairly stable and secure but at the same time prohibits those outside the small charmed circle from breaking into the corporate elite. For this reason it is argued that the banks with their extensive contacts in the corporate elite provide the focal point for elite continuity and operate as a major exclusion mechanism prohibiting outsiders from entering the upper echelons of the corporate world.

Operating on a very similar basis as the most powerful banks, the key life insurance companies are also extensively interlocked with other dominant corporations. The 10 insurance companies identified by Porter in 1951 included 134 directors who held 178 directorships in other dominant corporations thus accounting for 11% of all top directorships. In 1972, 145 directors of the 11 most powerful insurance companies have a total of 220 director-

ships in other dominant corporations. These directors account for 17% of all dominant directorships. Just as in the banks, the density of interlocks between the top insurance companies and other dominant companies has increased over the past 20 years. While the directors of dominant insurance companies accounted for 27% of the directorships in the banks in 1951, this has remained stable with 28% of the bank directorships in 1972. However, the directors of dominant banks hold 41% of the directorships in dominant insurance companies in 1972, the same proportion as in 1951. The greater percentage of bank directors holding directorships in key insurance companies than for the opposite relationship is due to the relatively smaller number of insurance directorships (145) compared to bank directorships (208). Because of the very tight relationship between dominant banks and insurance companies, with a large portion of each sector's boards represented in the board rooms of the other, the tight circle mentioned in the discussion of bank interlocks becomes even tighter, encompassing the second major source of capital in Canada, the life insurance companies. The implications of this highly concentrated and exclusive set of people controlling the major sources of capital extend far beyond the financial circle alone. Without the cooperation of this group, capitalists in any sector of the economy would find it extremely difficult to secure adequate sources of financing to fund large-scale undertakings. It is this set of people who control the future expansion and new areas of growth within the private sector of the Canadian economy. It is their judgement as to whether a venture is worthwhile.

Since both the banks and insurance companies act as funnelling devices, diverting the excess capital of corporations and the savings of people into their own reserves, control over decisions about

re-allocating these funds gives those in command great power. By mobilizing the capital of others, the financial elite is the central node intermediating between accumulation and investment. It does not use its own capital; on the contrary, its specialty is gathering together the reserves of even the lowest classes through such devices as pension funds, savings accounts, life insurance policies and innumerable other devices to centralize the control of reserve capital. This is the enormous power concentrated at the top of these institutions in the hands of the corporate elite.

(ii) Interlocking Directorships Among 113 Dominant Corporations

There are a total of 1,848 interlocked directorship positions within the 113 dominant corporations in Canada. This is an enormous web of inter-connections cutting across the formal structures of each dominant corporation. It is the existence of these multiple exchanges in the arenas of decision making within these dominant companies which permits the analysis to move from that of separate corporate entities to the level of the real interacting, powerful set of people, the economic elite, who control and direct the future of these dominant companies and with that the direction of the Canadian economy and with that set, many of the goals of Canadian society.

A detailed presentation of interlocks is included in the appendix entitled "Interlocking Directorships of Dominant Corporations, Sector and Control, 1972". This table records the relationships between individual dominant corporations and other dominant corporations within the various sectors. Although this table presents the interlocking directorships between dominant corporations, it does not indicate all interlocks between dominant companies. For example, James C. Thackeray, an executive vice-president of Bell

Canada (the same position once held by his grandfather) is also a director of Canada Permanent Mortgage but the relationship is not recorded because he is not a director of Bell although from within Bell's executive ranks. This type of case is not very common but does provide a further set of links between upper levels of dominant companies.

Although the appendix does provide a detailed breakdown of each corporation's interlocks, it is necessary to reconstruct these exchanges in order to analyse relationships between key variables. This will be done by first examining the relationship between the five economic sectors outlined earlier in this chapter and secondly by analysing the variable of area of control of dominant corporations in order to examine the extensiveness of relationships between groups of corporations.

One indicator of the degree of interlock between sectors is the size of the boards. Since the number of directorship positions are based on decisions by those in control of the corporation, those which choose to create larger boards do so in order to increase the number of contacts with other corporations. As would be expected, finance has the largest boards with an average size of 19.8 directorship positions, followed by utilities with 14.2, resources with 13.3, manufacturing with 12.6 and trade has the smallest boards with 11.6. When they interlock with other sectors and corporations within their own sector, it is the finance-based corporations which have the greatest density and absolute numbers of interlocks. Density of interlocks is defined as the potential number of interlocks divided by the actual number of interlocks. The potential number is the limitation imposed by the total number of directorship positions within a particular sector. For example,

there are 122 interlocks between the utilities and finance sector and although there are 852 positions within finance, there are only 170 utilities, consequently a limit on the number of interlocks is imposed by the number of positions in the utilities sector. When 170 (the potential number of interlocks as represented by the number of board positions within utilities) is divided by 122 (the actual number of interlocks between finance and utilities) it is found that .71 of the positions are interlocked thus providing an indicator of the density of the interlock, which in this case is very high, as would be expected because of the known strong relationship between finance and utilities for indigenous capitalists in Canada.

Finance has the strongest relationship with each of the other sectors both in terms of density and actual interlocks. In addition to the .71 relationship with utilities, finance has a .62 relation with the industrial sector, a .59 with resources but only a .37 with trade. In the relationship with every other sector, trade has the lowest density and actual number of interlocks, with only .05 with utilities, .19 with resources and .07 with the industrial sector. In addition to those mentioned, utilities have a .15 relation with industry and a .30 relation with resources while industry and resources have a .19 relationship. The evidence is that while every sector is related with every other one, they do not all have the same density of relationships, with the finance sector consistently the most frequent interlocking sector and trade the least. Between these outer limits, the resource and utilities sectors are very similar in the density of their interlocks while the industrial sector has a somewhat lower overall density.

Within the finance sector it is the banks and insurance compan-

ies, along with the trust and mortgage companies which have the most extensive interlocks while the consumer loans companies are much lower. Within the investment companies, four in particular stand out as having high interlocks with banks, insurance and trust and mortgage companies; these are Brasco, Argus Corporation, Power Corporation and Moore Corporation, the 4 Canadian controlled companies within this sector thus further reinforcing the power of Canadian financiers. Within trade, it is the wholesale business which has the lowest interlocks. This can be attributed to the fact that they are all family controlled firms which are not part of the national economic elite*. Of the 5 companies in wholesale, there is only 1 interlock with a dominant bank and 2 interlocks with dominant insurance companies. Although generally lower than other sectors, retail trade has more extensive interlocks than does wholesale, this being particularly the case with Simpsons-Sears, Hudson's Bay, Simpsons, and Dominion Stores. The U.S. controlled retail stores such as Zellers, Kresge's, Safeway, and Woolworth's have very low interlocks. Interestingly, Eatons has only 7 interlocks but 4 of these are with dominant banks; presumably Eatons can afford to be selective.

In utilities it is the long established Canadian controlled companies which are most strongly interlocked with a clear indication that the U.S. controlled companies are not interlocked strongly with other companies. It is interesting to note that the few interlocks the U.S. controlled companies do have are concentrated in finance, particularly with the dominant banks.

In the resource sector the pulp and paper companies, particularly those which are Canadian controlled have the strongest inter-

The national economic elite, as separate from regional or ethnic elites, will be discussed in the following chapter.

locks. The metal mines also have high interlocks and to a lesser extent the petroleum industry which is split between three with high interlocks and three with low. This is similar to mineral fuels where two have high interlocks but the others do not.

In the manufacturing sector, it is primary metals which are highly interlocked and as is the case with machinery companies. Transportation equipment and tobacco industries do not interlock extensively with other dominant corporations, although Ford does have more interlocks than the other two U.S. controlled automobile giants. There is a definite split in the food and beverage industry with the beverage industry* which is strongly interlocked and the food industry which is not.

From the above discussion it is evident that sector has a strong part in the relationships between various corporations and the people who control them but another variable, not unrelated to sector, as was argued earlier in this chapter, is the origin of control of the corporation. The following table summarizes the number of interlocks each corporation has with other dominant corporations and separates them on the basis of the country or origin of the controlling interest.

It is clear from this table that Canadian controlled companies are on the whole the greatest interlockers with other dominant companies. These corporations with the highest numbers of interlocks could be said to be the ones which are at the center of the corporate elite, providing historical continuity to the entire elite. An examination of which companies are the largest interlockers verifies this position. The five companies with over 50 interlocks are the Canadian Imperial Bank of Commerce (90), the Bank of Montreal (73),

With the exception of the Bronfman controlled Distillers-Corporation Seagrams which will be discussed in the next chapter.

the Royal Bank (63), Canadian Pacific Railway (61), and Sun Life (60). These corporations stand above all others as the core institutions of the economic elite.

TABLE XII

NUMBER AND CUMULATIVE PER CENT OF CORPORATEINTERLOCKS BY AREA OF CONTROL, 1972

	CANADA			UNITED STATES			UNITED KINGDOM			OTHER		
	#	%	CUM.%	#	%	CUM.%	#	%	CUM.%	#	%	CUM.%
OVER 50	5	8.6	8.6	-	-	-	-	-	-	-	-	-
40-49	3	5.2	13.8	-	-	-	-	-	-	-	-	-
30-39	11	19.0	32.8	1	2.9	2.9	-	-	-	-	-	-
25-29	5	8.6	41.4	1	2.9	5.8	1	10.0	10.0	1	14.3	14.3
20-24	4	6.9	48.3	2	5.7	11.5	-	-	10.0	2	28.6	42.9
15-19	10	17.2	65.5	1	2.9	14.4	2	20.0	30.0	1	14.3	57.2
10-14	3	5.2	70.7	5	14.3	28.7	2	20.0	50.0	1	14.3	71.5
5-9	9	15.5	85.6	6	17.1	45.8	2	20.0	70.0	2	28.6	100.0
0-4	8	13.8	100.0	19	54.3	100.0	3	30.0	100.0	-	-	100.0
TOTAL*	58			35			10			7		

Total of this table is 110 of the 113 dominant corporations, the 3 joint ventures have been excluded. The average number of director interlocks by country of control is: Canada 23.4, United States 7.0, United Kingdom 9.0, and others 16.3.

Not far behind the core institutions mentioned above are the Toronto-Dominion Bank, Bell Canada and Domtar, each with 46 interlocks with the other dominant corporations. The foreign controlled corporation with the largest number of interlocks is International Nickel with 34, in the same category as the Bank of Nova Scotia, Canada Life, Brascan, Argus, Huron & Erie Mortgage, Dominion Stores, Trans-Canada Pipeline, Consolidated-Bathurst, John Labatt, Steel Company Canada and Massey Ferguson. With between 25 and 29 dominant

interlocks are three foreign controlled companies, Gulf Oil, Hudson's Bay Co., and Canada Cement Lafarge while the Canadian controlled Power Corporation, National Trust, Simpsons, Abitibi Paper and Molsons Industries are also in this range.

At the other end, there are 17 Canadian firms with less than 10 interlocking directorships each, and 9 of these are family firms, including 6 of the 8 with less than 5 interlocks. More than half of the U.S. controlled companies fall into this category of less than 5 interlocks while only 30% of the U.K. companies and none of the companies controlled elsewhere have less than 5. Most of the U.S. companies in the less than 5 category are those which operate as continental companies with branch plant subsidiaries which are tightly controlled by the parent company in the U.S. Those with 5 or more interlocks tend to be operations which have substantial operations in Canada and would appear to have more administrative power than the others.

The strong similarity between the Canadian controlled family firms and U.S. subsidiaries, both of which tend to have low interlocks, could be accounted for by the fact that tight control is exercised in both cases with low outside or 'public' participation in the shareholdings. The existence of outside shareholders may mean that greater legitimacy is required in order to sell shares whereas in the tightly-held companies, only the family members and inside executives need sit on the board.

When the average number of interlocks by area of control is examined, it is apparent that companies controlled in the United Kingdom (with an average of 9.6 interlocks) and those from outside the North Atlantic triangle (with 16.3) have more autonomy and are more highly integrated with the Canadian economic elite than are the

companies controlled in the United States (with 7,0). The Canadian companies, as would be expected have the most extensive interlocking networks (with 23,4). It may be that companies controlled in the United Kingdom and elsewhere have greater Canadian participation because they are not operators in a continental economy as many of the U.S. controlled firms are. Consequently, although they are foreign controlled, they operate within Canada on more independent basis with the Canadian operations as more self-contained units than the vertically and horizontally integrated North American operations of many U.S. corporations.

(iii) Dominant Interlocks With Other Prominent Corporations

It would be mistaken to conclude that the corporate elite interlocks only within dominant corporations; rather, it penetrates other spheres of the economy and corporations smaller than dominant. It is important to recognize that the dominant corporations in Canada's economic structure are not isolated from middle range or smaller corporations. Many of these companies provide complementary activities and are integrated into the social network of the elite. Just as many executives from dominant corporations are recruited to sit on the boards of smaller companies, so the reverse process occur with frequency. This penetration serves to have the economic elite as part of the total economy and not simply sitting atop of it. Many members of the economic elite also sit on the boards of key subsidiaries; just as Canadian boards of foreign controlled corporations serve to provide advice, guidance, contacts and legitimacy to the operations of these companies; so do the boards of important subsidiaries within Canada engage in the same practice. Although ties are obviously strong with the parent or controlling corporation, high degrees of outside recruitment from

Other elite members is also prevalent. Subsidiaries and middle range corporations are important not only from the perspective of control but also act as a further meeting place for elites and in some cases may even be considered important 'breeding grounds' or mobility avenues for entrance into the elite.

In the appendix "Selected Prominent Corporations and Institutions and their Interlocks with the Economic Elite, 1972", 175 of the largest middle range and smaller corporations and other prominent institutions are listed with the total board membership, number of elite directors (representing the degree of elite penetration) and executive positions within the corporations held by members of the corporate elite listed. A survey of this list indicates that the degree of penetration is very extensive and proves that the power of the corporate elite is not confined to dominant corporations exclusively. If there were some way of incorporating the degree of control exercised over these corporations, the percentage of particular sectors controlled by the corporate elite outlined earlier in this chapter would be greatly increased.

There is also an indication in the appendix that of those corporations included by Porter in 1948-50 as dominant and still operating but excluded as dominant in the current study, remain important. The evidence indicates that since they were dominant in the past they are still very much within the cadre of the economic elite today. This is verified by the high numbers of directors from these corporations which are still included in the elite and other board memberships. A few examples will illustrate the point. Wabasso's 14-position board has 7 members of the economic elite, including the chairman and president; all 7 of these directors have more than 1 dominant directorship. Union Carbide of

Canada has 4 members of the economic elite on its 11-position board including the president; Standard Brands has 4 of 13, including the chairman; Sidbec has 3 of 12, including the president and general manager; Rio Algonia Mines has 5 of 15, with 6 of those not in the elite being foreign residents; RCA has 4 of 19; Polymer 5 of 11; Gilvay Flour 5 of 8; Robert Morsa 5 of 12; Maple Leaf Mills 4 of 12; MLW-Worthington 3 of 11; Hollinger Mines 5 of 10, including the chairman, president and chief executive officer, vice-president and chairman of the executive committee; Goodyear Tire and Rubber has 4 of 12, including the president and chief executive officer; Fraser Companies 10 of 14, including the chairman and chief executive officer; Dominion Textiles 5 of 11; Cannon 7 of 14, including chairman and chief executive officer plus the vice-chairman; Asbestos Corporation has 4 of 12, including the vice-chairman and general counsel. Although these corporations are currently excluded as dominant, it is very much in evidence that the corporations identified by Porter were and still are part of the operating base of the corporate elite.

A further interesting finding from this appendix is the overrepresentation of those members of the corporate elite which already have more than one directorship among the dominant corporations. Of the 851 directorships held by members of the corporate elite in other than dominant corporations as listed in the appendix, 397 (46.7%) are held by members of the economic elite with one dominant directorship, 23 (2.7%) by members of the foreign elite not resident in Canada and 431 (50.7%) by members of the corporate elite with more than one dominant directorship. The multiple dominant directorship group is very much over represented in these non-dominant corporations and prominent institutions as compared

to their numerical representation in the elite as a whole which is only 28.9%. This phenomenon will be returned to in the next chapter.

Another important meeting place for members of the corporate elite is on the advisory boards of dominant trust companies spread throughout the country. For example, Canada Permanent has 150 individuals on its advisory boards throughout Canada, of these, 23 are also members of the elite with 3 members on the St. John's, Newfoundland board, 5 on the Halifax board, 2 on the Saskatchewan board, 3 on the Calgary board and 4 on the Vancouver board. Similarly with Royal Trust, which has 173 individuals on its advisory boards including 37 members of the corporate elite, 8 of which are in Toronto, 4 in Winnipeg, 3 in Calgary, 3 in Edmonton and 5 in Vancouver. Although these positions are advisory and not in themselves elite positions, it is evident that they do provide a further extension of elite power and interaction.

(iv) Multiple Directorships

The hierarchy within the corporate elite in terms of those who hold multiple directorships alluded to in earlier sections merits further attention and in the following chapter will provide an important variable in the analysis of class origins and social backgrounds. In 1951 Porter found that 203 members of the corporate elite, representing 22% of the total elite membership, together held 600 dominant directorships or 46% of all dominant directorships. Porter provides a detailed breakdown of the distribution of these multiple directorships which will not be reproduced here (1965:589).

This situation is still much in evidence in 1972. The proportion of directorships accounted for by people holding multiple dom-

inant directorships has increased from 46% in 1951 to 54% in 1972, indicating an increase in the degree of corporate interaction at the upper levels of power during this period. An increased portion of the elite engaged in interlocking directorships over the same period is also evident with an increase from 22% to 29%. The following table breaks down these interlocks in detail.

TABLE A-1

DISTRIBUTION OF 1,454 CANADIAN RESIDENT DIRECTORSHIPS
OF 113 DOMINANT CORPORATIONS
AMONG 947 RESIDENTS OF CANADA, 1972*

No. of directorships held by one person	<u>C U M U L A T I V E</u>					
	Total no. of persons	Total no. of directorships	No. of persons		No. of directorships	
8	1	8	1	.1	8	.1
7	6	42	7	.7	50	3.4
6	6	36	13	1.3	86	5.9
5	20	100	33	3.5	186	12.9
4	28	112	61	6.4	298	20.5
3	58	174	119	12.6	472	32.4
2	155	310	274	28.9	782	53.8
1	672	672	946	100.0	1,454	100.0
Total	946	1,454				

* A total of 287 foreign residents (195 from the U.S., 55 from the U.K., and 37 others) held an additional 301 directorships in dominant corporations. Total boards for all dominant corporations are included.

The direction indicated by a comparison of Porter's 1951 table and the present findings is an overall increase in the number of multiple directorship holders. For example, in 1951, 91 directors held 3 or more directorships accounting for 28.8% of all dominant directorships, while those in the same category now

number 119 and hold 32.4% of all dominant directorships. The implications of this shift are for further concentration of power at the top of the economic elite over the past 20 years and not, as those arguing the technocracy thesis or post-industrial model, a decentralization of power and opening up of the elite.

The next chapter will focus on the class origins and social background characteristics of the corporate elite and it will further illustrate that over the past 20 years there has been a tightening of the class structure at the top of the corporate elite and a decline in the amount of middle and lower class mobility into the elite.

INEQUALITY OF ACCESS:

SOCIAL CHARACTERISTICS OF THE CORPORATE ELITE

Whereas the previous chapter examined the corporate structure and its interlocks, in this chapter social characteristics of the corporate elite will be analysed from a variety of perspectives and compared with the findings of John Porter's study of the corporate elite in 1951. Particular attention will be paid to the career avenues to elite positions, social class origins of the elite, the size of the elite, birthplace and regional distribution, ethnicity, religion, educational experience and a variety of relationships elite members have outside the corporate board rooms. The findings of the present study will show that on every major variable, access into elite positions has become more difficult for persons outside the upper class. Since 1951 there has been a crystallization of the upper levels of power beyond the already rigid power structure identified by Porter.

A) AVAILABILITY OF BIOGRAPHICAL DATA

Directors of the 113 dominant corporations were identified from The Financial Post Directory of Directors 1972 and in a few cases from reports filed with the Department of Corporate and Consumer Affairs. This provided the names and corporate directorships of 946 individuals resident in Canada holding a total of 1,454 corporate directorships in the dominant corporations. Adequate biographical data was found for 775 (81.9%) of the corporate elite*.

* Biographical sources include Canadian Who's Who, various years; Who's Who in Canada, various years; the National Reference Book, various years; Biographies Canadiennes Françaises, various years; Who's Who in Canadian Jewry, 1965; regional Who's Who's; The Canadian Directory of Parliament, 1867-1967; American and British Who's Who's; The Canadian Who Was Who, 1875-1957; Poor's Register of Corporations, Directors and Executives; A Cyclopaedia of Canadian Biography, 1919; Macmillan Dictionary of Canadian Biography, 1963; Directory of Directors, various years; Morgan's Canadian Men and Women of Their Time, 1912; Encyclopedia Canadiana; newspapers and magazines, particularly the Globe and Mail and Financial Post.

The 81.9% of the elite for whom data was available include 1,276 of the positions (87.8%). This compares favourably with Porter's coverage of 77.2% of the elite members and 82% of the positions. Half of the 171 for whom data was not available were inside directors, indicating that these are mainly new entrants into the elite who have not yet made it into the biographical sources examined. Only 9 of those missing held executive positions in dominant corporations. No adequate data could be found for 4 of the women who appear in the elite.

Only residents of Canada were included in the present study, with the 287 foreign residents holding 305 dominant directorships excluded from the present analysis. Of the 287, 195 were from the U.S., 55 from the U.K. and 37 from elsewhere.

B) AVENUES TO THE ELITE: CAREER PATTERNS OF THE CORPORATE ELITE

Most of the means by which individuals gain access into the corporate elite can be identified as falling into one of eight categories, not all of which are related to any 'functional' specialization. Three distinctions which are based on particular skills include the technical specialties of engineering and science, knowledge of the law and lawyers and finally, administrative skills and commerce. Four further distinctions can be said to involve particular connections and/or corporate position. These include financiers and financial executives whose task it is to have access to capital, individuals whose main career has been in another elite thus providing extra-economic contacts and legitimacy, individuals whose main career has been in the finance department of a substantial business giving them knowledge of and experience in matters related to investments and, those whose main reason for entering the economic elite is based on the strongest contact of all, kinship, which is

to say, career in a family firm. A final characterization is based on an individual or set of individuals 'making it on their own account'. This refers to the fact that certain individuals have created and developed substantial businesses which form the basis for their entrance into the economic elite. The following table provides a breakdown of members of the economic elite, as far as was possible, into these categories. Some individuals could fit into more than one category but the one which best characterized their total career was selected.

TABLE XIV

MAIN CAREER PATTERNS OF THE
CORPORATE ELITE, 1972

	Canadian-born		Canadian & Foreign-born	
	No.	%	No.	%
Engineering & Science	81	12.1	108	13.9
Financier & Fin. Exec.	120	17.9	139	17.9
Law	146	21.7	147	19.0
Finance Department	44	6.6	59	7.6
Commerce	31	4.6	34	4.4
Main Career Other Elite	43	6.4	45	5.8
Career in Family Firm	126	18.8	133	17.2
Own Account	14	2.1	17	2.2
Long Crawl	23	3.4	30	3.9
Unclassified	45	6.7	64	8.1
TOTALS	673	100.0	775	100.0

The two final categories, 'long crawl' and 'unclassified' both represent residual categories of individuals which did not readily fall into any of the other 8 divisions. Although all of those in these two categories have entered the elite through established corporations, those in the 'long crawl' category were involved with the corporation at least 15 years before they attained an executive position or a directorship in the company. The residual category is similar to that reported by Porter, with 10.1% in the Canadian-born group and 12.0% overall compared to 12.4% and 15.6% respectively

in 1951. One reason for the somewhat lower percentage, unclassified is the introduction of a new category, 'commerce', in the present study. Reasons for this change will be discussed under that classification.

(i) Technical Training: Engineers and Scientists.

Quite contrary to the managerial revolution theory and its latest revival, the post-industrial thesis, the proportion of the corporate elite with specialized skills in the technical fields of science and engineering has declined over the past 20 years from 19.3% of the Canadian-born members of the elite in 1951 to 12.1% in 1972. Similarly the proportion when foreign-born members are included declined from 22.3% to 13.9%. Together they hold only 12.9% of the dominant directorships, less than their numbers would warrant. They do, however, hold 15.5% of the directorships in chartered banks, more than their numerical representation would warrant, but similar to the proportion of bank directorships held 20 years ago. The proportion of insurance directorships accounted for by the 'technical men' has declined over the same period from 17% to 11.4%. Overall they account for fewer directorships than do the financial executives, lawyers or people whose main career has been in a family firm.

Of the 81 Canadian born technically trained elite, there are 59 engineers, 14 chemists, 6 with other science training and 2 whose training has been in technical schools beyond the secondary level. All 27 of the foreign born have attended university with 18 engineers and 9 who hold science degrees; of these, 16 were born in the U.S., 9 in the U.K. and 2 elsewhere. The 25% of this category which are foreign born represents somewhat of a decline from the 30% of 20 years ago but still accounts for a substantial

degree of foreign recruitment in this area. Fewer of the Canadian born took their college training in the U.S. than did 20 years ago with a decline from 31% to only 11% now. McGill has declined as the predominant place where the Canadian born members were educated, accounting for only 15% now but 36% in 1951, while the University of Toronto has remained about even over the period (from 30% to 27%). The University of Alberta has become more popular with 10 graduates (12%) of which 7 graduated after 1935. The remainder are fairly evenly spread among major Canadian universities with 5 from each of Queens and the University of British Columbia. One indication of the increasing Canadian participation in this area is the fact that 25% of the Canadian born elite were born after 1920 and only 11% of the foreign born.

Only 16% of the Canadian born had the advantage of attending private schools while 26% of the foreign born, all of whom were born in the U.K., had this advantage. For the most part the engineers and scientists are of solid middle class origins with about a quarter of the Canadian born members beginning at or near the top of the class structure.

One very notable characteristic of this group is that it is almost exclusively Anglo (98.8%) with only 1 French Canadian. This is repeated for the foreign born, with only 2 individuals whose ethnicity is non-Anglo. There are no Jews in this category.

(ii) Financiers and Financial Executives

Although the overall proportion of the elite in the category of financiers and financial executives has increased somewhat (17.9% from 16.7%), the Canadian born component has remained steady at about 18%. The number of senior executives from the chartered banks has increased somewhat from 23 to 29 but there has been

quite an increase in the number of senior executives from the life insurance companies, with only 10 included in 1951; there are now 30. There are also 50 financiers and 30 executives from other financial institutions such as trust companies.

In 1951 only 45% of the financiers and financial executives attended university but now 60% of the financiers, 70% of the insurance executives and 57% of the other financial executives have gone to university. While only a quarter of the banking executives have attended university, these 7 represent a substantial increase from the 1 in 23 which had in 1951. Two of the banking executives have now attended Harvard at the post-graduate level while another has gone to the London School of Economics. Ten of the financiers have also had post-graduate training, 4 of them at Harvard; 7 insurance executives have had the same advantage with 3 of them going to the University of Toronto for their post-graduate training. Executives from the other financial corporations have had extensive training in law with 9 out of 30 having degrees in this field.

Financiers and financial executives do not interlock quite as extensively as they did in 1951 although they still hold a disproportionate number of directorships, particularly in insurance where they have 32% of all insurance directorships.

Porter indicates that 39% of the financiers had elite connections in 1951 with this being even more prevalent among the youngest group. This is borne out in the present set of financiers, 46% of whom have family connections in the elite. Bankers also have high elite connections with 35%, while only 17% and 13% respectively the insurance and other finance executives have elite kin.

Private school attendance is high among this group with 23% of the financiers enjoying this advantage, 5 of them attend-

ing Upper Canada College (3 at the same time) while another 4 went to University of Toronto Schools. There were also 9 (31%) bankers with the same advantage (2 also attending Upper Canada College at the same time), 7 (23%) insurance executives and 11 (37%) other financial executives. Private schools have provided large numbers of the people in this category with common experiences at an early age, as well as presenting the opportunity for extensive contacts to be developed with other upper class peers. These initial contacts have been fostered in later life within the confines of one or more of the exclusive national men's clubs (the Rideau, Mt. Royal, St. James, York, Toronto and National). Sixty-six per cent of the financiers, 90% of the bank executives, 47% of the life insurance executives and 70% of the other financial executives belong to one or more of these six clubs.

Although there are a few French Canadians in the financier and financial executive category, with 5 financiers, 2 bank executives, 2 life insurance executives and 3 other financial executives of French origin, there is only one Jew and one with other ethnic origins (both being financiers) while Anglo's dominate as financiers (86%), bankers (93%), insurance (93%) and other (90%) executives.

(iii) The Lawyers

There has been a substantial increase in the number and proportion of lawyers in the corporate elite with this change coming almost exclusively from those who have law degrees but chose to work their way into the elite via the corporate rather than legal world. While there were 108 lawyers in 1951, all Canadian born, representing 17.7% of the Canadian born and 14.2% of the Canadian and foreign born, in 1972 this increased to 146 Canadian born and another born outside Canada, accounting for 21.7% of the Canadian

born and 19.0% overall. Law, as a route to the corporate elite, remains with one exception, the preserve of Canadian born members.

While only 10 (9%) came up through the legal departments in 1951, 35 (24%) were internal recruits in 1972. This suggests an increasing number of people who have chosen law as a general education suited to the corporate world and not primarily as a means of entering private practice, as was the case 20 years ago.

Although lawyers still tend to interlock extensively, the increased number of internal lawyers tends to deflate the proportions somewhat. Lawyers account for 18.3% of all dominant directorships in 1972 compared to 16% earlier, 18.5% of the bank directorships* (second only to the proportion accounted for by those in family firms) compared to 19% found by Porter but only 13% of the insurance directorships, a drop from the 19% of 20 years ago.

While only 49 of those from legal firms report political affiliation, there emerges a considerable difference in their party affiliation. Porter reported that the 61 who reported in 1951 were about equally split between the two major parties while in 1972, 28% of those associated with law firms report Liberal affiliation and only 16% report Conservative. An additional 4 of the internal lawyers report Liberal affiliation while there are no Conservatives. This shift seems to reflect the long pattern of dominance by the Liberals in federal Canadian politics.

Porter reports that there were 13 sets of partners among the lawyers associated with law firms in 1951. In 1972 there was found to be 23 firms with more than one member of the economic elite.

Included here are 7 on the board of the Bank of Montreal, 6 on Canadian Imperial Bank of Commerce, 6 on Bank of Nova Scotia, 8 on Toronto-Dominion and 10 on the Royal Bank.

Together these included 60 partners and 106 dominant directorships. One Montreal firm, Ogilvy, Cope, Porteous, Hansard, Marler, Montgomery and Renault, alone has 7 members who are in the corporate elite, all of whom have taken law at McGill University. Another firm from Quebec City, St. Laurent, Monast, Desmeules, Walters and Dubé, has only 2 members in the economic elite but between them 9 dominant directorships. These are André Monast with 6 dominant directorships including the CNR, Canadian Imperial Bank of Commerce, Dominion Stores, Canada Cement Lafarge, Confederation Life and Noranda Mines, adding a 7th, IBM Canada in 1973; Renault St-Laurent, son of the late Louis S. St-Laurent, who was also a lawyer in addition to being Prime Minister, is the other partner with 3 dominant directorships including again the CNR but also IAC Ltd. and Rothmans of Pall Mall in addition to sitting on the U.S. parent board of Scott Paper. Although these are just a few examples, the fact that 106 dominant directorships are held by members of 23 law firms serves to illustrate that this provides an additional area where dominant directorships become further concentrated.

All of the lawyers are trained in Canada with half attending Osgoode Hall and about 1/5 to each of the University of Toronto and McGill, while Dalhousie, University of Manitoba, Laval and University of Montreal are also important. Many of the lawyers share common social experiences in their educational careers, for example, four went to the University of Toronto Schools for their private schooling together, each of them going on to the University of Toronto for their LL.B's and then on to Osgoode. This includes one pair of twins, John A. and James M. Tory who followed their lawyer father's footsteps, together taking up 5 of his dominant corporate directorships.

The experience of private schools is not uncommon to lawyers in the elite with 46% of those in law practice having this advantage while only 29% of the internal lawyers had the same advantage. Of those in law firms who attended private school, 4 attended the Collège Sainte Marie as did 3 of the internal lawyers, 7 the University of Toronto Schools, 5 Upper Canada College, 4 St. John's-Ravenscourt, 4 Trinity College and 3 Lower Canada College.

The difference between those lawyers associated with firms and the internal lawyers on all of the class-based variables, is that the practicing lawyers are primarily upper class with almost half born at or near the top while only about 1/3 of the internal lawyers had the same initial advantage, most of them coming from the upper middle class.

Law is the career pattern which has the greatest representation of French Canadians; it includes 14 associated with firms (12.5%) and 7 internal lawyers (20%) with 14.3% of all elite members using law as a means of access to the board room being French Canadian in origin. Five Jews have also gained their mobility into the elite through law, all in firms, of which 3 are associated with Phillips & Vineberg although they only account for 4 dominant directorships between them. The Jews account for 4.5% of those associated with law firms, but since none have made it through the corporations their overall proportion is only 3.4%. Anglo's remain the predominant group accounting for 82.3% of all the lawyers in the elite.

Consistent with the high upper class origins of the lawyers associated with law firms is the fact that 23 of them inherited positions from their fathers. This includes 14 who inherited positions in law firms, 19 of whom inherited directorships and 10

who inherited both. This does not count the Jeffery family, associated with Jeffery and Jeffery and London Life, who will be discussed under family firms. Altogether, 38% of those in law firms and 23% of the others have some family connection in the elite.

(iv) Mobility Through the Finance Department

Very similar proportions have made it into the elite through the finance departments, with 6% and 6.7% of the Canadian born and total group in 1951 and 6.6% and 7.6% in 1972. Of the 44 Canadian born, 33 are chartered accountants, 9 have economics or administrative training and 2 appear to be inside-trained, both of them entering the corporation world after attending private schools. Only 4 of the 15 foreign born are chartered accountants, the others working their way up as treasurers or comptrollers. About half the entire group has made it to the top after a 'long crawl' of at least 15 years before gaining a directorship or executive position. About 1/3 of the Canadian born members were born at or near the top with about the same proportion attending private schools. Only 2 members of this category inherited directorships and 9 have families in the elite. Although not entirely of upper class origins, 40% have taken on the life style with memberships in one of the six exclusive national men's clubs.

As in all of the career patterns, Anglo's dominate with 80.8% of the entire group while there are only 5 French Canadians (8.5%) and one from another ethnic group. No Jews entered the elite through this route.

For the most part those who have entered the elite through the finance department have entered as inside directors and remain there, having low levels of interlocks compared to other

career patterns. Although representing 7.6% of the entire elite they have only 6.8% of all directorships, 3% of the bank directorships and 3.6% of those in insurance.

(v) Commerce

Porter did not include commerce as a career pattern into the elite, noting that "Comparatively few persons in the elite have been trained in commerce or business administration" (1957:381). Many of the 'new breed' (which actually is bred from old blood) tend to be more oriented toward commerce degrees than 20 years ago. For example, Paul Desmarais graduated from Ottawa University with a degree in commerce, as did his brother Louis from McGill, unlike their father who was a lawyer.

Those whose main careers have involved commerce training and careers number only 31 (4.6%) of the Canadian born members of the elite and 34 (4.4%) when Canadian and foreign born are combined, but together hold 5.1% of the directorships in dominant corporations, 5.5% of the bank directorships and 5.7% of those in insurance. An additional 10 members of the elite also received commerce degrees but their main careers have been classified in other sections.

Many members of the commerce section have had common educational experience. For example, 6 members of the elite had their initial commerce training at McGill with 4 of those later going on to Harvard to obtain MBA's. Of the 11 members of the elite which attended Harvard, 8 of them graduated between 1947 and 1951. The following example illustrates how common educational experience can lead to common social types. Ian A. Barclay and Gordon S.J. Powell both received MBA's from Harvard between 1947 and 1949. Both now live in Vancouver, each belonging to both the Vancouver and Shaughnessy Clubs. Mr. Barclay is president and chief execu-

tive officer of British Columbia Forest Products while Mr. Bowell is president and chief executive officer of Weldwood of Canada, each gaining their present positions within a year of the other.

Those in commerce tend to be younger than the rest of the elite, most enjoying high class backgrounds with 41% born at or near the top of the class structure. Half of them belong to one or more of the six exclusive national men's clubs.

One characteristic of this group which likens them to the lawyers is the relatively high participation by French Canadians (high, that is, for the economic elite) with 14.7% being of this origin and 85.3% Anglo. Since this is a relatively new avenue into the elite it may well be that commerce may provide an avenue for French Canadians into the elite in the future.

(vi) Main Career in Another Elite

More people have been classified as having their main careers in another elite than by Porter for 1951 but part of the reason for this is a redefinition of what constitutes having a main career in another elite. Only 14 persons (1.8%) transferred to the corporate elite after having their main careers in the political, bureaucratic or military elite in 1951. In 1972, 5.8% of the elite entered by way of other elites, including 18 from the bureaucratic elite and 17 from the political elite as defined by Porter (1965) and Olsen (1973). An additional 10 are classified as coming from the academic elite, including university deans, presidents and prominent professors particularly from business schools. There are no members classified as having their main career in the military. Even using only the political and bureaucratic elites, the numbers compared to Porter's findings are more than doubled, rep-

representing a greater degree of interlock between the corporate elite and the state elite than had existed 20 years ago. This phenomenon can be referred to as having 'career overlaps' or the persons being 'elite switchers'. Among the members of the political elite are 8 former federal cabinet ministers, 5 former provincial premiers including one from each of Quebec, Alberta, Manitoba and 2 from Ontario, one former Prime Minister and 3 provincial political elites, as defined by Olsen. Some examples of those from the bureaucratic elite are Graham Towers, Governor of the Bank of Canada from 1934 to 1954, W.J. Bennett, President of Atomic Energy of Canada from 1946 to 1958, K.R. Macgreggor, Superintendent of Insurance from 1953 to 1964, Dr. A.J.R. Smith, Chairman of the Economic Council of Canada from 1967 to 1971 and D.B. Mansur, President of Central Mortgage and Housing from 1946 to 1954. A recent announcement in the Globe and Mail provides a case where both the head of a firm and his successor have their main careers outside the corporate world:

J.V. Clyne yesterday announced his retirement as chief executive officer of MacMillan Bloedel Ltd. but will remain at the request of the directors as unpaid chairman of the company ... Mr. Clyne, a justice of the Supreme Court of British Columbia before he joined the company in 1958, has been chairman and chief executive officer since 1960. Later, the board announced the appointment of Robert W. Bonner as president and chief executive officer of the company. Mr. Bonner, 51, had previously been vice-chairman. He is a former Attorney-General of British Columbia who entered government with the Social Credit Party in 1952, serving in various Cabinet posts. In May, 1968, he resigned from the Government to join MacMillan Bloedel as vice-president, administration, and later was appointed a director. He was named vice-chairman in April last year (April 27, 1972).

Those from other elites represent only 5.8% of the people in the elite but 6.2% of all dominant directorships with 6.4% of the insurance directorships and 5% of those in the banks. Although mainly from the middle and upper-middle classes, this group in-

cludes 36% born at or near the top of the class structure. Only one Jew and 6 French Canadians entered the elite through this route while it provided an avenue for 38 Anglo's.

(vri) Career in Family Firms

The 133 individuals who have been characterized as gaining access to the elite through family firms have spent the majority of their business careers in corporations in which their father, or in 5 cases maternal grandfather, has held a key corporate position. This career pattern does not include all of those who began at or near the top of the class structure, nor does it include those who gained their mobility in their father-in-law's firms. Some of the members classified here have had training in one of the other sectors already described but the main reason for gaining elite positions is because of kinship. There are more individuals classified as having their main career in family firms now with 133 (17.2%) compared to 1951 when there were 113 (14.8%). The current figure includes 126 of the Canadian born (18.8%) and only 7 foreign-born (6.8%).

Most of the foreign-born members having careers in family firms are from the United States but some, like Thomas J. Bata who began in his father's Bata shoe factory in Czechoslovakia, were born elsewhere. In 1929 Bata travelled to England as an assistant general manager in his father's firm, coming to Canada and constructing a shoe factory in 1935, of which he still retains the presidency. He is included in the elite because of a directorship in IBM Canada and not because of Bata Shoes. Nathaniel V. Davis has been associated with Alcan since 1939, president from 1947 to 1971 and now chairman and chief executive officer. His father, Edward Kirk Davis was president since Alcan's organ-

ization in 1928. Although Nathanael V. attended both Harvard and London School of Economics, it would be difficult to argue that the reason he followed in his father's footsteps is primarily because of this education in commerce; rather the commerce degree allowed him to take advantage of the position open to him because of birth. Davis now holds directorships in Canada Life and Bank of Montreal as well. Certainly his being born in the U.S. has not been an impediment to gaining the top position in the multinational Alcan.

Of the 126 Canadian born members in this category, 66 have some training or position which otherwise may have classified them in previous categories. There are 16 with under-graduate degrees in science including 11 engineers, all of whom have gained their mobility in 'non-technical' departments of corporations their fathers were associated with. There are 10 with law degrees, only 3 of which are associated with law firms and these include the 3 Jeffery brothers who are associated with both their father's law firm and London Life. The other 7 have law degrees but have been associated with family firms most of their lives; for example, Arthur Simard and Allan Bronfman. Commerce degrees are held by 11 with, for example, Alan Young Eaton attending the University of Toronto, Cambridge and Harvard where he obtained an MBA, G. Drummond Birks has a B. Comm. from McGill and H. Arnold Steinberg went on to Harvard for an MBA after graduating from McGill. There are 26 financiers and financial executives, mainly investment dealers but also including, for example, John Kenneth Macdonald, chairman of Confederation Life as was his father and grandfather before him and A. Bruce Matthews, who succeeded his father as President of Excelsior Life. Also 3 had careers in finance department, with

for example, Harland de M. Molson joining Clarkson McDonald Currie and Co. as a junior in 1926 becoming a chartered accountant in 1933, a director of Molson's in 1938 and secretary in 1946 now holding the position of chairman in the family firm.

Within this group of 126 Canadian born with main careers in family firms there are 24 current father/son combinations and 32 current brothers. The fact that inheritance plays a predominant part in the mobility of this group is reflected in the fact that many of them are much younger than the other sections discussed with 55 born after 1920, 4 of these after 1935, and 55 born between 1905 and 1919 while only 16 were born prior to 1905.

Examining the entire group of 133, it is evident that private schooling plays a large part among those who inherit their positions. There are 85 who attended private schools, 65% of the group. There are also 108 who attended university (81%) plus another who went to technical institute. About one-quarter of the group enjoyed the advantage of having an international education, going to school outside of Canada at some point in their youth.

While there are only 10 French Canadians in this group (7.5%), there are two (Bata and Koerner) from Czechoslovakia and 13 Jews making this the area of greatest mobility for Jews with 11.3%. There are also 106 Anglo's dominating this avenue, as every other, with 79.7% of the total.

Sixty members of this group (45%) belong to one of the six national gentlemen's clubs and 25 belong to clubs outside Canada, indicating that there is high participation in both the national and international upper class circles.

The power of this group extends further than does any other group in terms of interlocking directorships. While representing 17.2% of the elite, this group accounts for 18.7% of the directorships in all dominant companies, 23% of the directorships in the key banks, with 35% of the members of this group holding bank directorships, and 21.4% of the insurance directorships, with 23% of the group holding an insurance directorship.

Many Canadian firms have been and still are dominated by particular families, quite contrary to the ideology of managerial revolution theorists, those who argue that 'power has passed to the technocracy' and the post-industrial thesis. Long lists of examples of prominent family firms could be provided; for example, C.L. Burton became president of Simpson's in 1929, succeeded by his eldest son Edgar with his youngest son Allan also holding a vice-presidency in the company. The fifth generation of Molson's are still in control of what is now called Molsons Industries, having expanded their brewing operation. Five Eatons have been president of Eaton's since Timothy Eaton first opened a store in Toronto in 1867 and two sons of John David Eaton, John Craig chairman of Eaton's of Canada and Fredrik Stefan president of the same company, still run the company. Similarly, Chuck Woodward's paternal grandfather built his first department store in 1892 in Vancouver and now this has expanded to include 77 retail stores. Woodward has a double advantage; his other grandfather left him one of the largest ranches in North America covering one-half a million acres with 10,000 cattle. Chuck Woodward is reported to have said that he resisted taking over the family empire but "I didn't want to hurt my father, and because I was the last male Woodward left I had a duty. I came down to work" (Maclean's, June

1973:42). To look after the family fortune and carry on the family name is perceived as a duty, not only for the Woodwards but for many of those who inherit their positions. The family remains important in Canadian life; at least at the top of the class structure.

Galen Weston became chief executive officer of Loblaw Cos. at the age of 30, after sitting on the board of George Weston Ltd., Loblaw's parent company founded by his father, since he was 27 years of age. According to reports filed with the Ontario Security Commission, W. Galen Weston holds 66,425 shares in George Weston Ltd. valued at over \$1,325,000 at current prices. There are 5 Bronfman's also associated with Distillers-Corporation Seagrams. The Bronfman's also control Cemp Investments. A recent report provides some insight into how family fortunes are maintained inter-generationally and how they are run:

Cemp Investments Ltd. provides a partial glimpse into the fortune that has been built from profits in huge, world-wide Distillers Corp-Seagrams Ltd., controlled by the Bronfman family of Montreal. Distillers' sales run to over \$1.5 billion a year. Cemp is owned by four trusts established by the late Samuel Bronfman--creator of the world's largest distilling organization--for his four children and his grandchildren. The name is taken from the first name of Bronfman's four children: Charles, Edgar, Minda and Phyllis. Charles runs the Canadian operations of the Distillers Corp-Seagrams; Edgar, based in New York, is president of the big firm; Minda is married to a French baron; and Phyllis is a Chicago architect (Toronto Star, April 15, 1972).

Not all of the family firms which have provided members with access to the elite are dominant. For example, Carl A. Pollock is in the elite because he is a director of the Royal Bank but he is also the chairman of Electrohome Ltd., a firm established in 1907 by the grandfather of John Pollock who is now president as well. John Pollock is quoted as saying, "I wouldn't say that be-

cause my name is Pollock it hasn't helped me get on. It has. But I think the days of that degree of nepotism are over" (Globe and Mail, August 22, 1972). It would appear that either Mr. Pollock is blind to the facts of inheritance or he has been so well socialized into the upper class that he believes that everyone enjoys the same advantage that he does. Is not passing on of position the highest form of nepotism? Other examples of middle range family firms which have provided avenues to the elite would have to include the Birks. G. Drummond Birks, president and chief executive officer of Henry Birks & Sons Ltd, is in the elite because of his directorships on the boards of Standard Life and the Royal Trust. His access to the elite has been the family-run firm established in Montreal in 1879 with a tradition of centuries of family involvement in the silversmith business in England before that.

All of the examples have not been exhausted, just to mention the Billes of Canadian Tire, the Burns of Crown Life, the Gairdners of Glengair Group, the Jeffery's of London Life, the Lobb's of M. Lobb, the Scott's of Wood Gundy, the Steinberg's of Steinbergs or the Wolfe's of Oshawa Group would indicate that the extent of family control over the corporate world in Canada is far from insignificant. It's as powerful, even more powerful, than it ever was.

(viii) Own Account

In stark contrast to those who have made it into the elite through family firms are those who manage to establish firms on their own and gain the stature in one generation of becoming members of the corporate elite. For 1951, Porter reports that 7.6% of the elite made it on their own account, a total of 58 people. He noted that several of these were people who built smaller regional firms and subsequently have been recruited to the boards of

dominant companies. One of the strongest indicators that the structure of power in the Canadian economy has become more rigid over the past 20 years is the fact that only 26 members of the present elite have made it into the elite group on their own account, representing only 2.2% of the entire group. These people only account for 2.0% of the dominant directorships and with only 5 directorships in the banks, only 1.5% of the bank directorships. They have no directorships in dominant insurance companies.

All of those who established themselves in the elite by initiating substantial businesses of their own were born before 1930 with 11 of the 17 born before 1920. Indicative of the fact that not all of the members in this group started at the bottom of the class structure is the fact that 8 people between them attended private schools (5) or university (6). Some, however, did start out near the bottom.

More than half the group are members of regional firms who have been recruited into the board rooms of dominant corporations. This includes the only French Canadian in the group, J.C. Hebert who established Transpaper Products in Montreal in 1947 and sold the company in 1966 at which time he was sole owner. He is in the elite because he sits on the board of Power Corporation.

The outstanding feature of the group which made it on their own account is the fact that 3 Jewish families, the Steinberg's, Loeb's and Wolfe's, together established 3 firms of national scope. All of the firms are in the trade sector. Two of the firms, M. Loeb and Oshawa Group are in fact based on one organization, IGA Canada Ltd. Nonetheless, it is significant that 8 Jews have been able to break into the corporate elite within one generation. The relationship between Jews and other members of the elite will be

examined in the section on ethnicity.

It should be noted that once a firm of national scope has been established, it is only the founder generation which makes it on its own account. It may well be that Max and Maurice Wolfe struck out in 1911 with \$64 capital to establish what has become a half-billion dollar empire (see The Oshawa Group Annual Report 1972) but their sons and grandsons enjoy an advantage they did not; their father's established the business. If the firm is then passed on to the second generation, as is the case with the present firms in this category, the structure once more becomes solidified and access for outsiders more difficult. For example, Charles L. Gundy inherited 8 directorships from his father, James Henry Gundy, including 7 dominant corporations and the chairmanship of Wood Gundy. James Henry may have made it on his own account, his father being a Methodist minister, but the same cannot be said of Charles L. who obviously was born into the upper class. As the corporate structure becomes more concentrated and the class structure more rigid, it becomes more difficult for those outside the inner circles of power to break in and mobility becomes stifled. The dramatic closing off of this avenue of mobility into the corporate elite since 1951 illustrates that mobility into the upper levels of power in Canada is becoming much more difficult as the corporate structure becomes more concentrated.

C) MOBILITY INTO THE CORPORATE ELITE: CLASS AND ECONOMIC POWER

Class origins of the corporate elite are important from a number of perspectives. It shows the extent of mobility existing at any given time and, if more than one time frame is available, as in the present case, relative changes in class access to elite positions. Presumably one assumption of a concern with mobility is

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that talent is distributed evenly throughout all classes in society and if everyone did have an equal chance at access to the elite the total society would be better served. From the perspective of democratic theory, the concern is focused on the value that everyone in a society should have equal opportunity to realize their potential with the freedom to exercise this potential in the management and direction of the future of society. From the social structural perspective, class access to the elite is an important indicator of the degree of openness present in the flow between different classes; put differently, the extent of class crystallization there is in a society. The more difficult it is for people outside the upper class to enter the elite and, conversely, the greater the proportion of elite members which are recruited from the upper class, the greater the concentration of power in a particular society. With greater concentration of power there is less opportunity for those outside the inner circles of power to express their concerns and desires, thus stifling equality of opportunity which forms the basis of western democratic ideology.

(i) Class Origins of the Corporate Elite

The following table presents class origins of the corporate elite as it exists in 1972 compared with origins of the corporate elite as reported by Porter for 1951. This table provides conclusive evidence that access to the corporate elite has become more exclusively the preserve of the upper class over the past 20 years. Using the same criteria and indicators as Porter, the present study replicates as close as possible both the spirit and methodology used in the earlier study.

TABLE XV

**CLASS ORIGINS OF 673 CANADIAN BORN MEMBERS
OF THE CORPORATE ELITE IN 1972**

Class Indicator*	CUMULATIVE			1951**	(CUMULATIVE
	No.	(No.)	%	CUMULATIVE	% INCREASE 1951 to 1972)
<u>Upper</u>					
Father in economic elite	192	(192)	28.5	22	(6.5%)
Father in other elite	16	(208)	30.9	24	(6.9%)
Wife from elite family	39	(247)	36.7	31	(5.7%)
Father in substantial business	68	(315)	46.8	37	(9.8%)
<u>Upper-Middle</u>					
Attended private school	85	(400)	59.4	50	(9.4%)
<u>Middle</u>					
Father in Middle class occupation	57	(457)	67.9	-	-
Attended University	177	(634)	94.2	82	(12.2%)
Possibly lower than middle class	39	(673)	100.0	100	

* Since the categories are presented as mutually exhaustive from top to bottom, some people in higher categories could also be placed in lower ones.

** This is the cumulative percentage for the 611 Canadian born members of the economic elite reported by Porter for 1951 (1965:292, Table xxvii).

'Upper-middle' refers to the fact that although private schools are not exclusively the preserve of the upper class they are upper class institutions in the sense that the majority of students are upper class and the values, as well as life-style are those of the upper class. On this point, see the section on private schools later in this section. 'Middle' class does not mean middle-majority of the population since the fathers' occupations are mainly professionals and only about 8% of the male population aged 50 have ever attended university, an admittedly imprecise index of class origin since it is based on performance rather than birth but a sound criteria given its high correlation with class origins (Porter, 1965:183). Middle class here refers to that strata of the population with the advantages of high skill occupations and income such as doctors, lawyers and engineers or managerial occupations. Ministers are a special case in that they have high status and advantages; for example, private schools used to give minister's sons reduced tuition fees, beyond their direct source of income. The middle class enjoys much more influence and prestige than does the clerical white-collar worker or the working class.

Of the 673 Canadian born members of the corporate elite, 28.5% had fathers, or in a few cases uncles*, in the corporate elite.

* Uncles were used as equivalent to fathers in cases where the position of the uncle provided an indication of the family origin. For example, in the case of Henry Borden, whose uncle was used as being equivalent to having a father in the political elite. "Borden is a nephew of Sir Robert Borden, who was like a father to young Harry, and in 1918 the then Prime Minister of Canada took the boy to the Imperial War Conference in London to meet the British elite" (Last Post, 1973:39). Henry Borden is now a member of the executive committee and director of both Brascan and Bell Canada as well as director of IBM Canada, Massey-Ferguson and Huron & Erie Mortgage Corp., all of which are dominant, in addition to being chairman of the Canadian Board of Norwich Union Life Insurance and a director and member of the executive committee of Brinco. His meeting with the British elite with his Prime Minister uncle seems to have served him well.

This represents an increase of 6.5% from 1951 of the portion of the elite enjoying the advantage of coming from a family directly in the inner circles of the corporate world of the previous generation. When it is recalled that the number of Canadians who qualify as being members of the economic elite at any point in time over the past 20 years number less than 700, there is a very high degree of elite continuity when 192 members of the current elite replicate the positions of their fathers. Adding 16 other members of the elite who had fathers in either the political or bureaucratic elite, as previously defined, there is an increase to 30.9% of the elite who had fathers in one of the three dominant elite groups in Canada. Comparing this to the 24% found by Porter 20 years ago means that almost 7% more of the current elite had direct elite connections from a young age and are now themselves members of the corporate elite. A further 39 of those not already included, married into a family where the father was a member of one of three elites discussed above. This means that 247 members of the current elite embarked on their career with the initial advantage of elite connections. This still represents about a 6% increase since 1951. Another 68 of those not thus far included had fathers who were in substantial businesses, which, as far as could be determined, were not dominant but of sufficient size to provide an initial upper class avenue into the elite. This means that 46.8% of the present corporate elite began at or near the top of the class structure*. This brings the difference with the

* 'At or near the top' refers to those people who began their careers with the advantage of having kin from the previous generation in one of the three elites or in a substantial business. A substantial business is defined as one which may have been dominant in an earlier period but minimally would have been 'middle range' as described earlier. Upper class encompasses those included as 'at or near the top' and their families plus members of other elites such as the military, theological or honorific, and wealthy elites and their families.

1951 findings to a full 9.8% more who had this initial advantage in the current elite than those of 20 years ago.

Of the remaining group, 85 had attended private school. This is used to indicate that the class origins of this group are upper-middle class, with this being a conservative measure in light of the evidence. It was shown in the preceding section that 65% of the current members of the elite which had their main careers in family firms had attended private schools. Additional evidence to be provided in a later section illustrates that both the cost of sending a child to private school and the environment provide a very upper class background for the potential elite. The additional 85 who had attended private school brings to 400 the number who had high class origins representing 59.4% of the elite, still significantly more than the 50% who had the same origins 20 years ago.

A further 57 had fathers who were engaged in middle class occupations such as engineers, doctors, lawyers, ministers and managers. This brings the total number to 457, accounting for almost 70% of the elite. There are also 177 not included to this point who attended university. Given the fact that only about 8% of the population in the age group of the current elite had even some university training, it is reasonable to assume that using university education as an indicator of middle class is still confining the origins to fairly near the top of the class structure. Addition of the university-trained members of the elite brings to 634 the proportion accounted for while the same indicators accounted for only 32% of the entire corporate elite in 1951. It is assumed that the residual category accounts for those who have made it into the elite from lower than middle class origins. While in

1951 there were 18% of the elite in this bottom category only 5.8% of the present elite are in that position. The majority of the population, of course, has less than middle class origins as defined here, with over 80% of the male population engaged in other than managerial, technical or professional occupations (see Kalbach & McVey, 1971:257). Right down the line every indicator shows that the current elite is of higher class origin than 20 years ago. Every indication is that the class structure of Canadian society has tightened in terms of gaining access into the corporate elite, becoming more impermeable for anyone of less than middle class origin.

(ii) Characteristics of Those In the Corporate Elite for Over 20 Years

By examining the set of people which are common to both the 1951 and 1972 sets of economic elites it is possible to analyse two phenomenon; one being the effect of missing data on various key variables in the 1951 study and the other, the social characteristics of those able to survive in the elite for over 20 years. New data means the greater availability of social background data in two respects; one is that more information on some individuals' class origins who were included in 1951 have become available from the standard biographical sources over the past 20 years and the other is information which has become available in the interim on individuals which had to be excluded earlier. The conclusion drawn from the comparison is that the overall effect of missing data is to understate the extent of elite recruitment, both in terms of data missing on individuals included with other, less than upper class indicators, and individuals which had to be excluded earlier because of insufficient data.

TABLE XVI

CUMULATIVE CLASS INDICATORS OF CANADIAN BORN MEMBERS
OF THE CORPORATE ELITE COMMON OVER THE PAST 20 YEARS

CLASS INDICATORS	CUMULATIVE COMMON GROUP		ALL CANADIAN BORN CORPORATE ELITE	
	Unaltered (n=68)	With New Data (n=76)	1951 (n=611)	1972 (n=673)
<u>Upper</u>				
Father in economic elite	48.5	50	22	28.5
Father in other elite	50.0	51.3	24	30.9
Wife from elite family	55.9	56.6	31	36.7
Father in substantial business	66.2	63.2	37.8	46.8
<u>Upper-Middle</u>				
Attended private school	69.1	68.5	50	59.4
<u>Middle</u>				
Father in middle class occupation	76.5	77.7	-	67.9
Attended university	95.6	97.4	87	94.2
Possibly lower (left)	(4.4)	(2.6)	(18)	(5.8)

These findings imply that the effect of missing data is to erroneously shift the findings somewhat in the direction of the lower classes and understate the degree of direct recruitment from elite kinship. This effect was suggested earlier by Porter who mentions that if more biographical data had been available it may have shown higher class origins. It is also interesting to note that the addition of 8 new individuals for whom data has become available does not have the effect of noticeably decreasing recruitment from the higher classes.

The most important finding here is the dramatic difference between the class origins of the group which has been in the elite for more than 20 years compared with all elite members in 1951 and 1972. Exactly one-half of those who have lasted over this period had fathers who were themselves in the economic elite in an earlier period.

this involves 38 individuals of whom 35 directly inherited directorships from their fathers. Inheritance is substantially more prevalent in those who have lasted than in either of the overall elite groups in 1951 and 1972. This suggests not only the fact that the sons of members of the economic elite move to the top at an early age but they last longer, providing greater historical continuity than even their high numbers in the elite as a whole would imply. It also illustrates that private property in the form of inheritance is the major legal device members of the upper class have of staying in powerful positions and being able to pass these privileges on to their off-spring.

A further effect of missing data is to understate the number of people who have attended private schools. Of the 68 identified by Porter in 1951, 30 had attended private schools with this 44% representing significantly more than the 34% overall who had done the same in 1951. New data indicates that 41 of the 76 had attended private schools, an increase to 54%. This suggests that because of the availability of data, the percentage reported as attending private schools is actually understated. Overall this means that the methodology used by Porter and replicated in this study is conservative in it's findings, understating key variables which show upper class control of the economic elite.

One final finding from this core group which is of importance is the fact that there are only 3 French Canadians (less than 4%) and one Jew in this group and no one from other ethnic groups except Anglo's. This illustrates that French Canadians and Jews do not have the same degree of historical continuity within the economic elite as do Anglo's. This could be due to the fact that French

Canadians enter the elite at a later age but, as will be illustrated, this is not the case. A more likely explanation is that they do not control the same amount of capital in terms of ownership of major corporations and consequently are not able to pass advantages inter-generationally to the same extent that Anglo's are able. The issue of ethnic participation in the economic elite will be returned to in a later section.

(iii) Mobility and the Banks

Traditionally the long crawl through the banks has been the one institutionalized avenue for those starting at or near the bottom of the class structure to enter the economic elite. Many bank executives used to start at very young ages as clerks in local banks working their way up over an average of 40 years into the executive ranks. To some extent this is still the case but over the past 20 years this avenue of mobility has become more restricted with more of the current executives coming from upper class families, going to private schools and university and entering the executive ranks at a much earlier age than was previously the case. For example, 9 of the 29 bank executives (31%) from the 1972 corporate elite attended private schools and 10 (35%) have family connections in the elite. Three of the executives have gone on to post-graduate training, 2 at Harvard and one at the London School of Economics, with 7 having under-graduate degrees.

The 'new breed' of bankers take less time to get to the top, at least in part, because of their class advantage. While the average was 40 years to get to the top from the time of entering the bank, this long wait has now been substantially shortened. For example, W. Earl McLaughlin had a class advantage and it took him only

24 years to become president of the Royal Bank at the age of 45. Another excellent illustration is the case of Harold Wilfred and Richard Murray Thomson, a father and son who have both become bank executives. Harold W. entered the Imperial Bank in 1921 working his way up to becoming a director and vice-president in 1962, after the amalgamation with the Commerce, and vice-chairman in 1963, retiring in 1971. His son, Richard M., went to the University of Toronto, graduating in 1955 and going on to Harvard to get an MBA in 1957 and to Queens in 1958 to take a banking course, after joining the Toronto-Dominion Bank in 1957. While it took his father 29 years to become assistant general manager, the son attained this position after 8 years and became chief general manager in his 11th year with the Presidency following 15 years after entering the bank at the age of 40. It had taken his father 42 years just to become vice-chairman.

The tightening up of the upper levels of the banks is part of the general trend in this direction. With more upper class recruitment into the elite and with this one avenue closing off to the lower classes, it indicates that the future will involve even greater monopolization of positions of power by the upper class.

(iv) New Sectors and Old Elites

It is of interest from the perspective of social change what effect expanding the scope of activities covered by dominant corporations has on the composition of the corporate elite. As discussed in an earlier chapter, three new sectors have been introduced to the analysis since 1951. These are the trust companies, the mortgage companies and the sales finance and consumer loans corporations. By examining the class origins of elite members from these new fin-

ancial fields it is possible to determine if their presence has had an effect on class access to the elite. Those individuals with directorships only in one of these three sectors and holding no other dominant directorships will be examined. It is expected that class origins would tend to shift lower since virtually all those with multiple directorships are excluded by definition, because if an individual has a directorship in one of the other dominant corporations he would have been included within the sectors used by Porter. Since those with multiple directorships are on the whole from higher class origins this removes many of those from the upper class from the sub-set under consideration.

In spite of these qualifications, the class distribution remains high, in fact higher at all points than Porter found for the entire economic elite in 1951. Of the 138 Canadian born members of this sub-set, 33% have the advantage of elite connections before embarking on their careers compared to 37% for all of the current elite. When all those born at or near the top are considered, 42% of the sub-set are included while 47% of the overall elite is in this category and only 38% of the entire elite in 1951 was in the same situation. At the other end of the class structure only 8% of the new group started with less than middle class advantages while 5.8% of the entire group were in the same situation. The evidence shows that no significant inroads have been made into the elite because of the increasing importance of these new sectors; quite the contrary, for nearly one-quarter of these 'new' positions are filled by sons of previous elites. This suggests that expansion of the scope of the economic elite does not mean that new social types will be recruited to fill the positions, rather the evidence

illustrates that they are filled by the same old elite. Another potential source of lower class mobility is cut off and control from the top becomes more pervasive.

(v) Mobility and Corporate Sectors

Of the 673 Canadian born members of the economic elite, 631 or 433 can be classified as having used one primary sector as an avenue to the elite. Of the remaining 371 not classified, 127 used law as the main means of mobility and 35 came from other elites; A further 78 could not be classified as having made it into the elite primarily through one of the 5 sectors. These include some from construction, engineering firms, accounting firms, the media, architects, real estate, advertising and other activities, including some who switched between sectors.

Sectors were divided into the major divisions used in the last chapter and separated by control in order to determine what main corporate avenues have been used by the Canadian born elite to gain their present positions. Of the 433 which could be classified, 8.8% came through utilities, 38.8% through finance, 18.7% through resource and 11.5% through trade. When separated by control this same group included three-quarters who came through Canadian controlled firms, about a fifth who came through U.S. controlled companies and 3% each through U.K. and 'other' controlled.

The findings indicate that by far the greatest corporate avenue into the elite is through Canadian controlled finance corporations with 37% of all those classified using this route. Within the transportation and utilities sector, 92% had their mobility in Canadian controlled firms while the remainder were in U.S. controlled. This increases to 95% through Canadian controlled finance

companies. Canadian controlled companies in trade were also the main avenue with 88% while only 6% were from U.S. and U.K. companies. In manufacturing the situation begins to change with only 58% using Canadian controlled companies and 57% of these in food, beverage and related products. U.S. controlled manufacturing accounted for 27% while U.K. and 'other' control included 6% and 8% respectively. In the resource sector, U.S. companies provided the greatest mobility avenue accounting for 53% while U.K. and 'other' companies accounted for 4% and 5% respectively. The resource sector accounts for over half of all those who have gained their mobility by U.S. controlled companies. Canadian controlled resource firms accounted for only 38% of the mobility in this sector with 68% of these in the pulp and paper field.

Aside from U.S. resource companies which provided mobility for 10% of the Canadian born elite classified and, to a lesser extent, U.S. manufacturing companies which provided an avenue for about 5% of the total, foreign firms have not been a major avenue to the elite for Canadians. Canadian controlled companies, particularly in finance, utilities and trade have been a much more common avenue. The degree of foreign dependency must be questioned when only a quarter of the elite used foreign controlled firms as a means of passage into the elite. The evidence would suggest that there remain independent, Canadian controlled avenues of access open to at least upper class Canadians. To argue that all or even most of the Canadian elite is in a dependency relationship with foreign capitalists would be mistaken. There is still a core of Canadian elites who very much control the access into their select cadre.

(viii) Executives, Insiders and Outsiders: Corporate Positions

Executives are defined as members of the corporate elite holding

one of the following positions within a dominant company: chairman, president, chief executive officer or vice-chairman; inside directors are either vice-presidents or hold a management position within a dominant corporation and simultaneously hold a dominant directorship. Outside directors hold one or more directorships in ~~a~~ dominant corporations and are not simultaneously executives or insiders in another dominant company, although they may be in a middle range or smaller company. A person may simultaneously be an executive or insider in one company and an outsider in another but for present purposes an individual classed as an insider or executive will not be included in the analysis of outsiders, thus making each category mutually exclusive.

Within the economic elite a fairly substantial difference exists between Canadian and foreign born members in terms of the corporate positions they hold. For the Canadian born members, 21% are executives, 22% insiders and 57% outside directors. In contrast, among the foreign born 28% are executives, 22% insiders and 50% outside directors. In other words, there is a 7% difference between Canadian and foreign born with respect to being executives or outsiders. The difference is accounted for by the fact that a good number of multinational companies operating in Canada still prefer to send their chief executives from the home base.

Of the Canadian born members of the corporate elite, the inside directors tend to be youngest and the outside directors oldest with executives in between. Of those born before 1905, there are 10% of the executives, 8% of the insiders and 24% of the outsiders and of those born after 1920, there are 30% of the executives, 43% of the insiders and 23% of the outside directors. This indicates

that the insiders are usually much younger particularly when it is known that most of the 81 of the insiders born before 1905 are either parachuted into vice-presidency's after careers elsewhere or have spent their entire career with the firm and are now rewarded with the position, essentially at the end of their career. Somewhat correlated with the age factor, but mainly related to the character of their career, is the fact that only 19% of the inside directors have more than one directorship in dominant corporations. As their name suggests, inside directors are oriented toward the internal working of the corporation, albeit, from a policy level. The fact that only about 1/5 of the elite are inside directors attests to the fact that the elite is not made up primarily of bureaucrats but of policy makers sitting atop the bureaucratic apparatus. As Porter has said, "while it is correct to describe the modern corporation as a vast bureaucracy in the classic sense in which Max Weber used the term, its highest government is not in the hands of men best described as bureaucratic" (1965:281).

Few members of the elite could be said to be meritocratic in the sense that they have worked their way up through the corporate bureaucracy without the advantage of high class origins. Even all of the inside directors are not meritocratic. They are rather composed of two types; first, sons who are learning the business or secondly, those engaged in a long or relatively long crawl to the board room. Based on an analysis of the difference between the class origins of insiders and executives, it can be said that even at the upper levels of power those with class advantage are more likely to make the break from the insider to executive level. Half of the outside directors and executives were born at or near the

top but only 35% of the inside directors enjoyed this advantage. If the sons who have careers in family firms are separated, only 20% of the inside directors were born at or near the top. It is evident that it is primarily sons learning the business and those of high class origin which make the shift into the executive ranks from within the bureaucracy and similarly into the circle of outside directors. Given this phenomenon, it is doubtful that many of the insider comprador elites will break into the executive ranks of the multinational corporations they work for.

(viii) Comprador Elites and Mobility

The concept of comprador elites is operationalized as those members of the elite who identified their main corporate affiliation as a Canadian subsidiary of a foreign controlled parent or in cases where the "principal occupation" was other than corporate, as in the case of a law firm, the designation was based on which country of origin the individual held the majority of their dominant directorships.

When all of the Canadian born members of the corporate elite are analysed, it is found that 76% are members of the indigenous Canadian elite, 15.8% are U.S. controlled comprador elites, 5.6% U.K. comprador elites and 2.6% 'other' comprador elites. Once again, there is strong evidence that the indigenous economic elite is strong and not totally dependent on foreign capitalists.

When the various elites are divided by age an interesting pattern emerges. Of those born before 1905, 84.9% are members of the indigenous elite while only 12.6% are U.S. compradors, 1.7% U.K. compradors and .8% 'other'. In contrast, of those born between 1905 and 1920, only 73.2% are indigenous, a drop of over 10% from

This is a self defined affiliation as reported in the Directory of Directors which sends to each director, a listine of their corporate directorships and asks them to indicate which was their "principal occupation".

the older group, while 17% are U.S. comprador, 5.6% U.K. and 4.2% 'other'. The youngest group, born after 1920, begins to reverse the age relationship with 76% indigenous, 15.8% U.S. comprador, 5.6% U.K. and 2.6% 'other'. The increasing compradorization of the corporate elite represented by the shift from the oldest to middle group is counteracted by the youngest group which has the highest degree of inheritance and consequently are indigenous. In spite of the high degree of inheritance within the youngest age group, there are still 8.9% more comprador elites in this group than in the oldest while the 11.7% difference between the middle and oldest group remains the greatest gap. Although the overall trend in the past 20 years has been toward increased compradorization of the Canadian corporate elite, there still remains a strong and vigorous core, as evidenced by the existence of the youngest group of indigenous capitalists.

TABLE XVII

CANADIAN BORN INDIGENOUS AND COMPRADOR ELITES BY

CLASS ORIGINS, 1972

Class Indicator	Cumulative %	
	<u>Comprador</u>	<u>Indigenous</u>
<u>Upper</u>		
Father in economic elite	10.6%	34.2%
Father in elite family	14.3	36.1
Wife from elite family	20.5	41.8
Father in substantial business	30.4	52.0
<u>Upper-Middle</u>		
Attended private school	45.3	63.9
<u>Middle</u>		
Father in middle class occupation	58.4	70.1
Attended university	95.7	93.8
Possibly lower than middle class (left)	(4.3)	(6.2)

A very interesting and significant difference exists between comprador and indigenous elites with respect to class origins. While only 30% of the comprador elites started at or near the top of the class structure, 52% of the indigenous elites had this initial advantage with the approximately 20% difference maintained when those who attended private schools are also included as an indicator of upper-middle class. However, at the lower end of the scale, a dramatic reversal occurs with the comprador elite actually having 50% of its members within the middle class group while only 30% of the indigenous elite are in the same grouping. Comprador elites are both more middle class and more meritocratic than indigenous elite members. At the lowest level there are actually more indigenous Canadians than comprador, accounted for predominantly by Canadian institutions like banks which have tended in the past to have lower class recruits.

Compradorization has permitted some members of the middle class, but not the lower class, participation in the arenas of power, unlike the indigenous elite, which has higher class origins and tends to exclude even the middle class. The process of compradorization is primarily a phenomenon of the middle class and does not have the same extent of participation from the upper class that the indigenous elite has. Although the comprador elite has power within the Canadian context, or at least represents the power others exercise in Canada, within the continental or North Atlantic triangle framework this so-called elite is without power. The middle class members of the comprador elite have only the power of an agent since they are subject to the dictates of the parasitic elite. Just as the operators of the fur trading posts may have been powerful vis à

vis the native people, they were not powerful vis à vis the governor of the Hudson's Bay Company. The power of the middle class in the board rooms of branch plants may in fact be a sham which masks this class's participation in the economic elite. The numerous lawyers and technicians which make up the majority of the comprador elite are in fact without power when the distribution of power is viewed in a larger framework which includes the North Atlantic triangle.

(ix) Elite Family Connections

Inheritance is a sub-set of social class in that it entails a direct relationship consisting of an inter-generational transfer of property or position. Class involves a more general notion of 'inheritance' in that it's reference is the social structure, and the position of a family within that social structure. A person's class origins are determined by the ascribed characteristics from the family of birth. A person's class position after 'leaving' the family of birth is, in a qualified way, achieved. Achieved in the sense that the person is equipped with certain attributes which must then be applied. The qualification is that within Canadian society, and in all other Western societies, ascribed class position by birth determines in large part the attributes with which a person is 'equipped', thus determining to a great extent the ability to achieve.

What may be called the accumulation of privilege is the differential ability of those in the upper class to provide their off-spring with advantages unknown or unavailable to the lower classes. No one would argue that the elite is not well 'equipped' in terms of education, experience, capital or contacts; quite

the contrary, they are very well endowed in these respects and that is why they become elites. The argument is that their initial advantages to obtain these attributes, some achieved and some ascribed, places them in a privileged position relative to others not so endowed. The elite is not a leisure class in the sense that they are rentiers sitting back and reaping the returns of investments. Quite the contrary, they are the active makers of decisions, thoroughly involved in the operation of the economy. They are using the endowments or 'equipment' imparted and entrusted to them by their parents.

The problem is that everyone is not equally well endowed at birth, nor are they imparted with the same advantages. It is differential access to advantages which serves to perpetuate inequality in society. The idea that Canada is a free society with everyone equally competing on some great marketplace for the positions and prerogatives of power is a good ideology for the elite and the privileged but it is not good sociology.

Up to this point class has been used to focus on the general social structure. In this section the phenomenon of inheritance is examined. Inheritance refers to the inter-generational transfer of property or position directly from a person's father, mother, maternal or paternal grandfather, uncle or father-in-law. Although it may be correct to consider transfers between siblings in some cases as a form of inheritance they are excluded in this discussion because they are not inter-generational. It has been found that more than one-quarter of the Canadian born members of the elite have directly inherited positions from kin in the corporate or legal world. Many have inherited from more than one kin, conse-

quently, the following totals add to more than the 184 individuals who have inherited important positions. The greatest amount of inheritance comes from fathers with 164 individuals directly inheriting directorships from their fathers with more than one acquisition per person frequent. Since inheritance frequently goes back 3 or more generations, there are 8 people who inherited directorships from their maternal grandfathers and 27 who inherited directorships from their paternal grandfathers. A further 14 inherited directorships from their fathers-in-law. There are also 14 members of the elite which inherited law firms from their fathers, typically inheriting directorships at the same time. Being born into families which are able to provide these types of advantages is the experience of very few Canadians.

A further aspect of family connections which serves to tie the elite together not only historically, as does inheritance and generally class, but on a day to day basis, is current family connections within the elite. Although the elite includes only a very small number of people there are numerous kinship ties, probably as many kinship ties as could be found in a small town of comparable size. Current kinship ties provide channels of communication between various sectors and corporations within which the elite operates. They can also provide avenues of access and means of legitimacy between elite members because kinship links provide familiarity and with familiarity confidence in the actions of others. There are 40 members of the current elite which are part of father and son combinations. There are also 50 members of the elite which currently have brothers in the elite. Another 9 members have fathers-in-law in the elite with two separate cases of

two elite members each having the same elite fathers-in-law. There are also 31 members who have an uncle, cousin, son-in-law or brother-in-law in the current elite. It appears that kinship plays more than a passing role in integrating the economic elite.

D) ELITE SIZE AND CONCENTRATION

The corporate elite itself is not an undifferentiated set of people. Comprador and indigenous elites have already been discussed as one major division within the elite. In this section several other ways of sub-dividing the corporate elite will be analysed, including hierarchical distinctions within the elite and the elite as a changing dynamic set of people which have been captured at only one point in time in this study and at an earlier point by Porter.

(i) Elite Divisions by Activity

One distinction within the elite which has already been discussed under the heading of career patterns is the 'functional' or task differentiation within the elite including technical men, financiers and financial executives, lawyers, those trained in commerce and those whose main experience has been in corporate finance departments. In the section which focused on corporate positions the differences between executives, inside directors, and outside directors were discussed. If the task and position of elites are combined it could be argued that four major, although not mutually exclusive, divisions could be drawn. These would include an elite of managers which would include inside directors and some executives who themselves do not have major holdings in the corporations they work for. A second division could include a wealth elite which is composed of large stockholders who either hold executive positions

or sit on the board as outside directors. At present it is a difficult and involved task to establish who within the elite is a member of the wealth or large owner class; however, plans are now under way to conduct a study which would allow this to be determined (see Clement and Olsen, 1973). A third division is the honourific elite which is characterized by horizontal mobility from other elites in society including the political, bureaucratic, military and academic world. At this point it is difficult to say just how much power these people have after they enter the corporate board room, although minimally they provide contacts with other important elites within Canada and at the same time give legitimacy to the operations of the corporations. The relative power of each of these groups within the corporate elite and in relations between elites is also the subject of future inquiry (see Clement and Olsen, 1973). Under the honourific elite, particularly in terms of the legitimation aspect, there would be the very few women who now appear in the elite (6 in the entire set of directors each holding one position but only 2 of which had sufficient biographical data to warrant their inclusion). The practice of having a token woman on the board is now prevalent in the U.S. but this practice is just beginning to catch on in Canada. A fourth division which may be made is the expertise elite including the professionals, technicians, lawyers and accountants. In a few cases these would include some advisers and consultants to the elite and in other cases they involve elite members who themselves are trained in these fields but whose main activity is policy making within the elite. Each of these four groupings may, and probably do, have differential power within the elite but it is difficult to assign

them different degrees of power in this type of analysis. As Porter has said, "given secrecy and the collective responsibility which operates in all these elite collectivities, it must be assumed that all members have some power" (1955:508).

(ii) The 'Top 100' Directors and Multiple Directorship Holders

Porter introduced into his study the division of the 'Top 100' which has been replicated here. A different basis of differentiation has been introduced here which distinguishes between those which hold multiple dominant directorships and those with only one. These two methods of dividing the corporate elite hierarchically will be examined here particularly with reference to class origins.

As Porter has commented, the notion of the 'Top 100' involves an "unavoidable arbitrariness in attempting to rank members of the elite" (1965:295). It does however, provide a useful distinction when the criteria for selection are spelled out. The 'Top 100' were selected in this, and in Porter's study, on the basis that they hold top executive positions, particularly presidencies and chairmanships, within the largest of the dominant corporations; they hold multiple directorships which include more than one of the largest dominant corporations, or a combination of each of these, a situation Porter mentions is common in 1951 and one which is repeated in 1972.

The 'Top 100'

Although including only about 10% of the entire elite, as they did in 1951, the 'Top 100' have a scope well beyond their proportional representation. They hold 342 of the dominant directorships, 21% of those held by Canadian residents; 59 of the directorships in the 5 big banks, which accounts for 28% of the total positions and 40 insurance directorships or 25% of the total. These are about

identical percentages to those reported by Porter for the 'Top 100' in 1951 with the corresponding figures being 25%, 29% and 28%, respectively. One difference between the 'Top 100' identified in 1951 and those for 1972 is that there were 88 Canadian born in the group in the earlier period but only 80 now. This is reflective of the general trend reported throughout the analysis.

The 267 Multiple Directorship Holders

Although there are 274 multiple directorship holders resident in Canada adequate biographical data could be found on only 267 of these representing a coverage of 97.5%. These 267 individuals constitute 34.5% of the total number of elite members resident in Canada. Although Porter did not use multiple directorship holders as an analytical distinction, he did report that 22% of the Canadian residents had a total of 46% of the dominant directorships in 1951. This does not exclude the few for whom biographical coverage was not adequate. Multiple directorship holders in 1972 account for 55.8% of all dominant directorships held by Canadian residents, 58.6% of all insurance directorships included and 68.3% of the directorships in the five key banks. This represents an increased number and scope over a similar group for 1951. Enormous power is concentrated within these 267 individuals who hold more than one dominant directorship. Over half of them hold a directorship in one of the key banks, together holding over two-thirds of these key directorships. These are the people who are the interlocks analysed earlier. They move between dominant corporations carrying with them a knowledge of the corporate world much broader than those who hold single directorships. They have much more extensive con-

tacts within the corporate elite than any other group and they have been recognized by their peers as men of power by being invited to sit on more than one dominant board. This indeed, is a very select group.

The core of the corporate elite can be considered to be the members of the 'Top 100' and those which hold multiple directorships. Since only 15 members of the 'Top 100' do not overlap with the multiple directors there is a core of 282 persons which between them wield tremendous economic power, even relative to the other members of the corporate elite.

(iii) Class Origins and Characteristics of the 'Top 100' and Multiple Directorship Holders

The following table presents the class origins of the core of the corporate elite compared to the entire elite for both 1951 and 1972. There is a high similarity between the class origins of the 'Top 100' in 1951 and 1972 with 55% of the group being born at or near the top in both years. There has been a decline in the amount of middle class recruitment into the 'Top 100' of about 10% during the two intervals. Comparing the 'Top 100' of 1972 with the overall class origins during the same year, it is found that about 8% more of the 'Top 100' were born at or near the top with more of the overall group being from middle class origins. The most important finding is that 3/5 of those who hold multiple directorships were born at or near the top of the class system, almost 15% more than the elite as a whole. Even when compared to the 'Top 100', 5% more of the multiple directorship holders started their careers at or near the top.

TABLE XVIII

CLASS ORIGINS OF THE CANADIAN BORN CORE
OF THE CORPORATE ELITE, 1951 AND 1972

Class Indicators	Cumulative %				
	1951		1972		
	TOP 100	ALL (n=611)	TOP 100 DIRECTORS	MULTIPLE DIRECTORS (n=267)	ALL (n=673)
<u>Upper</u>					
Father in economic elite	30.3	22	32.5	37.4	28.5
Father in other elite	37	24	33.8	40.4	30.9
Wife from elite family	46	31	40	47.4	36.7
Father in substantial business	54.5	37.8	55	60.4	46.8
<u>Upper-Middle</u>					
Attended private school	67	50	65	72.8	59.4
<u>Middle</u>					
Father in middle class occupation			73.8	78.7	67.9
Attended university	85.2	82	93.8	94.8	94.2
Possibly lower (left)	(14.8)	(18)	(6.2)	(5.2)	(5.8)

Once again the class barriers become important within the corporate elite. Those members of the elite with upper class origins have a much stronger probability of becoming multiple directors than do those from the lower classes. This verifies the value of upper class connections and the social network operating at that level. Because they have been at the top from an early age and because their kin are well known within the corporate world, members of the upper class have a much more comprehensive set of connections which then become reflected in their being invited to sit on more than one dominant board of directors. Also evident from these findings is the fact that the power of the upper class within the elite is much more pervasive than even their numbers would indicate. It

should be remembered that while this group of multiple directors only makes up 35% of the total elite it controls 54% of all directorships, 59% of those in insurance companies and 68% of those in banks. Enormous power is concentrated in these few members of the elite which are predominantly upper class in origin.

Another fact which verifies the vitality and power of the core group of indigenous capitalists is the fact that 86% of those with multiple directorships are Canadian born. As the evidence accumulates it becomes clearer that there is a solid core of elites in Canada firmly rooted in the upper class which is not dependent on foreign capitalists. It is independent and powerful in, and of itself, and able to operate in the continental and North Atlantic framework on its own strength. Evidence of this strength is the fact that 15 of the 'Top 100' sit on the parent boards of multinational corporations based outside Canada. Between them these 15 people hold 26 directorships on these foreign boards, including 23 in the U.S., one in the U.K. and 2 elsewhere. These include two on the board of General Motors of the U.S., that nation's largest corporation. Other foreign boards include the Bank of New York, IBM, Chrysler, Honeywell, Continental Oil, Union Carbide and even the controversial Texasgulf. There are also 24 members of the multiple directorship group which have directorships on foreign boards. This evidence proves that the core of Canadian capitalism is not weak nor is it unable to operate outside Canada in the rest of the capitalist world. The periphery of Canadian capitalism has been sold out to foreign, particularly U.S., capitalism but this has had a greater effect on the power of the middle class than on the upper class, since it was illustrated earlier that

compradorization is primarily a middle class phenomenon.

(iv) The Elite as a Changing Group

The corporate elite as captured in this study is for one point in time, 1972, as was Porter's study which was also based at one point in time, 1951. This 'bench mark' type of study fails to acknowledge the different points in the careers of various elite members. To some extent the analysis of those people who have remained in the elite over the past 20 years illustrates that there are people of different ages and points in their careers within the overall group called the corporate elite. The preceeding section discussed the active core of the elite which holds more than one dominant directorship but it should be recognized that some members in the rest of the elite are also on their way into this core as well as some who have been in the core but are now retired or in the process of retiring. For example, E.P. Taylor is 'phasing out' his corporate activity after holding 10 dominant directorships in 1951; he 'only' holds 3 in 1972, Massey-Ferguson, Argus and the Royal Bank. One indication of those near the end of their career is that when asked to state their "principal occupation", 34 or 4.4% of the elite indicated that they were "retired".

Fewer members of the 50 to 65 years old group were born at or near the top with 42.2% of the group in this situation compared to the under 50 group where 56.1% were born at or near the top. This illustrates that upper class members of the elite are able to break into elite positions at an earlier age than the middle and lower classes. The middle and lower classes are in the positions where, if they are to make it into the elite at all, they must endure the long crawl. The long crawl is not simply a waiting period; it is

also a socialization and 'testing' period within which the middle and lower class members must compete with one another and prove themselves to those at the top that they are worthy. Spending most of their adult life struggling to the top, 'learning the ropes' which means socialization in the jargon of sociology. Once they have been effectively socialized a few of the corporate men break into the elite. The case of the banks, as detailed earlier, is the classic example of effective socialization. Less than 2% of the under 50 years group has made it into the elite with lower than middle class origins while they make up 7.5% of the 50-65 age group. At the highest level, almost 40% of the under 50 group had fathers directly in the economic elite while only 22% of those between 50 and 65 years had this same advantage.

With the upper class entering the elite at a younger age and staying there longer serves to further concentrate their power through time since someone in the elite for 20 years or more has more impact on the direction of the Canadian economy than someone staying for, say, only 5 years. On every variable examined it is the upper class which has the greatest concentration of economic power; they enter the elite at a younger age; they hold more bank and insurance directorships; they have more multiple dominant directorships and they stay longer. They also tend to pass their accumulated advantages on to their off-spring who then repeat the same process all over again.

Before proceeding to a discussion of further aspects of the inequality of access into the corporate elite it may be worthwhile to briefly summarize some of the major findings and arguments pre-

sented to this point in the chapter. Beginning with career avenues into the elite, it was shown that there has been a decline in the proportion of 'technical men' but an increase in the proportion of lawyers, particularly those who have come through the corporation rather than by way of the law firm. Career patterns also provided the first indication of an increase in the amount of inheritance and upper class recruitment into the elite with the finding that the proportion having their main careers in family firms had increased since 1951, while the proportion who had made it on their 'own account' had declined.

Focus then was turned explicitly to the class origins of the elite, showing that almost one-half of the present elite came from at, or near, the top of the class structure, while about 60% had upper class origins or experiences by attending private schools.

This was an increase of almost 10% from the origins of the corporate elite of 20 years ago. Members of the current elite which also appeared in Porter's study of 1951 were examined separately and it was shown that half of this group had fathers in the economic elite, and about 2/3 were upper class, illustrating that upper class members of the elite tend to last much longer in the elite than do those of the middle class. One explanation of the crystallization of the class structure was offered in a closer examination of the banks which had traditionally been wide avenues of lower class recruitment but recently have become closed off. In another section, it was shown that three financial sectors which had come into importance since 1951 did not provide mobility for middle and lower classes on any significantly greater basis than any of the older sectors.

Attention was then turned to five corporate sectors to analyse which had provided mobility into the elite and who controlled them. It was found that the main avenue was through Canadian controlled corporations in the finance sectors and that few had actually made it into the elite by way of foreign controlled firms with the only notable exceptions being a total of 15% who made it through U.S. controlled resource and manufacturing corporations. An analysis of corporate positions found that there was stratification within the elite itself with few inside directors who were not of high class origin able to break into the executive ranks or the circle of outside directors. Mobility was then examined explicitly in terms of the indigenous/comprador dichotomy which illustrated that compradorization was primarily a phenomenon which affected the middle classes and had little impact on the core of the indigenous elite firmly rooted in the upper class. It was then argued that inheritance was a major means of perpetuating class privilege by illustrating that more than one-quarter of the present elite had inherited important positions from previous generations. It was also illustrated that current kinship connections are prevalent within the elite serving to unify it beyond its already concentrated state.

The size of the elite was then examined showing that stratification occurs within the elite, particularly within those holding multiple directorships which make up only 35% of the elite but hold 51% of the positions in dominant corporations and 68% of the bank directorships. Sixty per cent of this group was born at, or near the top, making them substantially more upper class in origin than those having only one dominant directorships. This brings the dis-

cussion to the preceeding section which argued that the elite, as defined in this and Porter's study, represented only two points in time and that within the elite there are a variety of ages and career differences which reflect the changing character of the elite. Given that the youngest members of the group had the highest social class, it should not be expected that the class structure will become more open in the foreseeable future, barring a major social upheaval. The analysis now turns to some major social variables such as regionalism, ethnicity, religion and education and then finally, an examination of relationships between members of the corporate elite "beyond the board room".

E) SOCIAL BACKGROUND CHARACTERISTICS OF THE ELITE

(i) Regionalism and Elite Origins

Regionalism in Canadian society is a social issue which has received a good deal of attention from social analysts; however regional inequities have seldom been examined from the perspective of class origins. By using birth place rather than present residence, a stronger indication of the chances members of various classes born in the major regions of Canada have of entering the economic elite can be obtained. If residence were used it would be too susceptible to the clustering of elite members in the metropolitan centers of Toronto and Montreal after migration from their places of birth consequently ignoring the origin features important for understanding life chances.

Of the Canadian born members of the elite, 68% were born in Ontario or Quebec, 23% in the western provinces and only 9% in the Maritimes. When this is compared to the 1921 distributions of population, the census year closest to when most of the present elite

were born, it is found that the central provinces are over-represented by about 8% while the West is under-represented by 5% and the East by 3%. Given the high degree of elite recruitment from the upper class, these differences would be expected to exist because of the historical differences in the development of the class structures in these regions. This finding is in the same sequence as the development of Canada occurred; the Center established first, soon followed by the Maritimes and, not until much later, the West. It also matches the center/periphery analysis now popular in many discussions of regionalism in Canada with a difference of 13 percentage points between the Center and the Western periphery and 11 points between the Center and the East.

One obvious difference between the regions accounting for this differential representation is the economic structure within each region and, related to that, the different class structures of each region. By analysing the class origins of elite members born in the three regions, it is possible to determine the extent of differential class recruitment within the regions, aside from their disparities in their numerical distribution.

As would be expected, Ontario and Quebec with their longer established and more crystalized class structures, have more elite members born at or near the top with 49.1% while the Maritimes are next with 45.8% and the West with the least upper class members with 34.2%. There is a substantially greater difference between the West and the Center with about a 15% difference at the upper level compared to the East and the Center with only a difference of 3.3%. When those who attended private school are also included, the central-western difference drops only slightly to 13% while

the central-eastern difference remains constant.

The findings* suggest a fairly high degree of similarity between the Center and the East, probably based on the older established class structures of those two regions. The West, on the other hand, as an immigrant society, did not have a rigid class structure relative to the other parts of Canada when the present elites were growing up in the 1920's and 1930's or even when they were embarking on their careers in the 1940's. An important conclusion which can be drawn from this is that as social structures mature and become more established, the chances of those from the lower and even middle classes to enter elite positions become decreased. This appears to be similar to the finding already presented regarding the crystallization of the class structure since 1951. In each case the direction associated with maturing societies is towards a more rigid structure which permits less and less mobility. Without any great social upheavals in the society it seems that the class structure continues in the direction of less rather than more equality.

The small difference between the Center and the East also indicates that it is not so much the level of development within the region as the maturity of the class structure which determines mobility. Measured in terms of economic development the East would be more similar to the West than to Ontario and Quebec. The major determinant of mobility would then seem to be the length of time the class structure of a particular region is allowed to survive without encountering social upheavals, rather than strictly the

* This argument assumes that there are regional class structures as well as a national class structure within which potential elites compete for access.

level of economic development within that region. As class structures develop the upper class is able to construct institutions of exclusion, for example, private schools and universities, which serve to protect their privileges from encroachment by the middle and lower classes. Even an underdeveloped region like the Maritimes can still retain a rigid class structure which retards mobility and perpetuates privilege. These findings bring into question whether either development or underdevelopment affect mobility. It would seem that it is the character of the social structure, particularly the structure of stratification within a society, which is the major determinant of mobility. The more hierarchical the social structure, the less chance for mobility, regardless of the so-called 'opportunity structure' which is frequently said to be correlated with the level of development in society. A higher 'standard of living' or GNP does not equate to higher mobility or more equitable distributions of power.

The middle and lower classes of Ontario and Quebec have a lower probability of entering the economic elite than do their counterparts in the West, not because they are more poorly 'equipped' to do so but because they have to 'compete' with an established upper class while in the West this class did not exist to the same extent in the 1920's to 1940's. An upper class did, however, exist in the Maritimes during this period consequently, the middle and lower classes had less of a chance to enter the elite.

(ii) Ethnicity and Inequality of Access

In Canada, as in many modern societies built on conquest and immigration, ethnicity is inter-woven into the class system so that it provides advantages to the conquering race while keeping

the conquered and newly-arrived at the bottom of the so-called 'opportunity structure'. Two elite systems based on the two chartered-groups provide their members with differential access to the elite with the 'third force' of other ethnic groups not even having an elite of their own which operates in the national arenas of economic power.

French Canadians

Although French Canadians constitute about 1/3 of the Canadian population* only 65 members of the corporate elite could be classified this way, making the French component of the elite only 1.8%. For 1951, Porter found that there were 51 French Canadians adding up only 6.7% of the elite at that time. This represents a net increase of only 14 more French Canadians and 1.7% more, as compared to the entire elite population, over the past 20 years. These have not been 20 uneventful years in French-Anglo relations; quite the contrary, they were supposed to contain the 'new awakening' indicated phrase which assumes that it was somehow the French themselves who prevented their gaining equality and not their position vis the Anglo's who had done this) and the 'quiet revolution' of the 1960's and the not-so-quiet revolution of recent years. In spite of all the ideological statements to the contrary, the French have not made significant inroads into the elite. Some

* 1971 Census data for ethnic origin are not yet available but in 1961 French as the family origin made up 30.4% of the population while British was 43.8% with the remainder 25.8% from other ethnic origins. The only major shifts in the population from 1951 to 1961 involved a decline of 4.1% for those of British origin and an increase of 4.6% for other ethnic groups while French origin remained stable with only a .4% decrease (Kalbach and McVey, 1971: 159). This suggests that if any changes were to be expected they would involve a decline of Anglo's and an increase in other ethnic groups.

may argue that while the French have not made it into the very top of the corporate world they have made strong gains in the middle range and smaller corporations. Once again the evidence is to the contrary. A recent study based on 12,741 names which appeared in the 1971 Directory of Directors (a much larger group than the 775 members of the corporate elite) found that only 9.48% of these were French Canadians (Presthus, 1973:56). This is only about 1% more than are to be found in the corporate elite and includes corporations much smaller than the 113 dominant ones which are the basis of the present study.

One of the key issues of French-Anglo relations is the different proportions of French* in the various elites. It has already been stated that they compose only 8.4% of the current corporate elite and only 6.7% of the corporate elite from 1951. The current proportion in the corporate elite is still well below the 13.4% Porter found for the bureaucratic elite in 1953 and the 21.7% of the political elite from 1940 to 1960 (1965:389, 441). It is evident from a comparison with Porter's earlier work** that there is higher French participation in the other elites, particularly the

* There is, of course, an issue as to the 'degrees of Frenchness' actually apparent in the 65 members of the elite defined here as French. The criteria used to decide whether a person was to be categorized as French include membership in French-speaking clubs, association with known French social service or philanthropic organizations, ethnic origin of the father, mother and wife, if their name appeared in Biographies Canadiennes Françaises, if educated in French-speaking institutions, particularly the classical colleges and French-speaking universities, if Catholic in religion, birth in Quebec or known settlements of French in the rest of Canada and an historically French name. These ten criteria tend to cluster so that a person meeting one of the criteria usually has the rest as well. In marginal cases, if the person met any three of the ten above criteria they were considered to be French. This means that some of those included were educated in English-speaking schools, had a mother who was Anglo and in several cases, wives who were Anglo (including an Eaton!).

** A current study is now being undertaken by Olsen (1973) which will determine the extent of French representation in the 1961 to 1973

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political but also to some extent in the bureaucratic, which does not occur in the corporate domain. This suggests that the historical division of labour between the two charter groups is still very much in evidence.

It was already stated that only 3 French Canadians (3.9%) were included in the group of elite members which have survived 20 years or more in the corporate elite suggesting that they lack the same historical continuity in the corporate world as do Anglo's. With access to the upper levels of the economic domain so dependent upon inheritance of position through both capital and social networks, it is understandable that French Canadians are under-represented in the present elite. The previous generation of French Canadian elites did not accumulate large amounts of capital, consequently they were not able to transfer the same privileges to their off-spring as were the Anglo's. This is not to say that there is not a well-defined class structure within French Canada; it only means that that structure is not primarily based on control over economic institutions. At the top of the French class structure there are only a few families like the Simards who control very tightly what French corporate activity there is.

The class structure of French Canada is even more rigid than that for all Canada, as was suggested in the earlier findings on regionalism. When those who were born at or near the top are examined it is found that 46.8% of all Canadian born were in this position but 50.8% of the French Canadian members of the elite were upper class in origin. When those attending private schools are included, the difference jumps to 28% more French Canadians with high class origins, primarily because of the existence of classical

colleges in Quebec. Only one French Canadian has less than middle class origins (1.5%) compared to 5.8% overall and that one person was born in the U.S.

The French tend to be younger than the elite as a whole. This reflects their higher class origins rather than their only slightly increased participation in the corporate world. While 17.7% of the entire Canadian born elite was born before 1905, only 10.8% of the French were, 40% of the French were born after 1920 compared to 29.1% of the elite born in Canada as a whole. Most of the 65 French were born in Quebec (58) while only 4 were born in Ontario, 2 in the U.S., and one in France. This suggests that almost 90% of the French Canadians gained their mobility into the elite within the institutional structure of Quebec society with the Desmarais brothers of Sudbury being notable exceptions.

The main avenue of mobility for French Canadians into the corporate elite has been through connections with the state. Of the French Canadians in the present elite, there are 3 Senators (4.6%), an additional 3 from the political elite (9.2% cumulative) including 2 former federal elite members and Jean Lesage (a former premier), another 3 from the bureaucratic elite (13.9%), 19 more not included above who sit on key government boards or organizations such as crown corporations (43.1%), a further 7 with relatives who are in the state elite (53.9%) and an additional 4 who declare that their political affiliation is Liberal but are not included above (60%). This suggests that the state, more than the corporate world, has been one area French Canadians have had success in penetrating and once gaining power within that sector are able to transfer into the top of the corporate world.

Law, one of the major institutional links between the corporate and state systems, is also a major avenue of mobility for French Canadians. There are 16 associated with law firms (24.6%) and an additional 12 who have law degrees (18.5%) representing a total of 43% of the French members of the elite with training in law. This is considerably more than the 1/3 of the French Canadians in the 1951 corporate elite which were trained as lawyers.

Education has been important for French Canadian members of the elite with 75.4% attending private schools, particularly the College Ste. Marie and College-de-Brébeuf, with 11 members of the current elite attending each of them. Common educational experience within the upper class educational institutions of Quebec makes for lasting association; for example, 4 members of the elite attended both classical colleges mentioned above and all went on to the University of Montreal, with 2 of them now sitting on the board of Royal Trust together. University education has also been important to French Canadian elites with 83% attending university (54) of which 43 went on to advanced degrees including 28 in law and 13 in commerce, of which 6 went to Harvard. Of the 54 going to university, 22 got their first degrees at the University of Montreal, 8 at each of McGill and Laval, and 4 at the University of Ottawa with only 12 going elsewhere.

Club life is important among French Canadians with only 8 of the 65 not reporting any club membership. Most popular is St. Denis with 27 elite members (41%). There are 43% of the French Canadians who belong to one of the six national exclusive mens' clubs with 17 belonging to the Mt. Royal, 19 to the St. James and 5 to the Rideau but only one at each of the three Toronto clubs. This illustrates that there is a high degree of social separation at the club level

between the French Canadians and Anglo's outside of Quebec, although they do come together in the Montreal clubs.

Other Ethnic Groups

Although about 1/5 of Canada's population is made up of ethnic groups other than the two charter groups, they have almost no representation in the corporate elite with Jews being a notable exception. From the non-charter groups, there are only 32 Jewish Canadians (4.1%) and 10 from other ethnic groups (1.3%).⁸ In 1951 there were only 6 Jews (.78%) in the elite indicating they have made significant inroads into the elite over the past 20 years. There are, however, several factors associated with their mobility worth noting. It has already been discussed that most of the inroads have been on their 'own account' indicating that the avenue of mobility into the elite has not been through established corporations but through firms which have been established and grown to national scope within one generation. A closer examination of the firms with which they are associated will explain why Jewish Canadians account for 4.1% of the elite positions but only 1.3% of the population.

Of the 32 Jews, 28 are associated with one of 5 dominant corporations with only one, Distillers Corporation-Seagrams, being a long established corporation in the beverage industry. Three of the others are in trade and the final one primarily in the real estate business. These are all tightly held family firms with only 6 families accounting for 25 of the 32 Jewish members of the elite. Outside these family firms Jews have very little economic power holding only 2.4% of the bank directorships (5) and 1.2% of the insurance directorships (2).

Outside the board room there is not very much participation by Jews in the private world of the corporate elite with only 2 Jews belonging to one of the six national exclusive mens' clubs. There are, however, Jewish clubs to which they belong, particularly the Montefiore with 10 members and the Elmridge with 8. Rosenberg provides an excellent discussion of the Jewish cultural and social associations mentioning in particular that "the Montefiore Club is the second home of the vast majority of Jewish community leaders" (1971:143-44). In an earlier discussion, Rosenberg provided a detailed discussion of Jewish participation in various corporate sectors which will not be reproduced here but the essence of his discussion, as with the findings of the present study, is that Jews have not and do not, play a prominent role in the corporate elite in Canada. Their participation is for the most part, peripheral to the economic elite in the high risk sectors of trade and real estate (1939:215). Although in proportion to their representation in the population Jews are over-represented in the elite, this participation is so confined to a very few family firms that it does not give an adequate indication of their participation in the elite as a whole.

Although not exclusively, there is a tendency toward social separation in the philanthropic, cultural and honourific activities of the Jewish members of the elite. These are for the most part institutions associated with the Jewish tradition and community. With few exceptions, these 32 individuals are more correctly understood as an elite of the Jewish community, separate yet interlocking in a peripheral way with the national Anglo-dominated elite.

Members of the other ethnic groups stand in sharp contrast to the Jews. With one exception, the 10 members of the elite from other

ethnic groups are not participants in the cultural or philanthropic associations of their ethnic groups and unlike the Jewish members are not associated with a particular set of elite corporations. The only case of overlap is two members on the CNR, the federal crown corporation. Unlike the Jews who have made it on their own account within Canada, members from these other ethnic groups have transported family businesses from elsewhere to Canada (for example, Bata, Prentice and Koerner from Czechoslovakia), married into elite families (for example, Alfredo Campo) or transferred their high class position to Canada through multinational corporations (for example, A.A. Franck and Genstar). In other words, these few members of other ethnic groups have not for the most part 'made it' within Canada but have been horizontally mobile from high class positions outside Canada.

(iii) Religious Affiliation of the Elite

In Canadian society it is difficult to separate the effects of religion in terms of elite membership from the effects of ethnicity. Jews, with 4% of the Canadian born population and 4.9% of the foreign born, illustrate the extreme case where ethnicity and religion are one in the same. To a lesser extent this is also true of French Canadians and Catholics. While there are 85 Canadian born Catholics (12.6%) and 13 foreign born (12.8%), the 65 French Canadians alone account for 58 of those who reported Catholic as their religious affiliation with the 7 others not reporting any affiliation. In other words, about 2/3 of the Canadian born reporting Catholic are French Canadians while the remainder are spread throughout the country. Anglo's are also associated with one of the three major Protestant religions, Anglican, United or Presbyterian. It would be dif-

difficult to argue that the ideological differences between the major religious groups in Canada were somehow determinant of elite membership apart from social and ethnic factors.

The 12.7% Catholics of the total 775 Canadian born resident members of the elite in 1972 is slightly more than the 10.3% in 1951 but still well below the 46.2% of the total population in Canada. This dramatic difference between the population and the elite would seem to extend beyond the strictly under-representation caused by the French factor and somewhat into the other ethnic exclusion from the elite, particularly European but it is not possible to isolate these factors in this study. The under-representation of Catholics may also be related to the differential educational experiences of many Catholics and Protestants but again, this is difficult to isolate. Anglicans remain the dominant religious affiliation with 25.5% in 1951 and 25.3% in 1972 despite a drop in the total population over the same period from 14.7% in 1951 to 11.8% in 1971. When only those with multiple directorships are considered the Anglican over-representation increases to 32%. This is associated with the high class position of Anglicans in Canada and the U.K. The United Church representation is substantial with 17.3% currently and 17.6% two decades ago and about equal to the present population at large with 17.5%. Although Presbyterians have declined from 11.3% to 7.1%, they are still over-represented compared to their 4% of the population. Baptists and 'other' Protestants are all under-represented; with only 2.6% of the present elite and 2.5% in 1951, they make up almost 8% of the population. Many report their religious affiliation simply as 'Protestant' 8% compared to 8.7% earlier, while many others do not bother to report

any affiliation at all, 23% compared to 23.3% in 1951. There does not appear to be any significant differences in the overall distribution of religious affiliation since 1951 which does not reflect population changes with the exception of the Anglicans and United who have held steady in spite of declining numbers in the population at large.

Particularly in terms of education, religion serves as a method of creating social networks. When private schools are run on a denominational basis, such as Appleby College, Ashbury College, Trinity College or Ridley College, which are all Anglican, this promotes association and friendships among the upper class based on common social experiences. It is because Anglican institutions have been established as class institutions and exclusion mechanisms that a disproportionate number of Anglicans appear in the elite and not because there is some "ethic" associated with it which creates elites.

(iv) Education as Training and Social Networks

Less than 10% of the male population in the same age group as the corporate elite have any education past secondary school and only about 5% have university degrees; the few who did have the advantage of education were indeed privileged! Of course, if females of the corresponding age were included, the numbers of the total population who attended university would drop even further since only about 2% of the women had the same advantage. The corporate elite in contrast to the general population, has two distinct advantages; it's almost exclusively male and most of its members have graduated from university.

Universities in Canada have always operated as effective screen-

ing devices to keep the lower classes* from competing for high skill and high paying jobs. With university education increasingly becoming a prerequisite for elite membership, particularly if there is no family firm to inherit, the university as a selection device is accomplishing many of the tasks which used to be the job of personnel departments by weeding out lower class members. In 1951, 58.3% of the elite were university educated with an additional 5.4% having some other higher education past the secondary level such as chartered accountancy degrees or technical training. By 1972 this had increased to 80.5% of the elite with university training and an additional 4% with other post secondary education. In other words, only 104 (15.5%) of the Canadian born members of the elite did not have more than post secondary education; in 1951, 36.3% of the elite did not have post secondary education. The interesting question becomes not how many were educated at university but how did those who were not, manage to make it into the elite. Of the 104 who did not have post secondary education, 1/4 (26) attended private schools, and a further 1/5 (21) inherited their positions. In other words, almost half had upper class advantages and did not require university training as an avenue to the elite. Of the remaining, 14 spent an average of 40 years in the banks before attaining an executive position after beginning on the average at 16 years of age, 2 through insurance companies or through other finance companies, 8 financiers, 6 on their own account, 2 from the political elite and 18 from a variety of other routes. As discussed in an earlier section, even the banks are now using the universities as a screening device, having given way to their own internal selection system and letting

* Actually the working class hardly ever get into university, having been screened out in secondary school.

the state educational system do their socialization for them.

Even when the foreign born are included the proportion with more than post-secondary education drops by only .7% compared to a corresponding drop of 1.2% in 1951.

Not only is university education important but it appears that even post-graduate training and professional degrees are also rapidly becoming prerequisites of elite membership. Of the Canadian born, 280 have additional training beyond their under-graduate degrees, accounting for 41.6% of the entire Canadian born elite. Of these 183 have law degrees, including 15 who have other post-graduate degrees beyond law degrees with 10 of them attending Harvard for MBA's. Altogether, 53 of those with post-graduate degrees went to the U.S. for their education and 34 of these to Harvard for MBA's. An additional 14 went to the U.K. and 2 to France for their post-graduate training with the rest obtaining their degrees in Canada.

Age has an effect on whether the member of the elite attended university with 73.1% of those born before 1905 attending and 79.3% of those between 1905 and 1920 compared to 87.3% for those born after 1920. Together with the difference for the entire elite between 1951 and 1972, this provides conclusive evidence of the increasing importance of university education to elite membership.

From the perspective of Canadian educational institutions, it is important to know how many of the Canadian born members were educated within Canada. Very few of those who attended university went exclusively to foreign universities with 10.7% of those who obtained only under-graduate degrees going to university outside Canada and 7.8% of those who went on to post-graduate work obtaining their first degrees outside Canada. Of those attending uni-

versity, 84% went exclusively to Canadian universities. When private schools are included, 16.4% of the present elite, who had attended university, enjoyed the advantage of being educated outside of Canada at some point in their lives. Although foreign institutions of education have an important part to play in the educational careers of many members of the elite, particularly the MBA programme at Harvard, it is still primarily the Canadian institutions of higher learning which do most of the selection of elite members. Not all universities in Canada are equally endowed with the ability to pass on elite membership. Actually only four universities between them were able to pass on 3/5 of those who attended university.

Of those attending university, 27.1% had their undergraduate education at the University of Toronto while another 15.7% went to McGill. While almost half of those attending university obtained their degrees in one of these two places of higher learning, there are eight other universities with between 3% and 5.4% of the elite passing through their gates at an undergraduate level, together accounting for only 34.7% of those attending university. Obviously, not only attending university but which university, makes a considerable difference for movement into the elite.

The value of university attendance extends well beyond the training gained there. It is also a breeding ground for elite connections and lasting associations. One case from a recent newspaper article will illustrate some of the added benefits of attending one of the two top Canadian universities had for E. Leo Kolber, president of Comp Investments and director of Distillers Corporation-Seagrams and the Toronto-Dominion bank:

During his law school days, Mr. Kolber on his own had six houses built in the Montreal Island municipality, the Town of Mount Royal; they are still there. His friendship with Charles Bronfman, whom he succeeded as president of Cemp, dates from their days at McGill University about 20 years ago. The first deal he and Charles Bronfman did together was in 1953, the year after Mr. Kolber's graduation from law school, when he got capital backing from Mr. Bronfman to buy some property in the Montreal Island City of Westmount. The deal was quite profitable but would have been more so had they held the land longer than they did. In 1957, when Mr. Kolber was in his late twenties and had practiced law for a few years, the late Samuel Bronfman brought him in as a managing director of Cemp which, under several previous managers, had "not done much". Mr. Kolber says "Mr. Sam" was like a father to him (Globe & Mail, January 5, 1972).

Although obviously not from the bottom of society when he began (being able to buy six houses in Mount Royal while still in law school!) E. Leo Kolber was able to make it into the big time because of the friendship established with Canada's elite at McGill, even being 'adopted' into the family. It is not known just how often these types of lasting friendships are established during the university years but attendance at the University of Toronto and McGill at least suggest that there is ample opportunity within their environments for this to occur.

F) THE PRIVATE WORLD OF POWERFUL PEOPLE

At the upper levels of power in Canada, there is a society very much different from the rest of Canadian society. At this level is a society of 'joiners'; a set of people who become involved at the executive level in a range of philanthropic and cultural activities ranging from the Boy Scouts to the boards of governors of Canada's major universities. From private schools to private clubs they lead a life quite apart from, although very much affecting, the existence of the vast majority of Canadians. Through a series of elite forums and political connections, they make decisions well beyond

those confined to the dominant corporations where they gain their power. This section will examine part of this private world of powerful people.

(i) Private Schools; the Preserve of the Upper Class

Although they may be examined as institutions of education, private schools are most appropriately understood as class institutions designed to create elite associations and maintain class values both by exclusion and socialization; that is, exclusion of the lower classes and socialization of the potential elite. Private school education is a life-long asset for the select few who experience it. As Mills has said; "The one deep experience that distinguishes the social rich from the merely rich and those below is their schooling" (1965:63). The thousands of dollars it costs to send their children to private schools pays off many times over in the 'social capital' they accumulate during those formative years. These select few are indeed the "social rich" as Mills maintains. What Porter refers to as "an item within the common experience of class" (1965:528), is the total package of upper class training which occurs not only in the private schools but through the experiences gained by living in the exclusive residential areas of Canada's metropolitan centers like Forest Hill or Westmount, the vacations at exclusive resorts in Canada and abroad and a host of other experiences known to only the upper levels of the class structure.

Attending 'dad's' old school is just another form of inheritance which preserves the continuity of the elite. The fee paying schools of eastern Canada are institutions which stem well back into Canada's history with some like Upper Canada College founded in 1829 and Trinity College School founded in 1865 providing common class experiences

for many generations of Canada's upper class.

The pervasiveness of private school attendance is on the increase in the elite. While 34.2% of the Canadian born elite attended private schools in 1951; this has increased to 39.8% or 267 of the elite. Included are 49 of the 65 French Canadians who attended classical colleges, about the same proportion as the 42 who did the same in 1951. Of those attending English-speaking private schools, elite members almost exclusively went to one of the 16 members of the Headmasters' Association and within this group primarily to the older schools of eastern Canada.

The Headmasters' Association is an organization formed in 1936 modeled after the English Headmasters' Conference of about 200 'public' schools including 133 privately funded schools based on foundation money of which only 9 called the 'Clarendon Schools' are most important (Sampson, 1965:202-3). The Headmasters' Association (Canadian Independent Schools), as it is formally called, helps coordinate activities between its member schools thus extending the tight school network into other similar institutions. The private schools which are members of the association are not supported by state funds, much to the chagrin of Ned Rhodes, Jr. chairman of the board of governors of Ashbury College. Speaking recently about his school's planned expansion from its present 262 enrolment of boys from grades 5 to 13 to a capacity of 320 (smaller than many public schools but including 4 years of primary and 5 years of secondary students averaging about 30 students coming in and graduating each year), Rhodes said, "The fact that no recognition in any financial way is made of these schools is discrimination of the most flagrant scale" (Ottawa Journal, June 9, 1973). What a flagrant statement! Chairman Rhodes

is insisting that the state support the most glaring bastille of upper class privilege with public money and dares to call it "discrimination"; what arrogance! In 1938 the fees were \$675 per year and probably well over a thousand dollars now. This is more than the total income of many families in Canada and the fathers of these boys can afford to send their sons to these schools and Chairman Rhodes can call this "discrimination".

Money is not the only thing needed to get into private schools, although it helps with fees ranging between \$400 plus to \$825 in 1938. Mount Allison Academy advertised the following admission procedure in 1938, "Application for admission should be made to the Headmaster. Those seeking admission must present certificates of standing from their previous school and certificates of character from the minister of their church, and from the principal of the school last attended" (emphasis added, Stephen, 1938:53).

Classical Colleges are the French Canadian counterparts to the English-speaking private schools. These are private fee paying institutions in Quebec, many of them residential as are their English counterparts, operated by the Catholic clergy. They mediate between elementary education and university attendance lasting about 8 years and costing an average of \$325 per year for tuition fees for years 1-4 and \$400 from 5-8 plus between \$400 and \$500 per year for room and board, a total cost of about \$1,000 per year per son (85% of those attending are male). Unlike the English equivalents, the state in Quebec supports the classical colleges with an annual grant (Encyclopedia Canadiana, 1968, volume 3:20).

It is evident why 64% of the elite members who had careers in family firms attended private schools. Providing the aspirine elite

with a total environment for usually 8 or the most formative years, the sons of the upper class are taught the values appropriate to their position; they have "strong characters built" and have the opportunity to build lasting friendships with other upper class boys who they will later meet in the board rooms of Canada's largest corporations. As was already suggested, the pervasiveness of private school attendance within the elite has increased since 1951 but at the same time the concentration in fewer of the finer schools has also been occurring. While 29 members of the elite in 1951 had attended Upper Canada College, by 1972 this had increased to 38 elite members. Other elite schools include the University of Toronto Schools with 28 of the present elite, Trinity College School with 21 and 10 others with between 7 and 13 each. Since many of these schools were originated as extensions of the Anglican church it is understandable that 38% of those Canadian born members of the elite attending private schools would be Anglican, 47% if only the Anglo's attending are included.

Common private school attendance is only the beginning of many careers which lead to very similar career paths. For example, of 5 elite members who attended Appleby College at the same time, 4 went on to the University of Toronto including 2 of them by way of the Royal Military College. Five members of the elite followed a path which leads directly from Upper Canada College to the University of Toronto to Osgoode Hall while another 12 stopped short of Osgoode and went directly into the corporate world. Three Upper Canada College alumni are on the board of Crown Life together and two of these are also on the board of the Bank of Montreal where they met a third former U.C.C. graduate. There are also 5 U.C.C. graduates on the

board of National Trust, 4 of whom appear to have attended their alma mater at the same time. These are not uncommon occurrences within the board rooms of dominant corporations; there are at least 2 former U.C.C. students on no fewer than 18 dominant corporations including 6 which have 3 former students of U.C.C. and others with more than 3. This is not unique to U.C.C. by any means, for example, 7 present members of the elite were at Ridley College at the same time and between them hold 25 dominant directorships.

Private school connections do not end after graduation for many of the students return to sit on their board of governors, overseeing the next lot of elites and ensuring class continuity, while others prefer to get together at the alumni meetings such as the Selwyn Old Boys Association. Others are able to help their 'old schools' out in other ways; for example, Maxwell A. Bell who was appointed by the federal government as chairman of Hockey Canada, was able to use public funds to help out his old school with the assistance of some other members of the elite, as the following account relates:

Mr. Bell joined former National Hockey League president Mervyn (Red) Dutton and Supply Minister James Richardson to help finance an Olympic-size hockey arena in Winnipeg in memory of two of Mr. Dutton's sons, killed in action in the Second World War. The arena was ostensibly built for St. John's-Ravenscourt school for boys but was used by the national team as training headquarters. Mr. Bell attended St. John's before it was amalgamated with Ravenscourt (Globe and Mail, July 29'1972).

St. John's-Ravenscourt, a member of the Headmasters' Association is not simply a "school for boys" as the article would suggest; it is a school for 348 sons of the upper class.

After attending private school and typically going on to the University of Toronto or possibly McGill, the sons of the upper class are ready for the corporate board rooms. Like their fathers, they

then enter another private world; that of the exclusive men's clubs.

(ii) Private Clubs, Bastiles of the Elite

While the 'country club' is a mark of status for the middle class family, it is not the same as the exclusive gentlemen's club which is just that, the preserve of the upper class male. Providing more than simply status to the upper class male, the club is a meeting place, a social circle, where businessmen can entertain and make deals. It serves as a badge of "social certification" but is more in that the club is a place where friendships are established and old relationships nourished. A person's 'contacts' are important in the corporate world because they affect the ability to have access to capital, to establish joint ventures and to enter into buyer and seller relationships with the men who control the nation's largest corporations. To participate in the club life is to be known 'by those who count' and moreover, to have your sons known. Particularly in the six national exclusive men's clubs, there is an opportunity for the corporate elite to come together socially at the national level thus transcending the metropolitan and even regional class systems. These six Canadian clubs are one of the key institutions which form an interacting and active national upper class.

Three of Canada's national clubs are located in Toronto, including appropriately enough, the National Club founded in 1874, the York Club established in 1909, and the Toronto Club whose origins are the oldest of all the national clubs, dating back to 1835. In Montreal are the Mount Royal Club founded in 1899 and the St. James' Club instituted in 1857. The sixth is the Rideau Club of Ottawa dating back to two years prior to Confederation, and although not

central to the corporate elite, national because of its location and heritage. Over one-half of the corporate elite (51.1%) belong to one or more of these six clubs with members from all across Canada belong to each of them. Between them, the 396 members of the corporate elite who belong to one or more of these six clubs hold 689 memberships, an average of almost two each. The total membership of these clubs is not large, averaging 578 in 1947 and 644 in 1957, the last year for which total records are available. Based on the projected growth it is estimated that they average just over 700 members currently. In 1957 they ranged in size from 300 members in the York Club to a high of 1,127 in the National Club.

As an indicator of the relative importance of each of the clubs the present elite membership can be compared with that found by Porter in 1951. This is then suggestive of the relative importance of the centers has for the current corporate elite in terms of social circles. The St. James' Club has had a stable number of elite members over the past 20 years with 146 in 1951 and 133 in 1972, and the total membership has remained unchanged with members of the corporate elite accounting for about 18% of the total membership. The Mount Royal has also been consistent in the number of corporate elite members with 150 in 1951 and 148 in 1972 but its total membership has increased over the same period bringing the elite proportion from 34.5% in the earlier period to about 27% now. In Toronto the situation is somewhat different. The Toronto Club has had an increase from 105 to 152 elite members over the 20 years while its membership has remained stable and the elite proportion increasing from about 30% to 35%. A similar increase has occurred at the York Club with an increase from 92 to 101 and a steady membership with

the corporate elite accounting for 311 in 1951 and 341 in 1972. The National Club, with the largest membership of all, has fallen off somewhat from 115 to 105 while the total membership has increased substantially reducing the proportion of elites from 131 to about 81. The movement away from the general trend of more elite participation in the Toronto-based clubs may be due to a 'dilution' factor of too many outsiders at the National Club. The most significant change occurs in the Rideau Club. Porter mentioned that the Rideau Club with 81 members of the corporate elite was located in Ottawa "off the path of industry and commerce" (1965:305). While the total membership in the Rideau Club has been growing substantially over the years, it now has only 50 members from the economic elite, less than half that of the other national clubs and 31 less than in 1951. This would suggest that the Rideau or more importantly, the federal government has declined as a key social domain for the corporate elite.

There are other clubs with substantial numbers of elite members but are not as important to the national upper class. For example, the Granite Club has 82 elite members but over 6,000 total membership. Several other clubs are more regional in scope, each having between 20 and 50 elite members. These number 21 with some, like the St. Denis of Montreal having 27 members who are from the French Canadian corporate elite (411 of all French Canadians) being quite specialized. Others like the Halifax Club, the Hamilton Club, the London Club, Calgary Petroleum, the Ranchmen's Club or the Vancouver Club more closely meshed with the local rather than the national upper class although the leading members of the local upper class also tend to participate at the national level as well.

As in most activities they engage in, members of the corporate elite tend to congregate in the decision-making levels of the clubs with many having held directorships and executive positions in the clubs over the years. In one recent instance, members of the corporate elite hold 5 of the 13 directorships in the National Club (Financial Post, June 30, 1973).

Another interesting aspect of club life is the international circuit. With much of their business outside Canada, it is important for the corporate elite to maintain social contact with the elite of other countries. In the corporate elite, currently 109 members have club memberships outside Canada, several in more than one country. These include 88 who have club memberships in the U.S., 18 in the U.K. and 20 elsewhere. Most popular, appropriately enough, is the Canadian Club of New York with 31 members of the corporate elite while others like the Links of New York and Rolling Rock of Pennsylvania with 7 each also important.

As with private schools, the private clubs are kept exclusive by regulating memberships and high initial membership fees and annual dues. These costs can be set aside, however, by free memberships in one of the exclusive clubs as part of the compensation attached to corporate positions, a practice used by the banks.

Social Class as Exclusion and Inclusion

Recapping the analysis in a general way, the corporate elite was initially defined as a set of positions which sit atop the dominant bureaucracies of economic life in Canada. The question then became one of understanding the degree and type of interaction existing between the men who filled these positions. From there it was shown the degree to which this set of men are of similar social types by

examining their origins. The preceeding analysis has now shown that they are not only of similar social origins and types but they compose an interacting social entity; they operate at the national level within the context of class institutions established outside and the corporate sphere.

As the analysis progresses it becomes increasingly evident that the men who fill elite positions are predominantly from the upper class originally or have become accepted into the upper class in terms of life style and social circles. The process by which the upper class is able to maintain itself may be understood as one of co-optation and selection. As Porter has argued, "Class continuity does not mean that there is no mobility. Rather, it means that there is sufficient continuity to maintain class institutions" (1965:385). As long as the upper class is able to keep its class institutions such as private schools and clubs intact it will be able to maintain its monopoly of power by selecting out those members of the middle class and occasionally lower class deemed acceptable and excluding those who are not. This means accepting the life-style, attitudes and values of the upper class. As guardians of the institutions of power and the avenues of access, they are able to dictate that the system should operate as they see fit; that is, as a system of exclusion and monopoly for their own privileges and prerogatives of power. Co-opted members become identical to their predecessors, being of the same social type and duplicating their values.

With clearly defined avenues of mobility into the elite, it is possible to regulate key gate-keeper institutions in such a way that class continuity will remain unchallenged. As Mills has argued,

nowhere is class consciousness so evident as within the elite. "For by class consciousness, as a psychological fact, one means that the individual member of a 'class' accepts only those accepted by his circle as among those who are significant to his own image of self" (1956:283). The elite is that section of the upper class which operates the major institutions of society on behalf of, and in the interest of, the upper class.

(iii) Philanthropic and Trade Associations

Members of the corporate elite engage in activities which extend well "beyond the board room", as Porter would say, into a variety of other positions in society. Some, such as the honourific roles to be discussed in this section, are merely prestige appointments which provide status and legitimacy to the office holders and the institutions they are associated with; others, such as the trade associations also discussed in this section, are more directly related to the corporate sphere and serve to coordinate activities within that realm. They enable various factions within the elite to act out in the political or ideological domains in a unified manner thus representing extensions of economic power into these other areas. In the following sections, members of the elite will be examined to understand how elite forums and associations with the elite serve to cut across functionally defined spheres of power.

Philanthropy and Prestige

It should be clear that as used here, the term elite has as its referent positions of power within key decision-making institutions and not to an 'elite of prestige', which is not the same as saying that the elite is without prestige. Bierstedt makes the point that power and prestige are separate variables arguing that prestige is frequently unaccompanied by power and when the two oc-

cur together, power is usually the basis and ground of prestige rather than the reverse. Prestige would seem to be a consequence of power rather than a determinant of it or a necessary component of it" (1950:731). Prestige then is a luxury item among the package of upper class privileges and not central to the maintenance of class institutions or elite power. Status, however, is a valued commodity which serves the elite in several ways by providing legitimacy and operating as a motivational device for many aspiring to elite positions. It can also serve to widen the social circle of elite members and provide an avenue of access for some into the elite.

As Aileen D. Ross has found in a study of philanthropy in Canada, philanthropic activity "not only facilitates business careers in ways well recognized by the fraternity of successful businessmen, but also enters as a substantial degree in the public relations programs of modern corporations" (1968:284). She goes on to argue that philanthropic activities open avenues into "other positions of importance in the community". This is reflected in her finding that mobility within the philanthropic world parallels that in the corporate world since it represents coming closer to the inner social circles thus providing "contact with men who are influential in business" (285).

University and Hospital Boards

Among the most notable of philanthropic activities which make up the honourific roles of the elite are the boards of governors or guiding bodies of universities, private schools and other institutions of learning as well as similar positions in the hospitals of

major metropolitan centers. Porter noted that 80 elite members held governing positions in the major 15 universities in 1951. In 1972 this remains an important activity with 31% of the elite holding, at some point, a governing position in one of the universities, private schools or other institution of higher learning. Hospital boards are also important in this respect with over one-quarter of the elite holding an equivalent position in one of the major hospitals. The overlap of 13% which hold positions on both indicates that this is indeed a tight social circle.

A host of other positions at the executive level are also held by members of the corporate elite including a variety of societies, exhibitions, Air Cadets, the Salvation Army, art galleries, United Appeals, Boy Scouts, operas, foundations, the Red Cross and a multitude of others.

A recent development has been the establishment of advisory groups for the faculties of business administration at leading Canadian schools of business such as those at the University of Western Ontario and the University of Toronto. Following is a recent announcement of one of these boards:

University of Toronto's new Faculty of Management Studies this week announced formation of a Management Advisory Council drawn from leading business, professional, government and labor people. Chairman of the council will be W.O. Twaits, chairman and chief executive officer, Imperial Oil Ltd. The council was formed to ensure effective liaison between the faculty (formerly the School of Business) and the community it serves (Financial Post, October 28, 1972).

Evidently, the "community it serves" is defined in quite narrow terms. As well as the chairman, 18 members of the advisory board are members of the economic elite including 13 of whom hold multiple directorships. The remaining 22 members come from academic circles, smaller corporations, top bureaucrats and only 2 from unions. This is very

similar to the advisory committee of the School of Business at the University of Western Ontario where 22 members of the elite including 13 with multiple directorships sit on the 39-position board. These represent direct extensions of the corporate elite into positions of importance in major gate-keeping institutions, maintaining the tradition established in the boards of governors of the key Canadian universities. For example, the University of Toronto, most important of all Canadian elite universities, has 13 members of the corporate elite on its 21-member board; 8 of the 13 are multiple directorship holders. Some elite members are more active than others in these respects; for example, John J. Jodrey, a member of the corporate elite as was his father, sits on the board of governors of Acadia University, Dalhousie University and King's College School, a member of the Headmasters' Association.

It is not only the boards within academia which provide meeting places for members of the corporate elite. For example, in a recent seminar held by the School of Business Administration of the University of Western Ontario, the proceedings of which appear in a collection edited by W.J. McDougall entitled The Effective Director, there were a total of 54 participants from academic, political and corporate spheres. Of the 54, there were 20 members of the corporate elite, 15 holding more than one dominant directorship. Universities not only provide a meeting ground for potential elites during their school days but continue to act in this capacity after they have actually entered the elite realm by providing meeting places on their boards and establishing elite forums where elite members can work out their common concerns.

Foundations

Until recently very little was known about the foundation life in Canada and while this still remains mainly uncharted ground, some insights are provided in a recent article by Allan Arlett, "Our foundations now easier to find". In the article, he shows who has established some of Canada's larger foundations, maintaining that some are large even within the world context.

Founded in 1937 and headquartered in Montreal, McConnell ranks amongst the 25 largest in the world. A listing of Canada's largest foundations would include the following: J.W. McConnell, Garfield Weston, Eldee, R.S. McLaughlin, Donner, J.P. Bickell, Vancouver, Atkinson, Physicians & Surgeons, Beaverbrook, Molson, Sir James Dunn, Laidlaw, Richard Ivey, Levesque and Winnipeg. Between them they hold over \$700 million in assets. The McConnell and Garfield Weston foundations alone account for about \$300 million in assets. Foundations have been established by a number of different methods, but the majority were founded by individuals or families. Those endowing Canada's larger foundations developed their wealth in a variety of ways. Newspapers played an important part in the fortunes of McConnell, Atkinson and Beaverbrook; industrial investments for Garfield Weston, automobiles for McLaughlin, steel for Donner and Dunn; breweries for Molson; lumber for Laidlaw, law and investments for the Ivey's and mining and investments for Bickell (Financial Post, June 9, 1973).

At another point in the article, Arlett discusses the Bronfman family's foundation as well as those of the Eaton's, Birk's, Zeller's, and other family foundations. Prominent among those who have endowed these foundations are the names of current and previous elites. The ability to develop and fund a foundation is limited to only a few of the wealthiest families even within the elite. Through foundations, elites are able to determine what type of grants and to whom they should go and through these legal devices keep family fortunes intact over generations thus having a social impact well after they are dead.

Trade Associations

More directly related to the organization of corporate power

than philanthropic and foundation activity are the trade associations. Some are professional associations like the 748-member Canadian Institute of Actuaries, which has members mainly in the insurance field but also in pension plans and working with government social security schemes. As in most of these associations, the executive is composed of members of the corporate elite. For example; Robert C. Dowsett, president of Crown Life has just succeeded John C. Maynard of Canada Life in the position of president of the Canadian Institute of Actuaries (Financial Post, May 26, 1973).

Chambers of Commerce are other associations in which elites are active, generally following the pattern of movement from the local to provincial to national and even international level as they proceed in their careers. Boards of Trade are also popular, many of them being around for a long time, such as the Ottawa Board of Trade which was founded in 1857, or the Montreal Board of Trade, recently celebrating its 150th anniversary with the appointment of Kenneth A. White, president of Royal Trust, as its new president (Globe and Mail, May 6, 1972).

Even trade associations establish joint ventures; for example, the Canadian Tax Foundation is sponsored jointly by the Canadian Bar Association and the Canadian Institute of Chartered Accountants and supported by over 700 corporations (Financial Post, April 1, 1972).

The Investment Dealers' Association is an illustration of an organization founded by some of the most powerful men in Canada in the early 1900's, many of whom it will be recalled were prominent in the earlier historical discussion. Neufeld says that the members of the Bond Dealers' Association, as the I.D.A.'s predecessor was called, the following included:

At its first meeting the following were elected: E.R. Wood, Hon. president; C. Meredith and A. Jarvis, Hon. Vice presidents; Wm. Hanson, president; A.B. Ames and J.M. Mackie, vice presidents; W.C. Pitfield, treasurer; C.H. Burgess, secretary. Others on the executive were J.H. Gundy, W.C. Brent, G.A. Morrow, G.W. Guthrie, A.H.B. Mackenzie and J. Nesbitt. All the large Toronto and Montreal dealers were represented (1972: 504-5).

Many of these original members have sons and other relatives still in the elite. Neufeld goes on to say the present association is active in the affairs of investment dealers,

The initial role of the Association was essentially to further the interests of its members. Gradually it also began to emphasize standards of conduct in the industry, financial standing and business conduct of its members, collection of statistical data, and also the provision of educational and training programs for young employees of its members (1972:505).

Through this association the industry becomes self-regulating and self educating, taking the burdens off individual companies and spreading them over the entire industry. At the same time they provide meeting places for young employees who begin to know people from throughout the industry not just within their own companies.

Another organization of importance is the Canadian Bankers' Association founded in 1900. It brings chartered banks together to deal with common problems related to banking operations and the government. The association has a full-time staff of 30 employees and an executive director. Galbraith says that it provides:

a useful channel of communication with the government, for suggestions or regulations or other matters that the government may wish the banks to cooperate on or carry out. Indeed, the executive council of the Association at its regular quarterly meetings always arranges to meet with the Governor of the central bank--the Bank of Canada--and senior officials of the Department of Finance for a mutual exchange of ideas and views (1970:35).

This association is but one of the direct channels the corporate elite has open to the federal government. For example, in a summary of the witnesses appearing before the standing committee on Trade, Finance and Economic Affairs, it is reported that 321 of the witnesses

are representatives of individual companies, including Alcan, Bell Canada, Imperial Oil, INCO, Shell Canada and Stelco among others, as well as an additional 35% of the witnesses who represent industrial, commercial and financial associations (Lewis, 1972:101). All of these, whether through trade associations or directly by representatives of dominant corporations, are channels which serve to bring the state and corporate elite together at the top of the decision-making posts of each sphere.

(iv) Elite Forums

Sprinkled throughout the institutional structures of Canadian society are a collage of organizations which may be referred to as elite forums. These meeting places of elites from the corporate, state and other key institutional spheres are open to and created by men of power. They are not public forums but forums for Canada's elites. In them, policies are formulated and opinions made known to other men of power. Within their closed confines differences can be resolved and compromises made. It is within these varied associations of elites that the corporate world dominates. They are avenues of contact and channels of communication between diverse sections of the elite. Although their stated purposes are varied and their organizations quite dissimilar at times they have one thing in common; they are all dominated by the corporate elite.

Canadian Executive Service Overseas

Founded in 1967, Canadian Executive Service Overseas (CESO) provides volunteer businessmen to foreign countries. Funded by the Canadian International Development Agency, CESO pays the travel costs of executives and their wives to other countries which in turn pay expenses during their stay. According to the annual report, "Canada

wins new friends and international respect as more and more CESO volunteers work in overseas nations" (CESO Annual Report, 1971-2:3). More than 'winning new friends' and 'respect', Canadian corporations gain new sources of materials and customers for Canadian goods. They also do their part in spreading capitalism to newly emerging nations. Of the 105 members of the board of directors of CESO, there are a total of 71 members of the corporate elite including both the chairman, Fraser W. Bruce of Alcan Aluminum, and the vice-chairman, Paul G. Desmarais of Power Corporation. Of these 71 directors, 36 hold more than one directorship in dominant corporations.

The Canadian-American Committee

The Canadian-American Committee is an association of Canadian and U.S. elites and labour union leaders. In light of the continental economy which each shares, associations of this type are required as forums between the two elites and as pipelines into each of their state elites. As Dr. Wallace Sterling, a member of the U.S. component of the committee and former president of Stanford University has said, "I think it is fair to say that the members have not been without rather acute influence on their respective governments" (Globe and Mail, August 13, 1971). Some of the Canadian members of the committee include J.L. Walker, president of the Bank of Montreal; T.N. Beaupre, chairman of Domtar; John Clyne, chairman of MacMillan Bloedel; Paul Desmarais, chairman of Power Corporation; Paul Leman, president of Alcan; W.O. Traits, chairman of Imperial Oil and Adam Zimmerman, vice-president of Noranda Mines. Each of the corporations these men represent have extensive interests in the U.S. either because they are U.S. controlled, have operations there, or sell substantial parts of their products in the

U.S. One-half of the Canadian component of the Canadian-American Committee are from the economic elite and one-half of these are individuals who hold more than one dominant directorship. They include among them, as the above list suggests, the most powerful businessmen in Canada.

The Ontario Research Foundation

The Ontario Research Foundation was formed in 1928 by the then premier, G. Howard Ferguson, with \$1 1/2 million from industry and \$1 1/2 million from the Ontario government in response to the post-war need for research facilities. In addition to carrying on research from its endowment, the foundation also conducts research for industry, operating as a type of cooperative at the elite level by providing expertise in highly technical fields. The board of 22 has 13 members of the corporate elite, including the chairman and 2 vice-chairmen. Of the 13, there are 7 with multiple directorships.

Other forums of importance would include the 18-year old Conference Board in Canada, a branch of the U.S.-based Conference Board, headed by Arthur J.R. Smith as president and former chairman of the Economic Council of Canada. The Canada Committee, founded in 1964, defines its purpose as a "One United Canada" and has a number of prominent French and English members of the elite on its board of governors, including R.C. Scrivener, president of Bell Canada, director of Power Corp. and the Imperial Bank of Commerce; Arthur Deane Nesbitt, chairman of Nesbitt, Thomson and Co. as well as director of Power Corp., TransCanada Pipelines, Manufacturers Life and Consolidated-Bathurst and Louis Hebert, chairman and president of the

Banque Canadienne Nationale and director of Sun Life and Noranda Mines. Another elite forum is the 41-member Advisory Council to Industry, Trade and Commerce, a body which has been established for 4 years to "Examine and keep under review the policies, programs, and services of the department, advise on the adequacy and recommend improvements or new activities" (Ottawa Journal, April 21, 1973). The corresponding body in Quebec would be the Conseil de l'Industrie, a 58-member board of leading members of the corporate elite active in Quebec, including 6 members of Power Corporation's board of directors. Another forum includes the Canadian Association for Latin America made up of the 60 largest Canadian-based corporations and designed to increase trade relations with Latin America. These are just some of the scores of boards and associations which have been created over the years to coordinate elite activities.

Other types of ad hoc elite associations include a recent "mission" of Canada's corporate elite to meet with the U.S. state elite. In February of 1973 a contingency of 80 "top Canadian business executives" went on a "remarkable mission" to Washington to meet for two days with top ranking U.S. politicians and bureaucrats. Of the 80, 35 were executives from Canada's dominant corporations and of these, 18 were holders of more than one dominant directorship (see Financial Post, February 24, 1973). Another recent 'workshop' involving the corporate, political and U.S. elite occurred but little is known about the proceedings because it was private, in spite of the fact that it was sponsored in part by the federal government:

Herman Kahn and his Hudson Institute set up shop here Sunday for a three-day conference that will see some impressive brain-power focused on "The Corporate Environment, 1975-1985". But the participants will be keeping most of their superthoughts to themselves. The conference is the 11th to be held as part

of the institute's three-year corporate environment study sponsored by about 60 corporations. Since two federal government departments and 10 Canadian corporations are among the sponsors much of the three-day meeting will focus on Canadian problems. The meetings are closed and "off the record", the institute says. Canadian participants include Bell Canada, Hydro-Quebec, MacMillan Bloedel, Power Corp., John Labatt Ltd. and the Royal Bank of Canada. The federal government departments are Industry, Trade and Commerce and the Ministry of State for Science and Technology (Ottawa Journal, March 5, 1973).

Another elite forum recently established by the federal government with an initial grant of almost \$1 million with promises to match an expected \$10 million endowment over the next 7 years is the Institute for Public Policy Research, "Canada's first independent think tank". Designed to produce long term research into Canadian 'social problems', the institute "will not depend on governments for annual votes to support its operations and will not be subject to the political hazards and time pressures of internal government research"; it will rather be accountable, according to R.S. Ritchie, head of the institute, "to a board of directors who will be self-replacing as are the boards of most voluntary institutions in our society". In this case the board of directors includes J.V. Clyne, chairman of MacMillan Bloedel Ltd. and director of Canadian Pacific Ltd.; John Robarts, former premier of Ontario and presently director of Power Corporation, Metropolitan Life, Canadian Imperial Bank of Commerce, Bell Canada and Abitibi Paper; Mrs. Jeanne Sauve, now federal cabinet minister and wife of Maurice Sauve, a former federal cabinet minister and now vice-president of Consolidated-Bathurst and director of BP Canada Ltd. and Ronald Ritchie, vice-president of Imperial Oil and the "driving force behind the institute". Ritchie is no stranger to government circles, being an executive director of the Royal Commission of Government Organization (the

Glassco Commission), serving on the Wartime Prices and Trade Board and director of Imperial Oil since 1963, at the age of 44 (emphasis added, Globe and Mail, February 15, 1972; March 8, 1972).

Ritchie's remark that the board of directors of his institute would be "self-replacing as are the boards of most voluntary institutions" is important in that it illustrates how elite control of these forums is maintained over time. Unlike corporations where stock ownership can change hands and the entire board of directors replaced by the new controlling interest, once these forums are established they become self-perpetuating institutions of elite power and privilege accountable to no one, not even the government. By loading the board with solid elite members from the beginning and giving it self-selecting power insures that the board will remain an elite institution, barring very bad judgement or poor certification procedures for future elites.

(v) Political Relationships and Affiliations of the Corporate Elite

Political relationships of the corporate elite have been alluded to at various points throughout this chapter but in this section a specific analysis of party affiliation, elite switchers from the political to the corporate world, corporate relationships with government and a case study of Power Corporation's relationship with the state will be presented.

Political Party

In 1951, Porter was able to determine the political affiliation of 203 of the corporate elite, finding a distribution of 85 Conservatives and 86 Liberals among the Canadian born and 92 Liberals and 106 Conservatives when the foreign born were included. In the present study political affiliation could be determined for only 159

members of the elite with a distribution of 76 Liberals and 70 Conservatives among the Canadian born and 80 Liberals and 77 Conservatives when the foreign born are included. An additional four declared themselves to be independent while there were 2 Social Credits, both from the political elite (H.C. Manning of Alberta and R.W. Bonner of B.C.). Although there are a few more Liberals proportionately among the present elite than in 1951, the low coverage does not warrant drawing confident conclusions based on the data. The only finding which is of significance is the fact that in 1951 Porter found biographical sources reporting political affiliations for 26.7% of the elite while in 1972, it is reported for only 20.8%. This would indicate that declaring affiliation is of less importance to the corporate elite now than it was 20 years ago. When the few for whom party affiliation is available are analysed in terms of the indigenous/comprador dichotomy, a slight difference occurs with more Liberals as U.S. comprador elites but again the findings should not be pushed too far because of the low coverage.

Elite Switchers

Porter noted that "37 Liberals and 19 Conservatives had been politicians at some stage of their career" going on to note that there were 17 Liberal senators included in this group (1965:298). In 1972 there were only 19 Liberals who had been politicians, 10 Conservatives and 2 Social Credits. This includes 17 who were members of the political elite and 13 Senators (11 Liberals, one Conservative and one Social Credit). Another 2 senators did not declare any affiliation*.

* The 15 Senators in the current corporate elite is well below the total proportion of Senators from business, industry and finance. Presthus reports that this type made up 37% of the 102-member Senate with law accounting for 30%, government and politics 16%, profession (other than law) 9%, agriculture 6% and labour 1% (1973:28).

While the number holding political office was 56 in 1951, this had dropped to 33 by 1972, a fairly substantial movement away from the total who had held political office. However, it should be recalled that at the beginning of this chapter it was argued that in 1951 only 14 people had their main careers in other elites (including the political, bureaucratic and military) while in 1972 it was found that 17 had their main careers in the political elite with another 18 in the bureaucratic elite, more than double the numbers from 1951. A closer examination is then required to reconcile this finding with the fact that more members of the corporate elite held political office in 1951 than in 1972. Only a small part of the difference is accounted for by the fact that there were 17 Senators in 1951 and only 15 in 1972. The difference becomes evident when those holding elite offices are compared. While only 14 members of the corporate elite in 1951 had their main careers in either the political, bureaucratic or military elite, there were 56 politicians, 39 if the senators are excluded. In other words, more members of the corporate elite entered the political world at non-elite levels during the earlier period while in 1972 only a very few members of the corporate elite moved into the political world with most of the movement being from the state elite to the corporate world. Only three Conservatives and none of the Liberals from the 1972 corporate elite held political offices which were not either

* According to a recent article it was found that only 24 of Canada's M.P.'s are "from the senior executive ranks of big business" (Innet-us, May 1973:9). If those M.P.'s who are in the cabinet were excluded even this low 24 would drop, indicating that very few members of the upper levels of the corporate world enter electoral politics at other than the cabinet level. A notable case is James Richardson, Minister of National Defense, who had to drop 13 directorships including his family firm, now run by his brother, to enter the cabinet. Mitchell Sharp is another frequently noted case illustrating the same phenomenon.

elite positions in the Senate. This illustrates that there is less exchange at the lower levels of electoral political life but much greater switching at the top from the political to the corporate world than earlier.

A similar phenomenon has occurred with the bureaucratic elite; where there are now 18 members of the present corporate elite who had their main careers in the bureaucratic elite* and another two who held elite positions within the bureaucracy. In 1951, only "in one or two cases persons...made the big jump in their careers after serving in the federal bureaucracy, particularly during the war" (1965:281). In addition to the 20 members of the present elite who were clearly in the bureaucratic elite there were 35 who held key but probably not elite positions during the war in the federal bureaucracy. Including all present members of the corporate elite, it is found that 49 served in the war on either the Wartime Industries Control Board, the Wartime Prices and Trade Board or one of the agencies under the command of these two** and followed their minister

* A notable example of movement from the bureaucratic elite into the corporate elite is K.R. MacGregor who was Superintendent of Insurance with the rank of Deputy Minister from 1953 to 1964 and in 1964 became president of Mutual Life and later added the position of executive officer. He is also a director of the Huron & Erie Mortgage Corporation. Another case is Vincent William Scully who headed Victory Aircraft, a Crown corporation during the war, becoming Deputy Minister of Reconstruction (1945-48) and Deputy Minister of National Revenue (1948-51). Leaving the bureaucracy, he came to Stelco in 1951, becoming president in 1957. He is now chairman of the executive committee and director of Stelco in addition to being a director of Sun Life and Mopre Corp., adding Gulf Oil of Canada in late 1972.

** An important historical footnote directly related to the wartime bureaucratic elite and the implications for future corporate relations is provided by the Argus take-over of Massey-Harris. Discussing the re-organization of Massey, Neufeld recounts how H.P. Taylor first became interested in the company. "There was one interesting and historically important sidelight to the re-organization, for with it began the direct participation of H.P. Taylor and W.B. Phillips in the affairs of the company. Duncan wanted to strengthen his board and thought of Taylor. The two had been neighbours and friends in Toronto. Since both were in the service of the government of Canada as "dollar-a-year" men in the early war years, they had further opportunity to meet. Duncan returned ...

C.D. Howe, into the corporate board rooms following the war. All 49 were born before 1920, putting them in an age bracket which typically has few upper class members than the elite as a whole. When the class origins of this group are examined separately it is found that about an equal number were born at or near the top (45%) compared to the Canadian born corporate elite (47%). The difference is that only one-half of the proportion of those from the bureaucracy during the war had fathers in the economic elite (14.3% compared to 28.5%) while more had fathers who were in other elites or married women from elite families (22.4% compared to 8.2%). This would indicate that upper class members of the elite tended to be recruited into the federal bureaucracy who were not sons of members of the corporate elite. Typically sons of the corporate elite engaged in working in family firms during this time while other upper class sons did not have this avenue readily open to them and were then 'eligible' to be recruited into the bureaucracy. One example of this would be Henry Borden who was mentioned earlier in connection with his Prime Minister uncle:

When war broke out in 1939, Henry Borden offered his services to the Canadian government. Among the positions he occupied over the next six years are general counsel for the Department of Munitions and Supply, Co-ordinator of Controls for the Department of Munitions and Supply and chairman of the Wartime Industries Control Board.... Borden came to Brazilian Traction in 1946 as president, a position he held for the next 17 years. He was chairman of the board for a further two years, and is still a director and member of the executive committee (Last Post, 1973:39).

Crown corporations frequently recruit members of the corporate elite to their board rooms with a total of 52 members of the corpor-

(continued foot note from previous page) to Massey-Harris in early 1941, and on one of his trips to Washington where Taylor was located as chief executive officer of the British Supply Council, Duncan asked him to come onto the Board (1969:42).

ate elite having this type of relationship with the state*. Included here are 42 members of the elite not accounted for above as being in the political or bureaucratic elite, in the Senate or in the bureaucracy during the war. Royal Commissions are another way members of the corporate elite are recruited to state service with a total of 24 members of the current corporate elite having been on at least one Royal Commission, some on as many as three. Of the 24, there are 14 who are not included above. There are also a series of government boards and commissions to which the corporate elite belong including among them the National Research Council, the Atlantic Provinces Research Council, a series of harbour commissions and port authorities, National Advisory Commissions on Petroleum or Mining, the Government Export Advisory Commission and a number of other similar bodies. Altogether 78 members of the corporate elite sit on these boards or commissions, including 62 not included above.

Another group of the corporate elite are not themselves involved with the state but have close kin who are; for example, 32 have kin in the political elite, 20 with kin in the Senate, 8 with kin in the bureaucratic elite, 18 with kin in the House of Commons or Provincial Legislators and another 5 with kin known to be on government boards or who are Lieutenant Governors. Altogether this represents 95 members of the elite with kin in state positions. Of these 95, there are 56 not included in any of the above categories. When these relationships are viewed cumulatively, it is found that 2.5% of the corporate elite were once in the political elite; adding the Senate this

* Included among the Crown corporations are Air Canada with 7 of its 9 board members in the corporate elite; Atomic Energy of Canada 2 of ten; the Bank of Canada 4 of 15; the Canada Development Corporation 7 of 21; Eldorado Nuclear 4 of 7; the Industrial Development Bank 3 of 14; Polymer (now Polystar) 5 of 11; Sidbec 3 of 12 and all the board of the Canadian National Railway which is included as a dominant corporation.

increases to 4.9%; 2 Lieutenant Governors bring the cumulative total to 5.2% and 20 from the bureaucratic elite increases the total to 8.2%; bureaucratic war service to 13.4%; crown corporations to 19.6%; Royal Commissions to 21.8%; other government boards or commissions to 31.1% and close relatives holding one of the above positions brings the total proportion of the elite with some present or previous contact with the political world to 39.4%.

Although the evidence does not indicate that the state elite and the corporate elite overlap extensively, when other relationships between the state and the corporate world are included there is ample evidence to support the position that they operate within a similar set of social circles. The corporate elite seldom enter political life on the electoral level but they do interact extensively on the level of boards and commissions as well as having close kin in or close to the state elite. A few examples will illustrate the importance of state connections through kinship links for the corporate elite. These include: the Hon. Maurice Sauve, former federal minister whose wife Jeanne is now Minister of Science; the Hon. Louis-P. Gelinas who married Juliette Taschereau, daughter of the Hon. L.A. Taschereau, one-time Minister of Public Works; the Hon. Eric Cook, whose father, the Hon. Sir Tasker Cook, was Prime Minister of Newfoundland; the Hon. Richard Stanbury (Senator) whose brother the Hon. Robert Stanbury is Minister of Communications; Hon. James Sinclair whose daughter Margaret married Prime Minister P.E. Trudeau; the Hon. Jacques Flynn (Senator) whose grandfather was Premier of Quebec; Claude Pratte who married Frances, daughter of the Hon. Onesime Gagnon, a minister in the Bennett cabinet; Col. Maxwell Meighen, son of the Rt. Hon. Arthur Meighen, former Prime Minister; Renault

St-Laurent, son of the Rt. Hon. Louis St-Laurent, former Prime Minister; Richard Gavin Reid, son of the Premier of Alberta with the same name; George Taylor Richardson, brother of the Hon. James Richardson, Minister of National Defence; Arthur Simard, father-in-law to Robert Bourassa, premier of Quebec. These examples illustrate that kinship links between the corporate and political world are important beyond the direct exchange of personnel between the two domains.

Patronage may or may not be involved in political or bureaucratic transfers and relationships between the corporate world. What is more important sociologically is to recognize that patronage is a sub-set of social networks between elites; that is, contacts based on positions of importance in any of the elites involves exchange of information, influence and, only in the extreme case, personnel. The fact that 'ex-Premiers' conferences' are held in the board rooms of some dominant corporations (for example the Hon. Duff Roblin and the Hon. Jean Lesage are both on the board of Montreal Trust while the Hon. John Robarts and the Hon. E.C. Manning on the board of the Canadian Imperial Bank of Commerce) attests to the fact that these men have connections valued by the corporate elite. It need not indicate that they have given special privileges to these corporations beyond the enormous privileges they gave to other corporations while in office.

Political Power and Power Corporation

Power Corporation is probably the most powerful corporate complex in Canada. The conglomerate is organized as a holding company with controlling interest of 36.5% in Consolidated-Bathurst, a giant pulp and paper company; 52.2% interest in Campeau Corporation, a

dominant real estate company; 99.6% of Canada Steamship Lines which besides owning a fleet of freight vessels also operates grain elevators and ship building yards; 56.7% of Dominion Glass, which operates glass and plastic container plants and has interests in Alberta gas well properties; 53.3% of Laurentide Financial Corporation, a dominant finance and loan company; 51.2% of Imperial Life, a dominant insurance company; 50.2% of Investors Group, "the biggest mutual-fund organization in Canada", which in turn holds 50.1% of Great-West Life, another dominant insurance company, and in 1973, acquired 51% of Montreal Trust Company, also dominant in its field. Besides the two interlocking directorships Power Corporation has with each of the Royal Bank and Canadian Imperial Bank of Commerce, it has, according to Paul Desmarais its chairman and chief executive officer, strong relations with the Bank of America which have "introduced a new dimension to the financial group" (Globe and Mail, May 31, 1972).

The Power Corporation conglomerate has strong ties with the federal and Quebec Liberal parties which has prompted some questioning recently about the \$10 million in federal grants received by the company between 1968 and 1972 (Ottawa Journal, May 19, 1973). Some of these connections include the Hon. Maurice Sauve, former Liberal cabinet minister and now vice-president of administration in Consolidated-Bathurst; Paul E. Martin, son of Paul Martin, who is now Liberal leader in the Senate, who is a vice-president of Consolidated-Bathurst, vice-president of Power Corp., chairman of the executive committee and director of Dominion Glass and director of Canada Steamship Lines, Davie Shipbuilding and St. Maurice Capital Corporation; Claude C. Frenette, former president of the Quebec wing of the fed-

eral Liberal party and now a vice-president of Power Corp.; Tony Hampson, a former Power Corp. director and now chairman of the government's newly instituted Canada Development Corporation; Jean-Luc Pepin, Minister of Industry, Trade and Commerce from 1968 to 1972 and defeated in a recent election, is now a director of Power Corp.; Maurice Strong, former president of Power Corp., is not Undersecretary-General of the United Nations and a close friend of Anthony Hampson; Louis Desmaris, brother of Paul Desmarais, who is chairman of Power Corp., is himself a director of Power Corp. and president and chief executive officer of Canada Steamship Lines as well as being recently appointed to the deputy chairmanship of the Canada Development Corporation; Alfredo F.M. Campo is chairman and chief executive officer of Petrofina Canada and a director of Power Corp. as well as being a member of the General Council of Industry (Quebec) and a members of the National Advisory Committee on Petroleum (federal); J. Claude Hebert, a director of Power Corp. and member of the National Productivity Council (federal); Jean-Paul Gignac, brother of Jacques G. Gignac, the Libyan Ambassador since 1970 and Chief of Cultural Affairs in Ottawa 1967-1970, was himself commissioner of Hydro-Quebec from 1961 to 1969 and is now president of Sidbec (Quebec Crown Corporation) and a director of Power Corp.; Arthur Simard, chairman of Marine Industries as was his father Joseph before him, is father-in-law to Premier Robert Bourassa of Quebec, and a director of Power Corp. Based on this evidence some would conclude that Power Corporation supports the Liberal party. This would not be correct. Power Corporation has no special attraction to the Liberal party per se; Power Corporation is attracted to power. Only because the Liberal party has held political power during

recent years in Quebec and Ottawa is there such an inter-change between Power Corporation and the Liberals. The evidence that Power Corporation is attracted to power and not the Liberal party is the fact that the Hon. John P. Robarts, Conservative premier of Ontario from 1961 to 1971 also sits on the board of Power Corp. in addition to the boards of Abitibi Paper, Bell Canada, Canadian Imperial Bank of Commerce, and Metropolitan Life. Power transcends political affiliation.

A number of areas concerning the inequality of access into the corporate elite and social characteristics and relations between elites have been discussed in this chapter. They will be summarized in the following concluding chapter.

Chapter #8

CONCLUDING REMARKS ON THE CORPORATE ELITE

Beginning with an analysis of large scale organizations, it was argued that bureaucracies are power instruments par excellence. In corporations the boards of directors establish policy while mediating between the corporate bureaucracy and the economic power structure. A chapter was devoted to the development of Canada from an economic perspective arguing that the base of indigenous economic power are the finance and utilities sectors which have been developed using portfolio capital from the United Kingdom. It was further argued that the framework of analysis for Canada as an economic entity should be the North American triangle. This became particularly evident when multinational corporations were examined. It was found that since the early 1950's United States-based direct investment had moved Canada into a continental economy. Corporations based in the United States have extended their power into the Canadian resource sector in order to service their growing demands at home. The manufacturing sector is also continental in orientation with marketing carried out on this basis.

A detailed examination of the current structure of corporate power in Canada was undertaken, examining various sectors and illustrating that 113 dominant companies controlled the Canadian economy. Each sector was examined in turn analysing various features of each such as the degree of concentration within the sector, the extent of foreign ownership, mergers which had occurred since 1951 and the relative importance of each sector to the overall economy. Following this there was an analysis of control over directorship positions.

by the major sectors of finance, utilities, trade, industry and resource. It was shown that there were important differences within each sector with, for example, Canadian control very high in finance sectors but limited in the resource sector. There was also an overall drop in the extent of Canadian control when place of birth, rather than residence, was used as a variable but the general relationships remained the same.

Sectors were then examined in terms of the way they are interlocked through common directors. Interlocks between banks and insurance companies, the key financial institutions in Canada, have become more 'dense' over the past 20 years, as has the interpenetration of banks and insurance companies with other dominant corporations. Interlocks among other dominant companies are also extensive; especially those between finance and utilities, conforming to the analysis of the relationship between these sectors presented in the historical section.

Interlocks were examined by area of control and it was found that Canadian controlled corporations interlock most extensively. This also allowed for the identification of those key corporations which are central to the corporate elite. Foreign controlled, particularly U.S., corporations had a much lower tendency to be interlocked with other dominant corporations in Canada. Their pattern of interlocks was similar to that found for tightly-controlled family firms in Canada.

It was also illustrated that the corporate elite interlocks extensively with middle range and smaller corporations. This represents an extension of the power of the corporate elite well beyond the 113 dominant corporations.

In the same chapter, the phenomenon of multiple directorship holders were examined. It was found that had also increased with 29% of the elite holding 54% of the dominant directorships, compared to 22% controlling 46% in 1951. This indicated that greater concentration is occurring within the corporate elite itself, not only within dominant corporate structures.

The following chapter examined the inequality of access into elite positions and was the central chapter of the thesis. In an examination of career patterns, it was found that the proportion of 'technical men' had declined while there has been somewhat of an increase in financiers and financial executives. Lawyers had increased significantly, particularly the internal lawyers, while the law firms remain important. The proportion whose main career was in the finance departments of corporations placing them close to investment decisions had remained stable while commerce, which was not included earlier because of its insignificance, had become of increased importance as a career avenue into the corporate elite. Careers in other elites also proved to be an important avenue, indicating a greater interpenetration at the top of the various institutional structures. For example, the number of members who had transferred from the political and bureaucratic elites had more than doubled over the past 20 years. The most significant increase occurred in that section of the elite which had their main careers in family firms while there was a corresponding decline in those who had made it into the elite on their own account.

When class origins of the corporate elite were examined, it was found that a much greater proportion were now born at or near the top with 47% currently and 38% in 1951. When private school attendance was included as an indicator of upper class origins, the res-

pective proportions increased to 59% and 50%. Only 5.8% of the current elite were from lower than middle class origins while 18% of the elite in 1951 had the same beginnings. This provided conclusive evidence that avenues of mobility had become tightened since 1951 thus representing a movement within Canadian society to less rather than more mobility and equality of opportunity. A group of 76 members of the elite who were also in the elite in 1951 were examined and it was found that half of this group had fathers who were themselves in the corporate elite at an earlier time. This provided evidence for the fact that the upper class enters the elite at an earlier age and last longer in the positions of power thus extending their power over a longer period than other members of the elite are able to do.

The two mobility avenues were then examined which it was thought may have provided lower classes with access to the elite. The banks, traditionally a wide avenue for lower classes, had become tightened. New sectors which have gained importance since 1951 were also examined but these have also been taken over by the upper class. Along with the finding that younger members of the elite are of upper class origin, the conclusion reached was that there is a continuing trend from 1951 of more rigid class-based entrance into the corporate elite.

The greatest corporate route into the elite was found to be finance corporations, particularly those which are controlled in Canada. This indicates that there still are independent Canadian controlled avenues of access into the elite open to upper class Canadians.

Differentiating the elite by the position they hold within

corporations it was found that class is important here as well. Executives and outside directors had the highest class origins while insiders, particularly those who are not sons in family firms learning the business, are of much lower origin. This suggests that the inside directors who will make it into the executive ranks or circle of outside directors will be few in number.

Regarding the issue of comprador elites, it was found that over three-quarters of the elite members resident in Canada are members of the indigenous Canadian corporate elite with the remainder as comprador elites, mainly vis à vis the United States corporate elite. Comprador elites were of much lower class origin overall than were the indigenous elites with only 30% of the comprador elites born at or near the top compared to 52% of the indigenous elites. Compradorization, it was concluded, is primarily a phenomenon of the middle class and has not eroded the indigenous Canadian upper class. Together with an analysis of inheritance and family connections within the elite, it was concluded that a strong viable core of Canadian elites, firmly rooted in the upper class remains of importance.

Separating the 'Top 100' and the multiple directorship holders illustrated that three-fifths of the multiple directorship holders were born at or near the top compared to just under half overall. Again this illustrated the role class has within the elite. It was concluded by merging the 'Top 100' and multiple directorship holders that just under 300 people were at the core of the elite.

When regionalism was explored, it was found that the West and East were under-represented in the elite compared to the Center in terms of population. The West, however, had provided greater mobility to the middle and lower classes than had either the Center or

the East. This provided further evidence that as Canadian society matures its class structure has become more rigid and access to the elite more confined to those with upper class origins.

As in 1951, the French Canadians were very much under-represented in the corporate elite while members of other non-Anglo groups were virtually excluded. Porter's position that Canada is The Vertical Mosaic continues to stand as the most apt characterization of ethnic stratification from the perspective of the corporate elite. Also as in 1951, Catholics remain severely under-represented while Anglicans continue to dominate.

An examination of the education of elite members illustrated that the proportion of the corporate elite attending university or other post-secondary institutions had increased to almost three-quarters of the elite while less than three-fifths of the elite had the same advantage in 1951. The University of Toronto and McGill continue to be the key universities in Canada for educating the elite with Harvard becoming important on the post-graduate level.

In an examination of the 'private world of powerful people', it was found that private schools and private clubs were of continuing importance as class institutions in the social life of elites, as were the activities associated with trade associations and philanthropic activities. Some elite forums were also examined. In these forums the power of the corporate elite becomes extended into other important spheres of social life. This became particularly evident when political relationships of the corporate elite were examined. It was illustrated that while party affiliation is of declining importance, membership on key state-created elite forums and kinship relations between elites illustrated that the political, bureaucratic and cor-

porate elite move generally in the same social circles.

Future Considerations

At present Dennis Olsen is midway through completion of a study entitled tentatively "The State Elite in Canadian Society". When this is complete, it will be possible to address the issue of relationships between elites in Canada in a more comprehensive way than the issue could be dealt with in this thesis. Since information has been collected on a very similar basis and for a similar time frame as the data reported in this thesis, a comparison of the various elites and in particular the extent of interlocking which occurs between them will be able to be analysed.

Another project in conjunction with Olsen has been submitted entitled "Canadian Power Elites and Ethnicity; A Research Proposal" and plans are underway to undertake this study in the summer of 1974. In terms of this thesis various questions will be explored which were not adequately dealt with. In particular, the notion of "gate-keeper institutions" will be explored with a study of the legal institution. In this, law schools, firms and bar associations will be examined. There will also be an analysis of law as one of the key institutional linkages between important Canadian elites. Also to be undertaken in this proposed study is a comprehensive study of stock ownership from the perspective of differential ownership by ethnic groups in Canada. This will allow for a study of the role of ownership in gaining access to the corporate elite and the way other elites in Canada are involved in ownership of dominant corporations.

Finally, a proposal has been conceptualized entitled, "The Social Origins and Distribution of Corporate Decision-Makers: Canada in the North American Context". This is a proposal for further

research to be carried on which extends the present study of Canadian corporate elites into the continental context. It will analyse the distribution of economic power on a continental basis rather than confining it to Canada as a nation state. In this the continental power structure will be identified and analysed from the perspective of international mobility of elites, particularly the place Canadians have in this system.

Concluding Statement

This thesis has shown that despite severe erosion of the Canadian economy by United States based capitalism since the early 1950's, the upper class in Canada remains intact. Compradorization is primarily a phenomenon of the middle class. Canada remains a society dominated by elites; it has not fulfilled its promise as a society with equality of opportunity. Its multi-culturalism becomes mono-cultural at the elite level. As long as economic power is allowed to remain in its present concentrated state, there appears to be no hope for equality of opportunity or equality of condition in Canada.

APPENDIX I

Some Charters Issued by the Canadian Government to Sitting Legis-
lators (1845-1858)

(1845) St. Lawrence & Atlantic Railroad Co.	: A.T. Galt, P. McGill
(1847) New Brunswick & Nova Scotia Railway	: A.N. McNab, J. Ross & four other members of the legislature
(1848) Western Telegraph Co.	: F. Hincks, M. Cameron
(1849) Canada Life Assurance Co.	: A.N. McNab, M. Cameron, J. Young
(1849) Ontario Marine Fire Insurance Co.	: A.N. McNab, J. Young
(1849) Quebec Warehousing Co.	: J. Young
(1849) Montreal & Vermont Junction Railway	: R. Jones, J. Young
(1850) Quebec & Richmond Railway Co.	: L. Massue, L. Methof, J.B. Forsyth, F.R. Angers
(1850) Quebec & St. Andres Railroad Co.	: J.B. Forsyth
(1850) Kingston Fire & Marine Insurance Co.	: J.S. Macdonald, J. Hamilton
(1851) Montreal & Kingston Railway	: J. Young, G. Moffatt, A.N. Morin, L.H. Holton, A.T. Galt, G.E. Cartier, M. Gould
(1852) Grand Trunk Railway	: A.T. Galt, P. McGill, G. Pemberton, G.E. Cartier, L.H. Holton
(1853) Dalhousie & Thorold Railway	: J.S. Macdonald, W.H. Merritt
(1853) London & Sarnia Railway	: J. Young, A.N. McNab
(1853) Hamilton & Port Dover Railway	: A.N. McNab
(1854) Quebec & Saguenay Railway Co.	: P.J.D. Chauveau
(1855) Niagara District Bank	: J. Morris, J. Ross, J.S. Macdonald, W.H. Merritt

- (1855) Molson's Bank : W. Molson, J. Molson,
G. Moffatt, S. Gerrard,
J. Ferrier
- (1855) Hamilton & South Western Railway Co. : J. Young, A.N. McNab
- (1856) Canadian Marine Insurance Co. : J.J.C. Abbott, G. Moffatt, H. Allan
- (1856) Canadian Western Railway Co. : W. Cayley, H.H. Cameron, J.B. Robinson, and other members
- (1857) Strathroy & Port Frank Railway Co. : M. Cameron
- (1858) Bank of Canada : W. Cayley, J. Ross

(Compiled from Myers, 1972:157f).

Selected Individuals From Above.

- A.T. Galt: St. Lawrence & Atlantic Railroad, Montreal & Kingston Railroad, Grand Trunk Railway (also commissioner of British North America Land Co., Bank of Montreal, Northwest Coal & Navigation Co., chairman of the Select Committee of Public Accounts, Minister of Finance), President of Canada Guarantee Co.
- J. Ross: New Brunswick & Nova Scotia Railroad, Niagara District Bank, Grand Trunk Railway, Bank of Canada (also member of the executive, speaker of the legislature, Solicitor General).
- J. Young: Canada Life Assurance Co., Ontario Marine Fire Insurance Co., Quebec Warehousing Co., Montreal & Vermont Junction Railway, Montreal & Kingston Railway, London & Port Sarnia Railway, Hamilton South Western Railway (legislative member and later Governor General).
- A.N. McNab: New Brunswick & Nova Scotia Railway, Canada Life Assurance Co., Ontario Marine Fire Insurance Co., London & Port Sarnia Railway, Hamilton & South Western Railway (also Great Western Railway and leader of the opposition and Prime Minister in 1854).
- J.S. Macdonald: Dalhousie & Thorold Railway, Niagara District Bank (also executive member of the legislature and Prime Minister).
- M. Cameron: Western Telegraph, Canada Life Assurance, Strathroy & Port Frank Railway (also executive member of the legislature and Grand Trunk Railway).
- P. McGill: St. Lawrence & Atlantic Railway Co., Grand Trunk Railway (also British American Land Co., President of Bank of Montreal and member of the legislative executive).

(Sources: Myers (1972), Ryerson (1968), Morton (1963)).

	1867	1900	1913	1926	1939	1945	1952	1958	1966	1975
U.K. Direct	--	65	200	336	366	335	544	1,535	1,944	2,013
U.K. Portfolio	185	1,000	2,618	2,301	2,110	1,333	1,340	1,824	1,519	1,485
Total	185	1,065	2,818	2,637	2,476	1,668	1,884	3,359	3,463	3,498
U.S. Direct	15	175	520	1,403	1,881	2,428	4,532	10,549	12,901	13,940
U.S. Portfolio	--	30	315	1,793	2,270	2,729	3,466	6,169	8,542	9,365
Total	15	205	835	3,196	4,151	5,157	7,998	16,718	21,443	23,305
Other Direct	--	--	50	43	49	63	144	788	1,044	1,255
Other Portfolio	--	35	147	127	237	290	358	1,349	1,404	1,449
Total	--	35	197	170	286	353	502	2,137	2,448	2,704
All Direct	15	240	770	1,782	2,296	2,826	5,220	12,872	15,889	17,208
All Portfolio	185	1,065	3,080	4,271	4,617	4,352	5,164	9,342	11,465	12,299
Grand Total	200	1,305	3,850	6,003	6,913	7,178	10,384	22,214	27,354	29,507
Direct as % of total foreign investment	7.5	18.5	20.0	30.0	33.5	39.0	50.0	58.0	58.0	58.3
U.S. as % of total foreign investment	7.5	15.5	21.5	53.0	60.0	72.0	77.0	75.0	78.5	79.0

(Adapted from Levitt, 1970:66, Table 3)

CHANGES IN CAPITAL INVESTMENT IN THE U.S. PORTFOLIO

	U.K.	U.S. Direct	U.S. Portfolio	Other	Total
(in millions)					
Formative years 1867-1900(33 years)	+880	+160	+30	+35	+1,105
Wheat economy 1900-1913(13 years)	+1,753	+345	+285	+162	+2,545
First World War 1913-1926(13 years)	-181	+883	+1,478	-27	+2,545
Breakdown of world economy 1926-1939(13 years)	-161	+478	+477	+116	+910
Second World War 1939-1946(7 years)	-808	+547	+459	+67	+265
Early postwar boom 1946-1952(6 years)	+216	+2,104	+737	+149	+3,208
Late postwar boom 1952-1960(8 years)	+1,475	+6,017	+2,703	+1,635	+11,830
The Sixties 1960-1963(5 years)	+139	+3,391	+3,196	+567	+7,293
TOTAL INFLOW (1867-1964)	+3,498	+13,940	+9,365	+2,704	+29,507
INFLOW 1952-1965(13 years)	+1,614	+9,365	+5,899	+2,202	+19,123

(Levitt, 1970:67, Table 4)

APPENDIX III

CANADIAN CHARTERED BANKS

No. of Banks:

1868	...	21	
1875	...	36	
1901	...	34	
1920	...	18	
1928	...	10	
1953	...	11	- Mercantile Bank
1955	...	10	- Bank of Toronto & Dominion Bank to Toronto-Dominion
1956	...	9	- Barclays Bank with Imperial Bank
1961	...	8	- Bank of Commerce & Imperial Bank as Canadian Imperial Bank of Commerce
1968	...	9	- Bank of British Columbia

(Sources: Canada Year Book 1970-71, 1231-32; Beckhart "Fewer and Larger Banks" originally 1929, reprinted in Neufeld, ed., Money and Banking in Canada 1964).

COMPARATIVE POSITION OF CHARTERED BANKS, 1951-1971

	'51 RANK	'51 ASSETS (000,000)	'71 RANK	'71 ASSETS (000,000)	FOUNDED
Royal Bank	1	2,516	1	13,710.5	1869
Bank of Montreal	2	2,222	3	10,397.6	1817
Can. Bank of Commerce	3	1,734	2*	12,062.7	1867
Bank of Nova Scotia	4	874	4	7,285.4	1832
Imperial Bank	5	536	2*	---	1875
Bank of Toronto	6	489	5**	6,578.1	1855
Banque Can. Nationale	7	464	6	2,395.7	1873
Dominion Bank	8	458	5**	---	1871
Provincial Bank	9	186	7	1,514.1	1900
Mercantile Bank	-	---	8	296.2	1953
Bank of British Columbia	-	---	9	184.2	1967

* Amalgamation 1961 to form Canadian Imperial Bank of Commerce,
 ** Amalgamation 1955 to form Toronto-Dominion

(Sources: 1951 data Porter, 1965:589; 1971 data Globe & Mail, Feb. 16, 1972:B12; founding dates Financial Post Survey of Industrials, 1972).

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APPENDIX IV

RELATIVE POSITION OF CANADIAN CORPORATIONSAS IDENTIFIED BY PORTER C 1950 AND POSITION IN 1971BANKS

1951	1971
Royal Bank	Dominant
Bank of Montreal	Dominant
Canadian Bank of Commerce	(1961) amalgam. Dominant
Bank of Nova Scotia	Dominant
Imperial Bank	(1961) amalgam. Dominant
Bank of Toronto	(1955) amalgam. Dominant
Banque Canadienne Nationale	Middle range
The Dominion Bank	(1955) amalgam. Dominant
Provincial Bank	Middle range

INSURANCE

1950	1970
San Life	Dominant
Manufacturers Life	Dominant
Canada Permanent	Dominant
Great West controlled by Power Corp.	Dominant subsidiary
Mutual of Canada	Dominant
London Life	Dominant
Confederation Life	Dominant
Imperial controlled by Power Corp.	Dominant Subsidiary
North American Life	Dominant
Crown Life	Dominant
Metropolitan Life*	Dominant
Prudential*	Dominant

added as dominant

Standard Life

reported by Porter but not included although comparable to Canadian controlled insurance companies which were included.

CORPORATIONS

1948-50

Iron and Its Products

Canadian Pacific Railway	Dominant
Ford Motor Company	Dominant
Massey-Harris name changed to Massey-Ferguson (1958)	Dominant
Steel Co. of Canada	Dominant
Dominion Steel & Coal bought out by Quebec-owned Sidbec (1969)	Crown Corp.
Algoma Steel	Dominant
Canada Steamship Lines Power Corp. holds 99.6%	Dominant sub.
Dominion Foundries & Steel	Dominant
Dominion Bridge Algoma Steel holds 44%	Dominant aff.
Canadian Car & Foundry Sidbec; a Quebec crown corporation holds 100%	Crown Corp.
Pape-Hersey Tubes Steel Co. of Can. holds 100%	Dominant sub.
Cockshutt Plow sold to White Motor C. (US) (1962)	<50 m. ass.
Canada Iron Foundries name changed to Canron (1968)	Middle range
General Steel Wares	<50 m. ass.
Montreal Locomotive Works name changed to MLW-Worthington	<50 m. ass.
National Steel Car acquired by Dominion Steel & Foundries (1961)	Dominant amalg.
Russell Industries sub. of Seaway Multi-Corp.	Middle range
Canadian Fairbanks-Morse Co. name changed to Robert Morse (1963)	Middle range
Atlas Steel takeover by Rio Algonia (1963)	Middle range
Burrard Dry Dock takeover by Cornat Industries	<50 m. ass.
Canadian Vickers Ltd.	<50 m. ass.
Beatty Bros. sub. of General Steel Wares	<50 m. ass.
Canadian Ingersoll-Rand bought out by Ingersoll-Rand (US)	U.S.
Mailman Corp. became private in 1964, Mailman family	Dominant
Modiat Ltd. 100% held by Avco	<50 m. ass.
Hayes Steel Products name changed to Hayes-Dana (1966)	U.S.
Ontario Steel Products acquired by N.A. Rockwell (1969)	Middle range
Ingersoll Machines & Tool acquired by Ivaco (1970)	Dominant sub.
DeWittland Aircraft sub. of Racier 99%	Dominant
General Motors of Canada	Middle range
International Harvester	Dominant
Chrysler Corp.	Middle range
Canadair	DK
Birmingham Rand	Middle range
Phos Carhide	<50 m. ass.
Crane Canada US sub. Crane Co. 100%	
Otis Elevator US sub. Otis Elevator 100%	
American Can US corporation	Middle range
Continental Can	
Motor Products Corp. liquidated (1956)	DK
Electric Autolite	
Johnson Products US sub. TRW Inc.	
Singer Manufac. US sub. 100%	DK
Standard Stationary & Dominion Radiator	DK
Terrellington Co.	Middle range
John Deere Plow Now John Deere	

Iron and its Products (cont'd)

Outboard Marine & Manuf.	US sub. 99.8%	Outboard Marine	
Ontario Malleable Iron	US sub. 100%	Grinneil Corp.	
National Cash Register			Middle range
A.V. Roe	sub. Raçier		Dominant sub.
Sunshine-Waterloo			DK
Marine Industries	sub. of Que.-owned SCFQ 56.9%		
Babcock-Wilcox & Goldie McCulloch	sub. US Babcock & Wilcox 58%		
Morton Engineering & Drydock			DK
Walker Metal Products	sub. of Bombardier		Middle range

Wood & Paper Products

Abitibi Power & Paper	name changed to Abitibi Paper (1965)	Dominant
Consolidated Paper	name changed to Consolidated-Bathurst (1967)	Dominant
St. Lawrence Corp.	sub. Domtar 98.1%	Dominant sub.
Price Bros.		Dominant
Powell River Co. Ltd.	merged with Macmillan Bloedel	Dominant
Howard Smith Paper Mills	amalg. with Domtar (1971)	Dominant amalg.
Minnesota & Ontario Paper	merged with Boise Cascade (U.S.) 1965	
Alaska Pine & Cellulose	sub. of Rayonier (1954)	Middle range
Macmillan & Bloedel		Dominant
Nucleon Power & Paper		Middle range
Anglo-Newfoundland Devel. Corp.	acquired by Price Bros	Dominant amalg.
Fraser Cos.		Middle range
Pacific Mills	sub. Crown Zellerbach	Dominant
Anglo-Canadian Pulp & Paper		Middle range
BC Forest Products		Dominant
Bathurst Power & Paper	sub. Consolidated Bathurst	Dominant
Canadian Western Lumber	sub. Crown Zellerbach (1953)	Dominant
Meisex Paper	acquired by Bowater Corp. UK Sub.	< 50 m. ass.
Great Lakes Paper	CP Investments holds 51.6%	Dominant sub.
Eddy	sub. George Weston (1952)	Dominant sub.
Dryden Paper	acquired by Anglo-Can. Pulp & Paper	Middle range
Building Products	sub. Imperial Oil	Dominant sub.
Can. International Paper	sub. International Paper Co. (US)	
Spruce Falls Power & Paper	sub. Kimberly-Clark (US)	
Tribune Co.	US holding co. for Ontario Paper	
KVP Co.	now Eddy Forest Products sub. G. Weston	Dominant sub.
Brown Corp.	acquired by Can. International Paper (above)	
Canadian Forest Products		DK
Trent Lakes Lumber		DK

Food & Paper Products

Millers Corp.-Seagrams		Dominant
Wm Walker-Gooderham & Worts		Dominant
Imperial Tobacco	name changed to Inasco (1970)	Dominant
Canadian Breweries		Dominant sub.
George Weston		Dominant
Canadian Cannery	sub. Del Monte (US)	Middle range

Vegetable Products (cont'd)

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Goodyear Tire & Rubber		Middle range
Canada & Dominion Sugar		Middle range
Dow Breweries acquired by Canadian Breweries (1963)		Dominant acq.
Ogilvie Flour Mills J. Labatt holds 99.7%		Dominant sub.
Acadia-Atlantic Refineries named changed to Atlantic Sugar Refin. (1962)	sub. Glengair 62.3%	Dominant sub.
Canada Malting		< 50 m. ass.
Molson's Brewery name changed to Molson Industries	1968	Dominant
Maple Leaf Milling amalg. with Maple Leaf Mills (1961)		Middle range amalg.
Dunlop Tire & Rubber sub. Dunlop Holdings UK		
Western Canada Breweries acquired by Can. Breweries (1963)		Dominant acq.
John Labatt		Dominant
Lake of the Woods Milling sub. Ogilvie Flour Mills (1954)		Dominant sub.
Consolidated Bakeries sub. Ogilvie Flour Mills (1966)		Dominant sub.
Walter M. Lowney acq. by Standard Brands (1968)		Middle range acq.
Moirs Ltd. acq. by Standard Brands (1967)		Middle range acq.
Dominion Rubber		
Firestone Tire & Rubber		Middle range
B.F. Goodrich Rubber		Middle range
Christie Brown & Co. sub. National Biscuit (US)		< 50 m. ass.
B.C. Sugar Refining		< 50 m. ass.

Textiles

Canadian Industries Ltd.		Dominant
Dominion Textile		Middle range
Can. Celanese		Middle range
Can. Cottons acq. Can. Corporate Management (1959)		Middle range
Dominion Oilcloths & Linoleum		DK
Bruck Mills		< 50 m. ass.
Woods Manufacturing closed down (1963)		
Wabasso Cotton		< 50 m. ass.
Cosmos Imperial Mills		< 50 m. ass.
Hamilton Cotton name changed to Hamilton Group (1970)		< 50 m. ass.
Courtaulds (Canada) Ltd. affiliate of International Paints (UK)		< 50 m. ass.
Associated Textiles of Canada sub. United Merchants and Manufac. (UK)		

Animal Products.

Canada Packers		Dominant
Burns & Co. now Burns Foods		Middle range
Silverwoods Dairies named changed to Silverwoods Industries (1970)		Middle range
B.C. Packers G. Weston sub. (71.3%)		Dominant sub.
Dominion Dairies		< 50 m. ass.
Borden Co. sub. Borden Inc. (US)		< 50 m. ass.
Swift Canada		Middle range
Connor Bros. sub. G. Weston (98%)		Dominant sub.

Non-ferrous Metal

Bell Telephone
 International Nickel
 Aluminum Co. of Canada sub. of Alcan Aluminum
 Canadian General Electric
 Noranda Mines
 Canadian Westinghouse
 Phillips Electrical Works sub. Phillips Cables (UK)
 John Inglis
 Kelvinator of Canada
 Can. Marconi General Electric (UK) holds 51.7%
 RCA Victor
 Rogers Majestic
 Smith & Stone sub. PPG Industries (US)
 Ferranti Electric Ferranti Ltd. (UK) holds 100%

Dominant
 Dominant
 Dominant
 Dominant
 Dominant
 Dominant
 <50 m. ass.
 <50 m. ass.
 <50 m. ass.
 <50 m. ass.
 Middle range
 DK

Non-metallic Minerals

Imperial Oil
 British American Oil name changed to Gulf Oil Can.
 McColl-Frontenac Oil name changed to Texaco Can.
 (1959)
 Canadian Oil Companies acq. by Shell Investments
 (1962)
 Consumers' Gas
 Dominion Glass Power Corp. holds 63%
 Consumers' Glass
 Norton Co. of Canada

Dominant
 Dominant
 Dominant
 Dominant acq.
 Dominant
 Dominant sub.
 Middle range
 DK

Chemicals

Shawinigan Water & Power takeover by Hydro Quebec
 (1963)
 Dominion Tar & Chemical name changed to Domtar
 Sherwin-Williams sub. Sherwin-Williams (US)
 North American Cyanamid now Cyanamid of Canada

Crown Corp.
 Dominant
 <50 m. ass.
 Middle range

Crown Corporations

Canadian National Railways
 Polymer Corporation

Dominant Crown Corp.
 Middle range Crown C.

Metals

Hudson Bay Mining & Smelting
 Hollinger Consolidated Gold Mines now Hollinger
 Mines (1968)

Middle range
 Middle range

Industrial Minerals

Canada Cement
 Asbestos Corp.
 Gypsum Lime & Asbestos acq. Domtar (1959)

Dominant
 Middle range
 Dominant acq.

* Several companies are listed by Porter under more than one sector and repeats in Metals, Industrial Minerals, Fuels, Central Electric Stations, Telephones and Retail have been omitted.

Fuels

International Utilities now Canadian Utilities
 Union Gas

Dominant
 Dominant

Central Electric Stations

British Columbia Power Corp. acq. B.C. Government

(1963)

Gatineau Power Co. acq. Hydro-Quebec (1963)

Saguenay Power Co. Ltd. acq. Hydro-Quebec (1962)

Winnipeg Electric acq. Manitoba (1952)

Calgary Power

Nova Scotia Light & Power acq. Nova Scotia (1972)

Power Corporation of Canada

Great Lakes Power Corp.

Crown Corp.
 Crown Corp.
 Crown Corp.
 Crown Corp.
 Dominant
 Crown Corp.
 Dominant
 450 m. ass.

Telephones

Maritime Telephone & Telegraph sub. Bell Canada

New Brunswick Telephone sub. Bell Canada

Anglo-Can. Telephone

Dominant sub.
 Dominant sub.
 Dominant

Retail & Distribution

T. Eaton Co.

Simpsons Ltd.

Hudson's Bay

Loblaws Gros. sub. G. Weston 60.3%

Dominion Stores

Zellers

Dominant
 Dominant
 Dominant
 Dominant sub.
 Dominant
 Dominant

-- sub. - Subsidiary
 aff. - Affiliate
 ass. - Assets
 acq. - Acquired
 amalg. - Amalgamate
 DK - Don't Know

SOME PROBLEMS WITH INDUSTRIAL
CLASSIFICATIONS AND STATISTICS

CALURA uses two methods of aggregating financial data on corporations. The first method, reported in Corporation Financial Statistics, used smaller units based on individual legal entities as compiled from individual tax returns and aggregated by Standard Industrial Classification (SIC). Parent companies may be classified separate from their subsidiaries, particularly when a holding company is involved, although all of the activities of the parent may be directly related to one sector or the major part of its activities are in one sector. This tends to reflect more the way in which capital is organized, for example use of a holding company, than any actual functional difference between the activities of corporations. This method also promotes double counting in specific instances when making comparisons across sectors. The second method, reported in Industrial Corporations and Financial Institutions, uses the concept of corporate complexes or 'families' thus grouping corporations under the sector of their major activity¹ regardless of the way in which capital is organized. This is analogous to use of unconsolidated statements in the first method and consolidated statements in the second. The first method is more appropriate to the study of specific detailed sectors while the second method lends itself more to the study of corporate control (the first being 'activity' oriented and the second being 'ownership block' oriented). By using the second method a company like Massey-Ferguson would be classified as an industrial because this is where its major activity is. The second method is not able to completely transcend this problem because some companies control subsidiaries in various sectors. For example, Power Corporation must remain classified as a holding company because it has subsidiaries in such diverse sectors as insurance, credit agencies, mortgage and real estate. In order to maintain distinctions between sectors some degree of matching control with major sectors must be sacrificed thus leading to the inclusion of some subsidiaries in sectors separate from their parents.

activities are rather than as a holding company which reflects the way it organizes its capital. The second method requires some re-allocation (from SIC) of corporations to match categories used to collect aggregate data and unlike the first method requires in some instances that subsidiaries be integrated into categories where consolidated statements by parents are incorporated. An advantage of the second method is that data is published on a quarterly basis and more current than publications using the first method. There are some minor problems involved. For example, in some cases classification is not as 'fine' as the first method as in the case of transportation where there is no separation of pipelines from other types of transportation such as railways but generally divisions correspond to those used in the first method and do not require serious departures. Another problem is the way in which foreign holdings of Canadian companies are dealt with. Published statements typically consolidate foreign controlled enterprises with the parent but taxation statements will overstate the amount in these categories as compared to aggregate statistics². Since the amount of foreign assets and sales is not usually made public it is not possible to systematically and in detail separate these out, although allowance can be made in cases where estimates can be made. The final problem is that Financial Institutions does not yet publish data on category 756, investment companies. This is somewhat ameliorated by the fact that a number of the major holding companies in this sector have been reallocated and placed in the sector of their major activity by using the corporate complex approach but this does not

This is not a totally satisfactory method in terms of measuring Canadian economic power. Foreign operations both use and generate capital which, based on decisions taken by corporate policy makers, may be used to finance Canadian development. Regardless of capital allocation, foreign operations provide sources of wealth to corporate owners and as such enhance their economic power. The method fails to take into account the international character of capital and attempts to impose political, i.e. national, boundaries within larger economic units.

completely eliminate the problem of establishing aggregate data for this category.

Both Mr. J.D. Wilson, who is in charge of publishing Industrial Corporations, and Mr. R.R. Rotor, who is in charge of Financial Institutions, have cooperated in this regard and insured that the corporate complexes match the aggregate categories. This insures a 'clean' set of individual corporations to be compared with aggregate data. Since the aggregate data for year end 1971 is now published, the same year as individual statements were gathered for, there is no error factor in projecting from 1970 data as would be in the case with Corporation Financial Statistics. None the less, it would be appropriate to regard the percentages as good estimates rather than precise figures because of the slight over-counting as outlined and the counter factors of non-disclosure by some corporations and not counting controlled corporations with assets under \$50 million.

APPENDIX VI

INTRODUCTION TO THE
CORPORATE STATISTICS TABLES

Each table represents an industrial division based on the Standard Industrial Classification. These have been revised to integrate some sectors, e.g., mortgage and trust, while fine distinctions have been maintained in other cases, e.g., three mining divisions, because of the significant numbers of large corporations which appear within each of these sectors. SIC classification was provided by CALURA. Some difficulties with the classification distinguishing establishments or legal reporting units from corporate complexes are discussed elsewhere.

COMP RANK represents a composite ranking of assets and sales which was constructed by ranking assets and sales within sectors and then combining these two rankings to form the composite. Traditional measures have used either sales or assets as a measure of relative corporate power. Each individual statistic has its particular bias with sales giving more weight to production-oriented companies and assets to finance-oriented companies. To some extent this composite attempts to minimize either bias. As used in this context the label 'sales' refers to either or both sales and revenue. Each financial statistic measures quite distinct aspects of corporate power. Sales or operating revenue indicates power in terms of a 'market' whether that market is in terms of ownership claims on corporate stock or transactions on a commodity market. In this sense sales measures the relative position of a particular corporation in terms of other corporations engaged in the same market and as such, the degree of control exercised by a particular corporation or set of corporations within that market. Assets measures corporate power in terms of the 'resources' at its disposal, whether these are in relatively liquid state such as cash or stock holdings

or more fixed like land or capital equipment. Used comparatively, this can also be a relative concept and is more readily compared across sectors than is sales. Net income is reported but not integrated into the composite index with sales and assets because it is more volatile and subject to yearly conditions and stage of corporate expansion. By using sales and assets a more stable measure of corporate power is derived, since these are not as subject to fluctuation as is net income. This fits with the goal of presenting a general outline of corporate power during this historical period rather than concentrating on a particular year's activities. The high correlation between the composite index and net income is to be expected but its fluctuating tendencies would tend to distort the index in some places.

It should be noted that the statistics which are reported may or may not consolidate sales or assets of subsidiaries. This has been allowed for in two ways. First the reclassification of some companies, particularly those originally classified as investment companies, consolidates the assets and sales of major subsidiaries wherever possible, this being one major advantage of working with aggregate data based on corporate complexes. The other allowance is in terms of using the parent company in cases where its subsidiaries are dominant within particular sectors, for example Power Corporation, by using the subsidiary in terms of relative assets and sales within the sector but using the parent in terms of decision-making. This is necessary when corporate complexes cut across several sectors, as Power Corporation does.

It is important to note that control of less than 100% has the effect of compounding the actual dollar control per dollar investment in capital other than the controlling capital is being mobilized by the controlling interest. In a corporation which uses less than

total ownership the actual control is compounded. For example, Canadian Pacific Ltd. holds 90.1% of Canadian Investments Ltd. which in turn controls Cominco Ltd. through a 53% holding which in turn controls Pacific Coast Terminals Co. Ltd. through a 78.2% holding. Each of these steps away from the initial controlling ownership to control through the use of subsidiaries compounds the control value of the original ownership. As noted elsewhere, Argus practices this method of control by using less than 50.1% ownership thus controlling capital many times the actual ownership value.

One weakness is that a method of comparing the relative importance of various sectors is difficult to develop. It is possible to argue that a set of corporations is dominant within a given sector in terms of the degree of control it exercises over sales and assets of that sector but simple comparison across sectors is not that advisable because of the lack of homogeneity between sectors. For example, it is not advisable to compare the sales of a retail firm with the revenue of a bank although these comparisons within homogeneous sectors indicates relative positions. This also follows to some extent from the different degrees of concentration within sectors. By definition, dominant corporations exist in dominant sectors and would not appear in sectors which do not command a large portion of the economy, like hunting and trapping, or in sectors where large numbers of small firms dominate, as in agriculture (although this appears to be changing). This problem will require more careful analysis before a suitable method can be established.

In the tables SUB refers to a subsidiary defined as a holding by a single parent corporation of more than 50%. AFF refers to an affiliated company with holdings of over 10% but less than subsidiary. An

investment is less than 10%. In most cases an affiliate relationship indicates control (see "ownership/control") with exceptions being cases where another corporation controls a greater percentage of the voting stock. For example, in the case of Hudson's Bay Oil & Gas, 21.9% of the stock is held by Hudson's Bay Investments thus giving it affiliate status but Continental Oil holds 54.9% of the stock, allowing it to actually control the company. As long as stock ownership is examined to see if another larger block exists, it is reasonable to assume that affiliate status indicates control.

Sources for the financial statistics used in the tables include: the Financial Post Survey of Industrials, 1972, The Financial Post Survey of Mines, 1972, The Financial Post Survey of Oils, 1972, The Financial Post Survey of Investment Funds, 1972, various issues of The Financial Post and Globe and Mail "Report on Business" and financial statements, particularly those of private companies, filed with Consumer and Corporate Affairs under the Corporations and Labour Union Return Act and The Canada Corporations Act.

CANADIAN CHARTERED AND SAVINGS BANKS, 1971 year end

BANK FOUNDED CORPORATION TITLE BANK ASSETS CUM. INCOME CUM. NET INCOME
1951 1971 (000,000) (000,000) (000,000)

1	1869	Royal Bank	1	12,954	24	873,077	24	44,052
385	1867&1875	Canadian Imperial						
amel: 1961	Bank of Commerce	2	11,400	46	751,584	45	40,937	
2	1869	Bank of Montreal	3	10,165	65	682,197	64	38,366
4	1832	Bank of Nova Scotia	4	7,085	78	552,434	79	28,300
688	1858&1871	Toronto-Dominion						
amel: 1955	Bank	5	6,549	90	438,458	91	23,342	
TOTAL: ALL DOMINANT BANKS				48,153		3,094,730		174,997
ALL BANKS				52,945		3,616,606		191,084
DOMINANT AS % OF ALL				90%		91%		91%
7	1873	Banque Canadienne						
		Nationale	6	2,281		152,060		7,096
9	1900	La Banque Provinciale du Canada	7	1,416		90,253		4,428
na	1871	Montreal & District Savings Bank	8	628		47,019		2,577
na	1953	Mercantile Bank	9	289		19,161		1,785
na	1967	Bank of British Columbia	10	178		10,383		201
TOTAL: ALL MIDDLE RANGE BANKS				4,792		318,876		16,007
MIDDLE RANGE AS % OF ALL				10%		9%		9%

*First National Bank of New York held 64.5% of the Mercantile Bank as of March 1972. This is the only foreign controlled bank (First National is ranked 2nd on Fortunes top 50 Commercial Banks list).

1	1865	Sun Life	1	1	3,643	1	1	567,129	11,376	CAN.
2	1887	Manufacturers Life	2	2	2,039	2	2	352,601	22,704	CAN.
6	1874	London Life	3	3	1,614	3	3	379,028	5,863	CAN.
4	1891	Great West Life*	4	4	1,470	4	4	275,480	4,740	CAN.
3	1849	Canada Life	5	5	1,308	5	5	270,368	(.997)	CAN.
-	-	Metropolitan Life	6	6	1,243	6	6	241,062	46,056	U.S.
7	1871	Confederation Life	7	8	793	7	7	171,465	2,202	CAN.
-	-	Prudential Life	8	9	741	9	9	156,005	30,367	U.S.
5	1878	Mutual Life of Can.	9	7	1,216	11	11	118,498	3,071	CAN.
10	1900	Crown Life	10	10	729	8	8	169,733	(1,541)	CAN.
9	1879	North American Life	11	12	701	10	10	140,703	2,605	CAN.
-	-	Standard Life	12	11	727	12	12	107,464	51,040	U.K.
8	1896	Imperial Life**	13	13	498	13	13	88,084	(.657)	CAN.
		TOTAL DOMINANT (13)			18,728			2,935,620		
		DOMINANT AS % OF ALL			85.61			80.51		
		ALL LIFE INSUR. IN CAN.		(139)	19,543			3,648,854		
1889	Prudential Assur.	14	15	14	307	14	14	74,171	29,085	U.K.
1897	Dominion Life	15	15	14	354	15	15	59,105	1,591	CAN.
1897	Excelsior Life	16	16	16	248	17	17	48,885	1,379	CAN.
1897	National Life	17	17	17	232	16	16	50,621	.594	CAN.
	New York Life	18	19	19	105	19	19	23,319	3,306	U.S.
	Travelers Insur.	19	18	18	109	21	21	21,068	7,733	U.S.
1917	Alliance Mutuelle	20	22	22	91	20	20	21,102	.728	CAN.
1903	Comp. d'Assur.	21	21	21	86	23	23	16,344	.691	CAN.
1959	Assur.-Vie Desjard.	22	27	27	59	18	18	30,171	.583	CAN.
1894	Northern Life	23	20	20	93	15	15	16,130	(.900)	CAN.
1899	Zurich Life	24	24	24	69	24	24	13,440	.246	CAN.
	Norwich Union Life	25	25	25	68	27	27	12,742	4,317	U.K.
	Aetna Life	26	28	28	54	24	24	16,254	3,181	U.S.
1902	Sovereign Life	27	26	26	63	28	28	11,483	.258	CAN.
1936	Equitable Life	28	23	23	78	22	22	18,231	.222	CAN.
	TOTAL MIDDLE RANGE (15)				2,016			433,066		
	MIDDLE RANGE AS % OF ALL				10.31			11.91		
	ALL CANADIAN (45)				15,963			2,911,281		
	ALL FOREIGN (84)				3,580			773,577		
	ALL LIFE INSURANCE				19,543			3,648,854		
	FOREIGN AS % OF ALL				18.31			21.21		
	CANADIAN AS % OF ALL				81.71			79.81		

* Controlled 50.11 by Investors Group, which in turn, is 63.41 controlled by Power Corp.

* Controlled 51.21 by Power Corp.

(\$ millions)

	COMP RANK	ASSET RANK	ASSETS	SALE RANK	SALES	NET INC.	OWNERSHIP & CONTROL
1928 Alcan Aluminum	1	1	2,297	2	1,381	60.2	51.2% O/S Can; 39.4% US
1956 Loblaw Cos. Ltd	2	5	561	1	2,559	2.2	CAN. SUB: G. Weston 60.3%
1912 Brascan	3	2	1,180	4	425	83.8	CAN. AFF: Jonlab 10.5%
1939 Anglo-Can. Tel.	4	4	892	6	246	15.0	U.S. SUB: Gen. T&E 100%
1962 Can. Pacific Invest.	5	3	1,071	8	165	86.8	CAN. SUB: Can. Pac. 90.1%
1938 Moore Corp.	6	9	342	3	449	39.8	33% O/S Canada
1947 Woodward Stores	7	15	142	5	332	9.0	U.K. AFF: 85% O/S Can. 1
Racier	8	12	210	9	160	1.1	U.K. SUB: Hawker Sidd. 100%
1944 Woodbridge Co.	9	11	215	11	130	12.8	U.K. SUB: Thomson holds 100%
1960 Trizec Corp.	10	6	516	16	77	4.5	U.K. SUB: Star Holdings 61%
1955 Shell Invest. (2)	16	7	493	27	15	14.8	NETH. SUB: Shell Pet. 100%
1925 Power Corp. (3)	17	8	383	28	14	10.0	
1945 Argus Corp. (4)	23	20	105	31	7	5.7	
TOTAL DOMINANT CORP.			8,407		5,960		
1960 BACM Industries	11	13	145	10	149	6.7	DOM. SUB: Genstar 99.2%
1960 Delsina	33	29	71	29	9	7.3	DOM. SUB: Royal Tr. 100%
Imasco Int'l	35	22	101	39	1	.7	DOM. SUB: Imasco 100% (UK)
Anglo-Can. Min. & R.	36	30	71	32	6	4.2	DOM. SUB: Int'l Nick. 100%
TOTAL DOMINANT SUBSIDIARIES			388		165		
1971 Placer Develop.	19	14	143	24	22	4.0	DOM. AFF: Noranda 26.2%
1957 SB McLaughlin	22	25	87	25	21	4.0	DOM. AFF: Simpsons 13.1%
TOTAL DOMINANT AFFILIATES			230		43		
TOTAL ALL DOMINANT			9,025		6,168		

(CONT'D)

RANK FIRM		ASSETS RANK		SALES INC.		OWNERSHIP & CONTROL	
1950	Can. Intl Power	12	410	17	61	13.4	U.S. SUB: United Corp. 52.1
1952	Bowaters Canadian	13	16	12	93	1.3	U.K. SUB: Bowater Pap. 100.1
1917	Gambles Canada	14	25	7	184	5.6	U.S. SUB: Gamble-Sko. 100.1
1968	Starlaw Invest.	15	19	15	79	6.3	
1969	Westburn Int'l	18	24	13	109	3.1	
1930	Maclean Pow. & P.	20	26	22	42	2.7	
	BNA Holdings	21	34	15	72	1	
1961	Miron Co.	24	33	20	46	1.7	BELGIUM SUB: Cimenters 53.31
	SBC Financial	25	18	36	2	.1	SWITZER. SUB: Swiss Bank
1951	White Pass & Yuk.	26	37	18	36	2.3	AFF: Anglo-Amer. 26.21
1930	Can. Gen. Invest.	27	21	34	3	2.6	
1954	Gt. North. Cap.	28	32	23	35	2.6	
	Edper Invest.	29	19	37	2	1.3	
1969	Ivaco Indust.	30	36	21	43	3.7	directors & officers hold 62.1
	Block Bros. Ind.	31	31	26	18	1.1	
	Wernock Hersey	32	38	19	25	.4	Seaman family holds 16.41
1954	Principal Group	34	27	33	6	.4	
1933	United Corp.	37	28	35	2	2.0	
1953	Can. Equity & Dev.	38	35	30	8	1.4	
1961	Siemens Overseas	39	39	33	1	.5	GERM. SUB: Siemens AG 100.1
TOTAL MIDDLE RANGE			1,749		867		

Footnote: Since two CALURA Departments use SIC classifications differently (see Appendix) "Investment Companies" remain a residual category not making it possible to provide percentages based on the aggregate.

(millions)

COMP ASSET			NET			OWNERSHIP & CONTROL		
RANK	ASSETS	SALE	RANK	SALES	INC.			
1925	IAC Ltd.	1	1	1,233	1	139	19.4	
1926	Traders Group	2	3	632	3	106	7.9	CAN. AFF: Acres 44.21
1953	General Mot. Acc.	3	2	655	5	57	2.8	U.S. SUB: Gen. Mot. 1001
1971	Avco Fin. Serv.	4	4	463	4	88	10.0	U.S. SUB: Avco Fin. 1001
1962	Glengair Group	5	8	151	2	129	3.1	
1922	Can. Acceptance	6	5	307	7	46	7.6	U.S. SUB: CIT Fin. 1001
1933	Benef. Finance	7	7	209	6	48	9.2	U.S. SUB: Beneficial 99.81
1950	Laurentide Fin.	8	6	287	8	44	6.4	CAN. SUB: Power 53.71
TOTAL DOMINANT CORP.				3,937		657		
1944	Union Accept.	12	12	66	10	10	1.0	DOM. SUB: Laurentide 98.61
TOTAL DOMINANT SUBSIDIARIES				66		10		
1954	Assoc. Accept.	9	9	133	9	25	1.5	U.S. SUB: Associates 1001
1970	First City Fin.	10	10	113	11	10	1.1	
1954	Transamerican Fin	11	11	75	12	101	1.7	U.S. SUB: Transamer. 1001
1937	United Dominions	13	13	63	13	7	.8	U.K. SUB: United Dom. 511
TOTAL MIDDLE RANGE				384		52		
TOTAL SALES & CONSUMER LOANS				5,595		.723		

Footnote: According to Neufeld three Canadian companies, IAC Ltd., Traders Group, and Laurentide Finance, alone accounted for 54% of all assets for sales finance companies while an additional seven (of which four are included here as dominant and dominant subsidiaries) foreign companies accounted for (an additional) 46% and the ten largest companies together accounted for 90% of the total industry. (1973:335)

(millions)

	COMP RANK	ASSET RANK	SALE RANK	NET SALES	INC. OWNERSHIP & CONTROL
1963 Wood Gundy	1	1	529	1	39 3.9
TOTAL DOMINANT			529		39
1962 RoyNat	2	3	152	2	15 1.5 DOM.AFF:Consortium Bank ¹
TOTAL DOMINANT SUBSIDIARIES			152		15
1952 Harris & Partners	3	2	260	4	10 1.0 U.K.AFF: 42% by 2 companies ²
Maldstone Essex	4	4	115	3	11 9.4 U.S.SUB: Pac,Gamble 100%
SFCI	5	5	72	5	4 .8 FR.SUB: 100% ³
TOTAL MIDDLE RANGE			477		25

COMP ASSETS		SALE		NET		OWNERSHIP & CONTROL	
RANK	ASSETS	RANK	ASSETS	RANK	SALES	INC.	
1892	Royal Trust ²	1	1,912	1	179.10.1	Bank of Montreal 9%	
1898	National Trust	2	636	3	57	4.7	
1925	Guaranty Trust	3	757	4	56	3.8	CAN.AFF: Traders 40.2%
	Montreal Trust	4	545	2	58	3.7	CAN.AFF: Investors 23%
1950	Victoria & Grey	5	541	5	43	3.5	
TOTAL DOMINANT TRUST COMPANIES			4,391		392		
1970	Trust Général	6	238	6	23	1.9	
	Central Trust	7	180	7	16	1.3	
1962	Metropol. Trust	8	161	8	14	.7	
1897	Crown Trust	9	128	9	14	.5	
	Ontario Trust	10	141	10	13	--	
1962	City Sav. & Tr.	11	65	11	7	.6	U.K.AFF: Hambro 42% ¹
1910	Farmers & Merch.	12	65	12	6	.6	CAN.SUB: First City 76.5%
1912	Nova Scotia Trust	13	62	13	6	.6	CAN.SUB: St. Maurice Cap.50.1%
1911	Sterling Trust	14	64	14	5	.4	CAN.SUB: Central Trust 98%
1963	Hamilton Trust	15	55	16	4	.4	
1964	Lincoln Trust	16	59	17	4	.3	
1913	Premier Trust	17	51	15	5	.3	
1929	Guardian Trust	18	53	18	1	.0	
TOTAL MIDDLE RANGE			1,322		118		

Footnote: Classification of trust & mortgage companies remains problematic because CALURA data separates each financial unit by its particular function while public statements consolidate. For example, Canada Trust is a major company but its financial statistics are consolidated with Huron & Erie Mortgage, its parent, and similarly with Canada Permanent Trust and its parent company Canada Permanent Mortgage. Neufeld notes this problem but tries to separate out trust activities finding that the two largest companies, Royal Trust and Montreal Trust accounted for 58.7% of the assets of all trust companies in 1969 and the four largest, including Canada Permanent Trust and National Trust as well, accounted for 74.9% (1973:306-7). Based on these calculations the dominant trust companies included here, and the subsidiaries of dominant mortgage companies operating in the trust field would account for over 80% of all assets.

(millions)

	COMP RANK	ASSET RANK	SALE ASSETS	SALE RANK	NET SALES	INC. INC.	OWNERSHIP & CONTROL
1898 Can. Permanent Mort.	1	1	1,552	1	139	9.5	CAN AFF: 2 banks 24.7%
1864 Huron & Erie Mort.	2	2	1,475	2	129	10.2	
1940 Investors Group	3	3	494	3	38	9.7	CAN SUB: Power 63.4%
1880 Crédit Foncier	4	4	325	4	25	3.8	FR SUB: 8 of 13 directors reside in France
TOTAL DOMINANT CORP.			3,846		331		
1912 Royal Trust Mort.	6	6	199	6	17	1.6	DOM SUB: Royal Trust 100%
1950 Traders Homeplan	8	8	76	8	9	1.0	DOM SUB: Traders 99.9%
TOTAL DOMINANT SUBSIDIARIES			275		26		
1887 Eastern Can. Sav.	5	5	208	5	18	1.6	
1969 Nova Scotia Sav.	7	7	110	7	10	1.2	
TOTAL MIDDLE RANGE			318		28		

(see footnote, "Trust Companies")

COMP ASSET		SALE		NET		Ownership & Control
RANK	ASSET	RANK	ASSETS	RANK	SALES	
(Millions)						
1921	Loblaws Groceries	1	529	1	2,558	CAN./SUB: Loblaws Comp. 99% ¹
	T. Eaton Co.	2	500	2	1,000	
1952	Simpsons-Sears	3	543	5	766	CAN./U.S. AFF: 50/50 ³
1930	Steinburg's	4	267	3	793	Steinberg family 100%
1670	Hudson's Bay Co.	5	367	6	559	80% in U.K.; Brascan 7%
1929	Simpsons Ltd.	6	357	9	335	
1907	F.W. Woolworth	7	238	7	459	U.S. SUB: FW Woolworth 100%
1919	Dominion Stores	8	157	4	769	CAN. AFF: Argus 24.7%
1929	Canada Safeway	9	217	8	346	U.S. SUB: Safeway 100%
	S.S. Kresge	10	120	10	259	U.S. SUB: SS Kresge 100%
1931	Zellers Ltd.	11	94	11	202	U.S. SUB: WT. Grant 51%
		12				
TOTAL DOMINANT			3,389		8,317	
1955	Can. Hydrocarbon	12	143	13	92	FOREIGN CONSORTIUM ⁴
1928	Dylex Diversified	13	58	12	108	Kay & Polsum family 64.6%
1954	Allarco Develop.	14	66	14	39	CA Allard, chm., 48%
TOTAL MIDDLE RANGE			267		239	
MIDDLE RANGE AS % OF ALL			3.1%		1.3%	
TOTAL RETAIL SECTOR			8,622*		18,273	
TOTAL DOMINANT AS % OF ALL			39.3%		45.3%	

* see "Correction Factors for Aggregate Industrial Data"

(million)

	COMP RANK	ASSET RANK	ASSETS	SALE RANK	NET SALES. INC.	Ownership & Control
1925 B.P. Canada Ltd.	1	1	357	3	258 13.0	U.K.SUB: BP Hold. 79.8% ¹
1957 Oshawa Group	2	3	188	2	490 6.1	
1928 M. Loeb	3	8	78	1	532 .8	B. Loeb & assoc. 22.2%
1927 Can. Tire Corp.	4	5	137	5	245 12.7	
1929 Irving Oil	5	4	149	6	140 4.8	U.S. Control: 6 of 10
James Richardson	6	2	232	12	77 2.5	directors
TOTAL DOMINANT CORP.			1,141		1,742	
1906 Kelly, Douglas	8	12	62	4	249 2.5	DOM.SUB: G. Weston 66%
TOTAL DOMINANT SUBSIDIARIES			62		249	
1907 John Deere	7	6	83	10	95 4.4	U.S.SUB: Deere & Co. 100%
1905 Acklands	9	9	73	7	124 1.1	
Pilkingtton Bros.	10	7	79	13	56 .9	U.K.SUB: Pilkington 100% ²
1933 Finning Tractor	11	10	68	11	92 3.3	JE Barker & MM Young contr.
1905 Robert Morse	12	13	56	8	97 .9	U.S.SUB: Gen. Tire & Rub. cont.
1906 Emco Ltd.	13	14	50	9	96 1.7	
BASF Canada	14	11	65	14	30 1.1	GERM.SUB: BASF Overzee 90%
TOTAL MIDDLE RANGE			474		590	
MIDDLE RANGE AS % OF TOTAL			5.7%		3.1%	
TOTAL WHOLESALE SECTOR			8,257*		18,851	
DOMINANT CORP. AS % OF TOTAL			13.8%		9.2%	
DOMINANT SUB. AS % OF TOTAL			.8%		1.3%	
TOTAL DOMINANT AS % OF TOTAL			14.6%		10.5%	

* see "Correction Factors For Aggregate Industrial Data"

COMMUNICATIONS 1971 year end

(millions)

COMP ASSET SALE NET OWNERSHIP &
RANK RANK ASSETS RANK SALES INC. CONTROL

1880 Bell Canada 1 1 3,726 1 1,018 147.3
1916 British Col. Tel. 2 2 705 2 200 20.4 U.S.SUB: Anglo-Can. 50.7¹

TOTAL DOMINANT 4,431 1,218

1910 Maritime Tel&Teleg. 3 3 169 3 48 7.2 DOM.SUB: Bell Can. 52.2²
1888 New Bruns. Tel. 4 4 142 4 45 6.4 DOM.SUB: Bell Can. 50.4¹
1927 Queb. Teleph. 5 5 129 5 31 3.7 DOM.SUB: Anglo-Can. 55.2¹(US)
Nfld. Teleph. 6 6 63 6 19 3.0 DOM.SUB: Bell Can. 99.7¹

TOTAL DOMINANT SUBSIDIARIES 503 143

TOTAL COMMUNICATIONS SECTOR 5,094 1,470

DOMINANT AS 1 OF ALL 87.01 82.91

DOMINANT SUBSID. AS 1 OF ALL 9.91 9.71

TOTAL DOMINANT AS 1 OF ALL 96.91 92.61

(\$ millions)

	COMP RANK	ASSET RANK	ASSETS	SALE RANK	NET SALES	INC. OWNERSHIP & CONTROL
1954 Northern & Central	1	1	607	1	193	15.9 CP Invest. 2.4%
1848 Consumers Gas	2	2	484	2	171	21.6 U.S. SUB: Int'l. Util. 87%
1927 Canadian Utilities	3	4	328	4	101	12.9
Calgary Power	4	3	377	5	63	12.9
1911 Union Gas	5	5	276	3	122	12.7
TOTAL DOMINANT CORP.			2,072		650	
1955 Gaz Metropolitan	6	6	195	6	55	5.1 DOM. SUB: North & Cent. 81.6%
1923 Northwestern Util.	7	7	90	7	39	4.7 DOM. SUB: Can. Util. 100% (US)
1911 Can. Western Natural	8	8	78	8	31	3.4 DOM. SUB: Can. Util. 87.7% (US)
1953 Gtr. Winnipeg Nat.	9	9	69	9	28	3.7 DOM. SUB: North & Cent. 99.7%
TOTAL DOMINANT SUBSIDIARIES			432		153	
1952 Inland Nat. Gas	10	10	57	10	16	2.7
TOTAL MIDDLE RANGE			57		16	
MIDDLE RANGE AS % OF ALL			1.5%		1.8%	
TOTAL ELECT. POWER, GAS & WATER			3,803*		878	
DOMINANT CORP. AS % OF ALL			54.5%		74.0%	
DOMINANT SUBSID. AS % OF ALL			11.4%		17.4%	
TOTAL DOMINANT AS % OF ALL			65.9%		81.4%	

* see "Correction Factors for Aggregate Industrial Data"

Railways (1970)

Est. Corporation Title	Assets (000,000)	Income (000,000)	Net Income (000,000)
1923 Canadian National	5,550	852.178	(30.348)
1881 Canadian Pacific	3,487	616.846	52.360
TOTAL	9,037	1,469.024	
TOTALS ALL RAILWAYS	18,182	1,679.759	
Dominant as % ALL	89%	87%	

(Source: Statistics Canada, Railway Transport pt.II Financial Statistics, 1971)

Shipping

1913 Can. Steamship Lines	184	143	10.9 DOM.SUB: Power Corp 99.6%
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	COMP RANK	ASSET RANK	SALE RANK	NET SALES INC.	OWNERSHIP & CONTROL
1951 Trans-Canada	1	1	985	1	318 22.3 CAN.AFF: CP Invest. 16.6 ¹
1949 Interprovincial	2	2	507	2	144 35.6 U.S.AFF: Imperial 33 ²
1949 Westcoast Transm.	3	3	500	3	98 7.5 U.S.AFF: Pac.Petro. 27 ³
1954 Alta. Gas Trunk.	4	4	430	4	56 11.4 CONSORTIUM ³
TOTAL DOMINANT CORP.			2,423 (35.2)	616 (13.8)	
1971 Westcoast Pet.	6	6	79	7	12 4.0 DOM.AFF: Westcoast T. 40.21 ⁴
TOTAL DOMINANT AFFILIATES			79	12	
1951 Trans Mountain	5	5	115	5	46 14.3 Shell & Imper. each 8.6 ¹
1971 Alta. Natural Gas	7	7	64	6	14 1.8 U.S.SUB: Pacific G&E 66.6 ¹
1971 Pembina Pipelines	8	8	57	8	10 2.6 CAN.AFF: Loran 48.6 ¹
TOTAL MIDDLE RANGE			236	70	
MIDDLE RANGE AS 1 OF ALL			3.41	1.61	
TOTAL TRANSPORTATION SECTOR			6,891	4,464	
TOTAL DOMINANT AFFILIATE AS 1 OF ALL			85.81 (35.2)	27.61 (13.8)	
DOMINANT CORP. AS 1 OF ALL			89.71 (37.4)	31.11 (14.1)	
TOTAL DOMINANT AS 1 OF ALL					
see also Railways, Shipping:					
CP			3,487 (50.6)	617 (13.8)	
Can. Steamship			184 (2.7)	143 (3.2)	

Pipelines have been separated from railways and shipping in order to clarify their relative importance, however, aggregate data from CANURA combines all of these under "transportation". The bracketed figures show the total percentage by each of the sectors while the other percentages are for all transportation.

[illegible]

(in millions)

	COMP. ASSET RANK	ASSETS	SALE RANK	NET SALES	INC. OWNERSHIP & CONTROL
1939 Pacific Petrol.	1	448	2	144	23.2
Amaco Can. Petrol.	2	414	3	106	11.7
1926 Hudson Bay Gas & O.	3	331	4	95	23.2
Mobil	4	277	1	191	43.0
1970 Texaco Exploration	5	330	5	93	45.6
1953 Gt. Can. Oil	6	293	9	51	(8.3)
TOTAL DOMINANT		2,093		650	
1947 Pan Can. Petrol.	11	204	16	39	14.1
1965 Can. Indust. G&O	13	128	11	42	9.9
1955 Brenda Mines	18	75	18	30	(.3)
TOTAL DOMINANT SUBSIDIARIES		407		III	
1929 Home Oil	10	271	17	34	5.2
TOTAL DOMINANT AFFILIATES		271		34	
1956 Total Petrol.	7	134	6	88	2.2
Kaiser Resources	8	170	7	69	(15.4)
1950 Dome Petrol.	9	202	13	42	10.2
1921 Union Oil	12	146	10	48	9.8
1943 Canadian Superior	14	128	12	42	9.8
1970 Ashland Oil Can.	15	107	8	64	8.1
1963 Aquitaine	16	186	20	19	15.6
1950 Bow Valley	17	56	14	40	.6
Tenneco Oil & Min.	19	88	10	48	5.8
Atlantic Rich.	20	126	15	40	12.9
1971 Can. Occidental	21	71	19	27	3.8
1950 Gt. Plains Dev.	22	77	23	11	4.4
1954 Scurry-Rainbow	23	66	24	8	1.0
1965 SE Commonwealth	24	51	22	17	2.2
TOTAL MIDDLE RANGE		1,608		532	
MIDDLE RANGE AS 1 OF ALL		26.7		26.8	
TOTAL MINERAL FUELS		5,818		1,986	
DOMINANT (INC. SUB. & AFF.) AS 1 OF ALL		(sub.) 7.0		(aff.) 1.7	
TOTAL DOMINANT AS 1 OF ALL					

*see "Correction Factors for Aggregated Industrial Data"

5.6:
1.7:
1.0:

(Millions)

COMP ASSET SALE NET
RANK RANK ASSETS RANK SALES INC. Ownership & Control

1925 Asbestos Corp	1	1	143	2	52	6.0	U.S. SUB: Gen. Dynamics	551
1918 Can. Johns-Manville ¹	2	2	130	1	130	-	U.S. SUB: Johns-Man.	1001
1951 Cassair Asbestos	3	3	79	3	41	4.6	FOREIGN CONSORTIUM CONTROL ²	

TOTAL MIDDLE RANGE

352 223

TOTAL OTHER MINING SECTOR
MIDDLE RANGE AS % OF ALL1,683 985
20.1% 22.6%

PAPER PRODUCTS TO 1964

(Millions)

	COMP ASSET RANK RANK	SALE ASSETS RANK	NET SALES INC.	Ownership & Control
1911 MacMillian Bloedel	1	1	704	CAN. AFF: CP Invest. 11.4%
1929 Domtar Ltd.	2	2	516	CAN. AFF: Argus 17%
1931 Consol-Bathurst	3	3	343	CAN. AFF: Power 36.5%
1914 Abitibi Paper	4	5	279	4.1
1920 The Price Co.	5	4	184	U.K. AFF: Daily Mail 17.8%
1914 Crown Zellerback	6	6	206	U.S. SUB: Cr. Zellerback 90%
TOTAL DOMINANT CORP.		2,736	2,232	
1930 St. Lawrence Corp.	7	8	159	DOM SUB: Domtar 98.1%
1928 Bathurst Paper	11	11	100	(2.3) DOM SUB: Cons-Bath. 100%
1936 Great Lakes Paper	13	13	87	3.2 DOM SUB: CP Invest. 51.6%
TOTAL DOMINANT SUBSIDIARIES		346	309	
1924 Anglo-Can. P&P	8	9	140	U.K. SUB: Reed Paper 90%
1925 Rayonier	9	10	109	U.S. SUB: IT&T 100%
1946 Columbia Cellulose	10	7	195	(17.0) U.S. SUB: Celanese 91%
1917 Fraser Co.	12	12	98	(4.9)
1921 St. Regis Paper	14	14	54	2.4 U.S. SUB: St. Regis 100%
TOTAL MIDDLE RANGE		596	338	
MIDDLE RANGE AS % OF ALL		10.1%	7.5%	
TOTAL PAPER PRODUCTS		5,911	4,489	
DOMINANT CORP. AS % OF ALL		46.3%	49.7%	
DOMINANT SUB. AS % OF ALL		5.9%	6.9%	
TOTAL DOMINANT AS % OF ALL		52.2%	56.6%	

	COMP ASSET RANK	ASSETS	SALE RANK	NET SALES	OWNERSHIP & CONTROL INC.
1946 BC Forest Prod.	1	1	254	2	133 5.4 AFF. CONSORTIUM ¹
1964 Weldwood of Can.	2	2	137	1	151 2.6 U.S. SUB: US Plywood 741
TOTAL DOMINANT CORP.		391		284	
1965 Crestbrook Forest	3	3	69	3	36 (3.8) JAPAN SUB. 2
TOTAL MIDDLE RANGE		69		36	
TOTAL WOOD INDUSTRIES SECTOR		2,909		2,627	
DOMINANT CORP. AS 1 OF ALL		18.71		10.81	
MIDDLE RANGE AS 1 OF ALL		3.31		1.41	

PETROLEUM 1971 year end

(millions)

1980 Imperial Oil	1	1,648	1	1,907	136.0 U.S. SUB: Standard NJ 69.71
1909 Gulf Oil	2	1,169	3	774	53.8 U.S. SUB: Gulf 68.51
1925 Shell Canada	3	1,003	2	788	61.5 NETH. SUB: Shell Pet. 86.51
1927 Texaco Canada	4	396	4	401	31.3 U.S. SUB: Texaco Inc. 68.21
BP Can. Holdings	5	389	5	195	8.7 U.K. SUB: Br. Petrol. 1001
1971 Petrofina Can.	6	318	6	189	18.1 BELG. SUB: Petrofina 71.91
1953 Husky Oil	7	306	7	185	10.9 501 O/S Can: 23.21 US CONT ²
TOTAL DOMINANT		5,202		4,439	

Sun Oil	8	190	8	109	5.1 U.S. SUB: Sun Oil 1001
TOTAL MIDDLE RANGE		190		109	

MIDDLE RANGE AS 1 OF ALL		3.31		2.31	
TOTAL PETROLEUM SECTOR		5,794 [*]		4,742	
DOMINANT CORP. AS 1 OF ALL		89.91		93.61	

* see "Correction Factors for Aggregate Industrial Data"

COMPANIES IN THE MINERAL INDUSTRY 1971 YEAR END

(millions)

	COMP RANK	ASSET RANK	SALE ASSETS	SALE RANK	NET. INC.	OWNERSHIP & CONTROL
1951 Genstar	1	1	374	1	277	10.8 BELGIUM AFF: 19.6% ¹
1927 Can. Cement Laf.	2	2	278	2	156	7.9 FR. SUB: Cement Laf. 50.1% ²
TOTAL DOMINANT CORP.			652		433	
1913 Dominion Glass	4	4	86	5	74	(1.3) DOM. SUB: Power Corp. 63%
TOTAL DOMINANT SUBSIDIARIES			86		74	
Can. Gypsum	3	6	68	3	79	8.5 U.S. SUB: US Gypsum 99.4%
Consum. Glass	5	5	83	4	74	2.3 CAN. AFF: Brockway 20%
1951 St. Lawrence Cem.	6	3	88	7	68	3.1 SWITZERLAND SUB: Holdenbank ²
1951 Minn. Mining & Man.	7	7	40	6	73	6.1 U.S. SUB: Minn. M&M 100%
TOTAL MIDDLE RANGE			279		294	
MIDDLE RANGE AS % OF ALL			16.7%		17.4%	
TOTAL NON-METALLIC MINERALS			1,672		1,689	
DOMINANT AS % OF ALL			39.0%		25.6%	
DOMINANT SUBSID. AS % OF ALL			5.1%		4.4%	
TOTAL DOMINANT AS % OF ALL			44.1%		30.0%	

COMP. ASSETS		SALES		NET		Partnership & Companies
PAID	PAID	ASSETS	PAID	SALES	INC.	
1928 Distillers Corp.	1	1,326	1	1,236	60.1	Brofman family 42.3%
1928 George Weston Ltd.	2	457	2	1,037	15.1	23% o/s Canada
1926 Hiram Walker G&W	3	642	4	642	51.1	CAN. AFF: Brascan 52.2%
1927 Canada Packers	4	187	3	919	9.6	S.A. SUB: Rothmans 50.1%
1930 Molson Industries	5	249	5	376	16.7	
1930 John Labatt	6	260	7	337	16.1	
1930 Can. Breweries	7	266	9	251	9.1	
TOTAL DOMINANT CORP.		3,387		4,798		
1942 Ogilvie Flour Mills	14	80	16	141	1.9	DOM. SUB: J. Labatts 99.7%
1939 Atlantic Sugar Ref.	15	95	20	96	4.8	DOM. SUB: Glengair 62.3%
1912 Westfair Foods Ltd.	16	53	10	246	3.2	DOM. SUB: G. Weston 100%
1928 B.C. Packers	18	73	19	98	2.1	DOM. SUB: G. Weston 71%
TOTAL DOMINANT SUBSIDIARIES		301		581		
1961 Maple Leaf Mills	8	118	11	202	1.7	CONSORTIUM ²
General Foods	9	109	12	182	7.9	U.S. SUB: Gen. Foods 100%
1902 Swift Canada	10	81	8	281	4.4	U.S. SUB: Swift 100%
1928 Burns Foods	11	68	6	359	2.9	R.H. Webster holds 41%
Standard Brands	12	117	15	149	5.9	U.S. SUB: Standard B. 100%
1920 Kraft Foods	13	70	13	161	8.5	U.S. SUB: Kraftco 100%
1930 Can. & Domin. Sugar	17	85	21	86	4.3	U.K. SUB: Tate & Lyle 56.4%
1928 Silverwoods Indust.	19	55	10	163	1.5	U.S. SUB: Coca-Cola 100%
Coca-Cola Ltd.	20	60	17	110	6.8	U.S. SUB: Pat'l Multi. 100%
Robin Hood Multi.	21	52	18	105	2.7	U.S. SUB: Campbell 100%
1930 Campbell Soup	22	57	23	71	5.1	U.S. SUB: HJ Heinz 100%
1940 H.J. Heinz	23	44	22	81	4.2	
TOTAL MIDDLE RANGE		916		1,850		
MIDDLE RANGE AS % OF ALL		16.4%		19.1%		
TOTAL FOOD & BEVERAGE		5,589		9,695		
DOMINANT CORP. AS % OF ALL		60.6%		49.5%		
DOMINANT SUB. AS % OF ALL		5.4%		6.9%		
TOTAL DOMINANT AS % OF ALL		66.0%		55.5%		

COMP ASSET RANK RANK ASSETS SALE RANK SALES INC. NET
Ownership & Control

1927 Goodyear Tire & R. 1 2 119 1 185 7.8 U.S. SUB: Goodyear 841
Firestone T & R. 2 1 141 3 148 5.6 U.S. SUB: Firestone 1001
1906 Uniroyal 3 3 91 2 157 5.6 U.S. SUB: Uniroyal 1001
1922 B.F. Goodrich 4 4 62 4 99 2.8 U.S. SUB: BF Goodrich 1001

TOTAL MIDDLE RANGE 413 589

TOTAL RUBBER PRODUCTS SECTOR 600 923

MIDDLE RANGE AS % OF ALL 68.8% 63.8%

TEXTILES 1971 year end

(millions)

1910 DuPont of Can. 1 2 106 1 288 11.3 U.S. SUB: E.I. DuPont 74.91
1926 Celanese Canada 2 1 207 3 132 3.4 U.S. SUB: Celanese 57.11
1922 Dominion Textiles 3 3 178 2 191 5.2

TOTAL MIDDLE RANGE 491 551

MIDDLE RANGE AS % OF ALL 19.6% 14.0%

TOTAL TEXTILE SECTOR 2,506 3,937

COMP ASSET RANK RANK ASSETS SALE NET RANK SALES INC. Ownership & Control

1947 Thompson Newspapers	1	1	193	1	129	18.3	U.K.SUB: Woodbridge 78.51
1927 Southam Press	2	4	72	2	124	10.1	
F.P. Publications	3	2	95	4	64	6.7	
1958 Toronto Star	4	3	76	5	56	3.7	
1891 Maclean-Hunter	5	5	54	3	69	3.5	
TOTAL MIDDLE RANGE			490		442		

MIDDLE RANGE AS 1 OF ALL 42.11 37.81

TOTAL PRINTING & PUBLISHING 1,164 1,169

PRIMARY METAL 1971 year end

(millions)

1910 Steel Co. of Can.	1	1	966	2	730	66.7	
1902 Aluminum Co. of Can.	2	3	499	1	862	36.8	U.S.SUB: Alcan Alum. 1001
1917 Dominion Foundries	3	2	603	3	381	28.0	
1934 Algoma Steel	4	4	448	4	272	12.8	GERM. AFF: Mannesmann 251
TOTAL DOMINANT CORP.			2,516		2,245		

1960 Rio Algonia Mines	5	5	251	6	168	9.7	U.K.SUB: Rio Tinto 51.21
1915 Canron	6	6	122	5	205	4.2	
1922 Anaconda Amer. Brass	7	7	73	7	66	2.0	U.S.SUB: Anaconda 1001
TOTAL MIDDLE RANGE			446		439		

MIDDLE RANGE AS A 1 OF ALL 9.71 11.11
 TOTAL PRIMARY METAL 1,580 3,974
 TOTAL DOMINANT AS 1 OF ALL 54.91 56.51

METAL FABRICATION 1971 year end

(millions)

	COMP ASSET RANK RANK	ASSETS	SALE RANK RANK	NET SALES INC.	OWNERSHIP & CONTROL
1912 Dominion Bridge	1	1	153	1	235 6.2 DOM.AFF: Algoma Steel 44%
TOTAL DOMINANT AFFILIATE			153		235
Continental Can	2	2	115	2	170 8.9 U.S.SUB: Cont. Can 100%
1965 Can. Corp. Manage.	3	3	60	3	115 3.1
TOTAL MIDDLE RANGE			175		285
MIDDLE RANGE AS % OF ALL			8.0%		8.4%
TOTAL METAL FABRICATING SECTOR			2,202		3,412
TOTAL DOMINANT AFFILIATE AS % OF ALL			7.0%		6.9%

(Millions)

	COMP ASSET		SALE		NET		Ownership & Control
	RANK	RANK	ASSETS	RANK	SALES	INC.	
General Motors	1	2	706	1	2,493	79.8	U.S. SUB: Gen. Motors 100%
1911 Ford Motor Co.	2	1	987	3	1,458	75.8	U.S. SUB: Ford Motors 85.2%
1968 Chrysler Canada	3	3	383	3	1,292	26.5	U.S. SUB: Chrysler 100%
TOTAL DOMINANT CORP.			2,076		5,243		
1945 Hawker Siddeley	5	4	206	6	158	1.9	DOM SUB: Racier 56.4% (UK) 1
TOTAL DOMINANT SUBSIDIARIES			206		158		
1942 Bombardier	4	5	134	5	183	11.6	U.S. SUB: Ford Motors 100%
Ensate	6	6	127	4	291	11.2	U.S. SUB: Gen. Dynamics 99.7%
1944 Canadaair Ltd.	7	7	123	8	85	1	U.S. SUB: United Air. 90.6%
1928 United Aircraft	8	9	67	7	106	1.3	U.S. SUB: The Budd Co. 81%
1963 Seaway Multicorp.	9	8	110	9	75	0.0	CAN. SUB: Seaway M-C. 83%
1965 Budd Automotive	10	10	65	10	70	1.5	
1944 Levy Industries	11	11	52	11	55	.3	
TOTAL MIDDLE RANGE			568		865		
MIDDLE RANGE AS % OF ALL			5.3%		9.4%		
TOTAL TRANSPORTATION EQUIPMENT			3,866		9,214		
DOMINANT AS % OF ALL			53.7%		56.9%		
DOMINANT SUB. AS % OF ALL			5.3%		1.7%		
TOTAL DOMINANT AS % OF ALL			59.0%		58.6%		

COMP ASSET RANK RANK	ASSETS	SALE RANK	NET SALES INC.	OWNERSHIP & CONTROL
1954 Canadian Industries	1	1	257	9.4 U.K. SUB: Imperial Chem. 73.4%
TOTAL DOMINANT CORP.			257	349
1922 Union Carbide	2	2	196	9.6 U.S. SUB: Union Carb. 75%
1942 Dow Chemical	3	3	171	1.3 U.S. SUB: Dow Chem. 100%
Proctor & Gamble	4	4	159	5.0 U.S. SUB: Proctor & G. 100%
1934 Cyanamid of Can.	5	5	99	3.1 U.S. SUB: Amer. Cyan. 99.5%
Lever Bros.	6	7	61	4.5 U.K. SUB: Unilever 100%
Allied Chemical	7	6	94	6.0 U.S. SUB: Allied Chem. 100%
Can. Pittsburg	8	8	52	.7 U.S. SUB: PPG Indus. 100%
TOTAL MIDDLE RANGE			832	.811
TOTAL CHEMICALS SECTOR			2,698	3,391
MIDDLE RANGE AS 1 OF ALL			30.81	23.91
DOMINANT AS 1 OF ALL			9.51	10.31

MACHINERY 1971 year end

(millions)

1891 Massey Ferguson	1	1	1,011	1	1,029	9.3	CAN. AFF: ARGUS 15.7%
IBM Canada	2	2	323	2	429	30.7	U.S. SUB: IBM 100%
TOTAL DOMINANT CORP.			1,334		1,458		
1913 Internat'l Harvest.	3	3	135	3	282	8.2	U.S. SUB: Int'l Harv. 100%
Nat'l Cash Register	4	4	50	4	-60	2.8	U.S. SUB: Nat'l Cash 100%
TOTAL MIDDLE RANGE			185		342		
MIDDLE RANGE AS 1 OF ALL			9.11		13.71		
TOTAL MACHINERY SECTOR			2,024		2,500		
DOMINANT CORP. AS 1 OF ALL			65.91		58.31		

	COMP ASSET RANK	ASSET RANK	SALE RANK	NET INC.	OWNERSHIP & CONTROL
1892 Can. Gen. Elect. Northern Electric	1 2	1 2	413 366	2 1	496 14.5 576 12.6 U.S.SUB: Gen. Elec. 91.9% CAN.SUB: Bell Can. 100%
TOTAL DOMINANT CORP.			799	1,072	
1903 Westinghouse Can. RCA	3 4	3 4	136 97	3 4	267 4.1 140 2.7 U.S.SUB: Westinghouse 76.6% U.S.SUB: RCA Corp. 100%
TOTAL MIDDLE RANGE			233	407	
MIDDLE RANGE AS % OF ALL			10.5%	11.7%	
TOTAL ELECTRICAL PROD. SECTOR			2,211	3,495	
DOMINANT CORP. AS % OF ALL			35.2%	30.7%	

OTHER MANUFACTURING 1971 year end

(millions)

1912 Imasco	1	2	243	1	570 17.7	U.K.SUB: 58.5% ¹
1956 Rothmans	2	1	410	2	396 10.0	S.A.SUB: Rembrant 59.4%
TOTAL DOMINANT CORP.			653		906	
Neonex Int'l	3	5	69	3	146 3.0	U.S. residents hold 17.2%
Kodak Canada	4	3	86	6	100 8.9	U.S.SUB: Eastman Kod. 100%
Bensen & Hedges	5	7	56	4	129 2.5	US SUB: Phillip Morris 100%
1949 GTE Sylvania	6	5	72	7	90 2.8	U.S.SUB: Gen. Elec. & T. 100%
Honeywell	7	4	80	8	83 2.0	U.S.SUB: Honeywell 100%
Westburn Indust.	8	8	51	5	104 .7	
TOTAL MIDDLE RANGE			414		622	
TOTAL OTHER MANUFACTURING			2,251		2,123	
MIDDLE RANGE AS % OF ALL			18.4%		29.3%	
DOMINANT AS % OF ALL			29.0%		42.7%	

OWNERSHIP & CONTROL

NET ASSETS RANGE SALES INC.

Comstock Int'l.¹
 1957 Bramalea Cons. Dev. 1 1 200 1 178
 2 2 93 2 45 (.1)

TOTAL MIDDLE RANGE

293 223

SERVICES 1971 year end

1964 Commonwealth Holiday 1 1 66 1 43 1.7 U.S. AFF: Holiday Inns 30.7%
 1953 Brinco 2 2 64 3 3 (2.3) FOREIGN CONSORTIUM AFF. 1
 Famous Players 3 3 54 2 30 1.5 U.S. SUB: Gulf & Western
 1920 Can. Cablesystems 4 4 52 4 4 1.8

TOTAL MIDDLE RANGE

236 80

TOTAL SERVICE SECTOR
MIDDLE RANGE AS 1 OF ALL4,246 4,346
5.6% 1.8%

STORAGE 1971 year end

1929 Federal Grain 1 1 150 1 255 4.2 CAN. AFF: Searle Sec. 29%
 1911 United Grain 2 2 119 2 36 1.7

TOTAL MIDDLE RANGE
TOTAL STORAGE SECTOR
MIDDLE RANGE AS 1 OF ALL269 291
804 751
33.5% 38.8%

(Millions)

	COMP ASSET RANK	ASSETS	SALE RANK	NET SALES INC.	Ownership & Control
1968 Campeau Corp.	1	2	2	61	DOM. SUB: Power 57.24
Can. Interurban	4	5	5	14	DOM. SUB: Campeau 98.51
T. Eaton Realty	7	6	7	11	DOM. SUB: T. Eaton 100%
TOTAL DOMINANT SUBSIDIARIES		496		86	
1968 E-L Financial	2	4	1	63	3 officers hold 57.1%
1964 Cadillac Dev.	3	3	3	35	FOR. AFP: Brinco 57%
1968 Churchill Falls	5	1	1	1	4 officers hold 64.9%
1969 Western Realty	6	8	4	17	CAN. SUB: Metrop. Est. 70.1%
1954 MEPC Can. Prop.	8	7	9	11	
1969 Y & R Property	9	11	6*	12	
1936 Lab. Mining & Exp.	10	10	8	11	CAN. SUB: Hollinger 59.9%
1965 Markborough Prop.	11	9	10	8	
TOTAL MIDDLE RANGE		1,467		158	

NOTES TO CORPORATION TABLESINVESTMENT COMPANIES

- 1) Elmswood Ltd. holds 19.3% with approximately 85% held outside Canada.
- 2) Shell Investments holds 86.5% of Shell Canada which is dominant in the Petroleum sector. For purposes of analysis of decision making the board of Shell Investments is included rather than Shell Canada.
- 3) Power Corporation holds 51.2% of Great West Life, a dominant insurance company; 63.4% of Investors Group, a dominant Mortgage company which in turn holds 63.4% of Imperial Life, another dominant insurance company; 53.7% of Laurentide Finance, a dominant Credit Agency; 52.2% of Campeau Corporation, dominant in Real Estate. For purposes of analysis of decision making the board of Power Corporation is included rather than each of the above subsidiaries. Power Corporation has additional holdings of 36.5% in Consolidated-Bathurst, 10.4% in Argus Corporation, 99.6% in Canada Steamship Lines and 56.7% in Dominion Glass.
- 4) Argus Corporation is included as a dominant corporation even though it's own assets would not place it in this category nor does it have any subsidiaries which would. Because of the practice of minority control used by Argus it effectively controls B.C. Forest Products, dominant in Wood; Dominion Stores, dominant in Retail; Domtar, dominant in Paper; Hollinger Mines, a major Metal Mining corporation with sizable holdings; Massey Ferguson, a dominant Machinery corporation, as well as 47.9% of Standard Broadcasting. In each case the directors of the dominant affiliates of Argus are included along with the directors of Argus. The high degree of interlocking between these corporations will reflect these ownership links.
- 5) Officers and directors of S.B. McLaughlin hold 44%.
- 6) Woodbridge Co. of England holds 78.46% of Thomson Newspapers Ltd.

REAL FINANCE AND CONSUMER LOANS

- 1) Revenue estimate of \$10 million for Transamerica Finance is based on known assets of \$75 million and compared relative to other companies in this sector.

TRUST COMPANIES

- 1) Revenue estimate for Ontario Trust is based on known assets of \$141 million and compared to others in the same sector. The Bank of Montreal is the second largest investor in the company with 6% compared to 42% of Hambro of the U.K. Ownership of this company is currently under question (see "Foreign-ownership rule broken?" by Philip Mathias in The Financial Post, May 5, 1973).
- 2) The actual assets commanded by trust companies is underestimated, for example, "in addition to its own assets of \$1,912 million at the end of 1971 (Royal Trust) was also administering estates, trusts and agency accounts of \$9,325 million" (The Financial Post, August 5, 1972, pg. 9).
- 3) Investors Group, a subsidiary of Power Corporation, increased it's holding in Montreal Trust to 51% early in 1973 (The Investors Group 32nd Annual Report).

MORTGAGE COMPANIES

- 1) The two Banks which are affiliated with Canada Permanent Mortgage are the Bank of Nova Scotia with 12.4% and the Toronto-Dominion Bank with 11.3%.

OTHER FINANCE

- 1) RoyNat is controlled by a consortium of financial institutions: Royal Bank holds 41.5%, Banque Canadienne Nationale holds 34%, Montreal Trust holds 13.5% and Canada Trust, a subsidiary of Huron & Erie Mortgage Corporation, holds 10%. The company was established to provide business loans to corporations "in amounts of \$25,000 and up to Canadian companies for purchase of land, building assets, expansion etc." (The Financial Post Survey of Industrials 1972, pg. 68).
- 2) Two U.K. companies, Morgan Greenfield & Co. and Barring Brothers together hold about 42% of Harris & Partners.
- 3) Banque National du Paris holds approximately 75% and Banque de P'Union Parisienne about 13% of SFCI (Société Financière pour le Commerce et l'Industrie).

RETAIL TRADE

- 1) Loblaw Companies is 60.3% held by George Weston which is dominant in Food & Beverages.
- 2) T. Eaton Co. estimate of \$1,000 million sales is a Financial Post estimate and \$500 million assets is an estimate based on this compared to other companies in that sector. Eaton's does not release financial statistics; it is one of the few remaining large companies for which data is not available.
- 3) Stock in Simpsons-Sears is evenly split between Simpsons Ltd. of Canada and Sears-Roebuck of the U.S.
- 4) "Elwin Developments Ltd. owns 56%. Elwin is owned: Elican Development Co. 67%, a U.S. institutional investor 8%, two U.S. residents, Raymond A. Rich and David R. Williams, Jr., 10% and 15% respectively. About 5% of Elican is owned in Canada, the remainder in Europe, mainly by Belgium and German interests" (Financial Post).

WHOLESALE TRADE

- 1) BP Holdings is wholly owned by The British Petroleum Co. of the U.K.
- 2) "Finning Securities Ltd. and Tractor Holdings Ltd. each hold 35.9% (697,235 shares) in the company. J.E. Barker and M.M. Young each hold 3.3% interest in the company (64,765) and each equally owns all voting shares of Finning Securities and Tractor Holdings" (Financial Post).

COMMUNICATIONS

- 1) Anglo-Canadian Telephone is 100% controlled by General Telephone and Electronics, U.S.
- 2) Bell Canada has 52.2% of the o/s common shares in Maritime Telephone and Telegraph representing over 2 million shares but "Amendment to Nova Scotia Company's Act limits any one share-holder with more than 1,000 shares to 1,000 votes at shareholders' meetings" (F.P.S.I., 1972).

PIPELINES

- 1) Esso Oil also owns 8% of Trans-Canada Pipelines.
- 2) Imperial Oil is 69.7% held by Standard Oil (N.J.); Shell Canada also holds 2% of Interprovincial Pipelines.
- 3) Alberta Gas Trunkline is controlled by a consortium which makes the following appointments: Group I (utility) 1 director--Canadian Western Natural Gas, Northwestern Utilities Ltd. Group II (gas export) 1 director--Alberta & Southern Gas Co., TransCanada Pipelines. Group III (gas producer or processor) 3 directors--Gulf Oil Ltd., Shell Canada. Group IV, 2 government appointments (Based on information filed with Consumer and Corporate Affairs). In 1971 Pacific

Gas Transmission Co, a subsidiary of U.S.-based Pacific Gas & Electric held 66.6% which was to be reduced to 45%.

- 4) Westcoast Transmission also holds 44.8% preferred shares.

SERVICES

- 1) Rio Tinto-Zinc of the UK and Bethlehem Steel of the U.S. hold 49%.

METAL MINING

- 1) Canadian Pacific Ltd. holds 90.1% of Canadian Pacific Investments.
- 2) Superior Oil Co. (US) has a 14.6% "Indirect interest through McIntyre Porcupine Mines Ltd., which owns 37% of Falconbridge. Superior directly and through its 53.6% owned Canadian Superior Oil Ltd., has 39.4% interest in McIntyre" (Financial Post, August 5, 1972).
- 3) Canadian Pacific Investments holds 53% of Cominco.
- 4) In addition to the 31.4% interest of Noranda Mines in Mattagami Lake Mines, 27.2% is held by Canadian Exploration, 12% by Tech Corp Ltd., 6.5% by Dome Mines and 4.2% by Iso Mines.
- 5) Anglo American Corp. of Canada Ltd. is controlled in South Africa through Ammercosa Investments Ltd.
- 6) An additional 7.4% is held by Falconbridge Nickel Mines.
- 7) Granges Aktiebalag of Sweden holds 25% and Sumitomo Metal Mines of Japan, 24%.
- 8) About 75% of the shares are held outside Canada, mainly in the U.S.

MINERAL FUELS

- 1) 80% held outside Canada.
- 2) British controlled Hudson Bay Investments also holds 21.9%.
- 3) Canadian Pacific holds 90.1% of Canadian Pacific Investments.
- 4) "In 1971 Consumers' Gas Co. agreed to acquire from R.A. Brown, Jr. (now deceased) and his family approximately 50.33% of the outstanding Class B shares of Gygnus Corp. Ltd. (Gygnus in turn holds 43.5% voting control of Home). Consumers' also purchased additional Home shares directly. These transactions gave Consumers' 65% voting control of Home" (Financial Post).
- 5) 42.4% common voting, and 38% preferred voting stock controlled by Compagnie Française des Pétroles, France; about 66% of all voting stock is held outside of Canada.
- 6) About 66% voting stock held outside Canada, mainly in the U.S.
- 7) "Société Nationale des Pétroles d'Aquitain (SNPA) of France holds 74.7% of the company's outstanding stock; SNPA is in turn 51% owned by a state agency, Entreprise de Recherches et d'Activités Pétrolières" (Financial Post).

OTHER MINING

- 1) Estimate based on known sales and percentage of parents assets (Financial Post Survey of Mines, 1972).
- 2) Bell Asbestos Mines (UK) holds 23.4%, Newmont Mining (US) holds 13.2%, Paybestos-Manhattan Inc. (US) holds 10%, James Hardies Asbestos Ltd. (Australia) holds 8.8%, Conwest Exploration Canada holds 10%.

PAPER PRODUCTS

- 1) About 23% held outside Canada, mainly in the U.S.
- 2) Canadian Pacific Investments is 90.1% controlled by Canadian Pacific Ltd.

WOOD INDUSTRIES

- 1) Noranda Mines and Mead Corp. (US) each hold 29% while Argus Corp. also holds 13.4%.
- 2) Honshu Paper Manufacture Co. Ltd. and Mitsubishi Corp. own all preferred and 30.2% common.

PETROLEUM

- 1) Held through Shell Investments which is wholly owned by Shell Petroleum (Netherlands).
- 2) The G.E. Nielson family (US) holds 23.2%; Canadian Pacific Investments holds 50.4%.

FOOD & BEVERAGES

- 1) Rothmans of Pall Mall Canada is 59.4% controlled by Rothmans Controlling Investments of South Africa.
- 2) Upper Lakes Shipping holds 28.6%, Overwaitea Ltd. 14%, Leitch Transport 11% and Norris Grain (US) 10%.

TRANSPORTATION EQUIPMENT

- 1) Racier Ltd. is wholly owned by Hawker Siddeley Group Ltd., England.

NON-METALLIC MINERALS

- 1) Société Generale du Belgique and an officer hold 19.6%.
- 2) All outstanding class B shares (control) held by Holden Bank Financiere.

MACHINERY

- 1) Approximately 40% held outside Canada.

OTHER MANUFACTURING

- 1) 44.2% by British American Tobacco and 14.3% by Tobacco Securities Trust.

CORRECTION FACTORS FOR AGGREGATE INDUSTRIAL DATA

CALURA calculations are based on Canadian operations of companies only but published statements by corporations typically consolidate all operations. For present purposes the consolidated data more accurately reflects the economic power of Canadian based corporations since it is indicative of the total capital and market base at their command. This requires that a correction factor be introduced to make the individual corporate groupings compatible with aggregated data. In some cases this involves adding greater assets to the set of corporations in sector because the CALURA data aggregates more than public statements but usually it involves adding to the aggregate data to account for foreign operations. Sales are not affected to the same degree as assets and in the opinion of CALURA representatives do not require correction factors.

SECTOR	ORIGINAL ASSETS	CORRECTION	CORRECTED ASSETS
Metal Mines	7,465	add 600	8,065
Mineral Fuels	5,818	nil	5,818
Other Mining	1,683	nil	1,683
Food & Beverage	5,289	add 300	5,589
Rubber Industries	600	nil	600
Textile Indust.	2,506	nil	2,506
Wood Industries	2,090	nil	2,090
Paper & Allied	5,831	add 80	5,911
Printing & Pub.	1,164	nil	1,164
Primary Metal	5,280	sub 700	4,580
Metal Fabrication	2,202	nil	2,202
Machinery Indust.	1,724	add 300	2,024
Transport. Equip.	3,566	add 300	3,866
Electrical Prod.	2,211	nil	2,211
Non-metallic Min.	1,672	nil	1,672
Petroleum & Coal	5,484	add 310	5,794
Chemicals	2,698	nil	2,698
Other Manufac.	2,051	add 200	2,251
Transportation	7,291	sub 410	6,881
Utilities	3,373	add 430	3,803
Wholesale Trade	8,607	sub 350	8,257
Retail Trade	8,182	add 440	8,622

It should be noted that this adjustment refers only to the set of corporations listed within each sector and not all corporations within the sector although there is a tendency for only the larger corporations to have significant holdings outside Canada.

(Corrections were calculated by Mr. J.D. Wilson, Industrial Corporations Section of CALURA.)

**DISTRIBUTION OF SALES AND ASSETS FOR INDUSTRIAL CORPORATIONS
BY SECTOR EXPRESSED IN DOLLARS AND PERCENTAGES, 1971 year end**

	<u>ASSETS</u>		<u>SALES</u>	
	(000,000)	%	(000,000)	%
Metal Mines	7,465	7.7	2,928	2.6
Mineral Fuels	5,818	6.0	1,986	1.8
Other Mining	1,683	1.7	985	.9
TOTAL MINING	14,966	15.4	5,899	5.2
Food & Beverage	5,289	5.5	9,695	8.6
Rubber Industries	600	.6	923	.8
Textile Industries	2,506	2.6	3,937	3.5
Wood Industries	2,090	2.2	2,627	2.3
Paper, Allied Indust.	5,831	6.0	4,489	4.0
Printing & Publishing	1,164	1.2	1,169	1.5
Primary Metal	5,280	5.4	3,974	3.5
Metal Fabricating	2,202	2.3	3,412	3.0
Machinery Industries	1,724	1.8	2,500	2.2
Transportation Equip.	3,566	3.7	9,214	8.2
Electrical Products	2,211	2.3	3,495	3.1
Non-metallic Miner. Prod.	1,672	1.7	1,689	1.5
Petroleum & Coal Products	5,484	5.7	4,742	4.2
Chemicals & Products	2,698	2.8	3,391	3.0
Other Manufacturing	2,051	2.1	2,123	1.9
TOTAL MANUFACTURING	44,368	45.8	57,910	51.3
Transportation	7,291	7.5	4,464	4.0
Storage	804	.8	751	.7
Communication	5,094	5.3	1,470	1.3
Utilities	3,372	3.5	878	.8
Wholesale Trade	8,607	8.9	18,851	16.7
Retail Trade	8,182	8.4	18,273	16.2
Services	4,246	4.4	4,346	3.9
TOTAL ALL INDUSTRIES	96,930	100.01	112,842	100.01

Source: Calculated from Industrial Corporation, 4th Quarter, 1971
by CALURA Division of Statistics Canada. CAT. #61-003)

175 SELECTED PROMINENT CORPORATIONS AND INSTITUTIONS AND THEIR INTERLOCKS WITH THE ECONOMIC ELITE 1972

CORPORATION	ELITE DIR.	#BD MERS.	INCLUDING	CONTROL
Adia Life Insur.	4	13		CAN
Adia Pulp & Paper	8	12	chmn; pres & ceo (1)	DOM SUB: Glenair Group
res. Ltd	5	9	chmn; pres; v. pres of finance (3)	DOM AFF: Traders Group
er Canada	7	9	chmn & ceo (2)	Crown Corp.
leoma Cent. Rlwy.	6	11	chmn; depy chmn; pres (2)	MR CAN
lance Mut. Life	7	12	pres; v. pres (3)	MR CAN
ntaine Co. of Can.	2	8	(1)	MR PR SUB
bestos Corp. Ltd.	4	12	v. chmn; v. pres & gen. counsel (4)	MR US SUB*
lantic Sugar Refin.	8	12	chmn; pres & ceo (1)	DOM SUB: Glenair Crown Corp.
lomic Energy of Can.	2	10		S. CAN*
l Sugar Refinery	3	9	chmn (2)	DOM SUB: Nat'l Trust
SA Holdings Ltd.	3	7	chmn & pres (2)	MR CAN
nk of British Colum.	1	18		Crown Corp.
nk of Canada	4	15		
aque Canadienne Nat.	7	22	chmn & pres; v. chmn (2)	MR CAN
en's Holdings Ltd.	4	9	chmn; pres (3)	S. CAN
enson & Hedges (Can)	3	12	(1)	MR US SUB
ebardier	2	8	pres & ceo	MR CAN*
amalea Consol. Dev.	3	10	chmn (2)	MR CAN
enda Mines	3	9	exec v. pres (2)	DOM SUB: Noranda
G. Bright & Co. Ltd.	2	7	(2)	S. CAN
inco	7	22	chmn; pres & ceo (5) (6 others for.)	FOR. AFF
itish Amer. Bank Note	4	11	(2)	S. CAN
itish Colum. Teleph.	8	11	chmn; pres & ceo (5)	DOM SUB: Anglo-Can. Telephone
lmswick Min. & Smelt.	4	14	chmn; v. pres (3)	DOM SUB: Noranda
add Automotive Co.	2	7	(1)	MR US SUB
erns Foods	3	15	pres & ceo (1)	MR CAN*
SI Industries	7	11	chmn (6)	S. CAN
IRB Ltd.	7	8	chmn (5)	DOM AFF: Argus
adillac Devel. Corp.	3	14		MR CAN
ampeau Corp.	2	14	(1)	CAN
anada Devel. Corp.	7	21	v. chmn (3)	Crown Corp.
anada Perm. Trust	29	42	chmn; pres (8)	DOM SUB: Can. Perm. Mortgage
an. Steamship Lines	5	12	pres & ceo (4)	DOM SUB: Power Corp.
anada Trust	20	50	chmn & pres; depy chmn & v. pres; v. pres & gen. mgr. (10)	DOM SUB: Huron & Erie
anada Wire & Cable	6	11	chmn (4)	DOM SUB: Noranda
anadair Ltd.	2	13	v. pres & gen. couns. (2)	MR US SUB*

(1) number of directors which hold multiple dominant directorships.
 (2) corporation included by Porter, or a predecessor company which has
 merged, in 1948-50 but which is not included in the present study.

Canadian Breweries	6	13	chmn (3)	DOM SUB: Rothmans*
Canadian Gen. Insur.	11	13	chmn (6)	DOM SUB: Traders Group
Canadian Gen. Invest.	7	13	chmn; pres (5)	MR CAN
Canadian Gypsum Co.	3	6	(3)	MR US SUB
Canadian Indus. Gas & Oil	5	9	chmn exec. comm; pres (3)	DOM SUB: Northern & Central
Canadian Int'l Paper	8	12	chmn (4)	US SUB
Canadian Marconi Co.	2	11	(2)	*
Canadian Pacif. Air.	5	10	chmn (4)	DOM SUB: Can. Pacif.
Canadian Pacif. Invest.	6	9	chmn & ceo; pres (4)	DOM SUB: Can. Pacif.
Canadian Salt Co.	3	9	(2)	S. US SUB
Canlon Ltd.	7	14	chmn & ceo; v.chmn (4)	MR CAN*
Canlanese Canada Ltd.	4	13	chmn (2)	MR US SUB*
Comp Investments	5	5	chmn; pres (2)	
Churchill Falls (Labrador) Corp.	5	13	chmn & ceo (3)	MR FOR
Cominco	9	14	exec v. pres; v. pres (6)	DOM SUB: Can. Pacif.
Commonwealth Holiday Inns of Canada	3	8	sr. v. pres (2)	MR US SUB
Consumers' Glass Co.	3	11	(1)	MR CAN*
Crown Trust	8	25	(2)	MR CAN
Crush Int'l	4	13	(2)	S. CAN
Cygnus Corp.	5	7	chmn & man. dir. (2)	DOM SUB: Consumers' Gas
Denison Mines	4	13	chmn & ceo	MR CAN
Dome Mines	4	9	sec (3)	MR (US)
Dominion Bridge	7	13	chmn & pres; v.pres (2)	DOM AFF: Algoma Steel
Dominion of Can. Gen. Insurance	5	13	v.chmn	CAN
Dominion Glass	7	11	pres (4)	DOM SUB: Power Corp.
Dominion Coal	6	9	chmn & pres (3)	DOM SUB: Racier
Dominion Tanners	4	8	pres (1)	
Dominion Textiles	5	11	(3)	MR CAN*
Dupont of Canada	3	12	(3)	MR US SUB
E-L Financial Corp.	5	13	pres (1)	MR CAN
Eddy Match	5	10	chmn	S. UK SUB
Eldorado Nuclear	4	7	(1)	Crown Corp.
Ecco Ltd.	2	12	(1)	MR CAN
Empire Life Insur.	5	12	chmn; hon.chmn (1)	MR CAN SUB: E-L Finance
Excelsior Life	6	12	chmn (3)	MR CAN
Federal Grain	5	12	chmn; chmn exec comm (3)	MR CAN
Finnish Tractors & Equipment	3	9		MR CAN
Fraser Companies	10	14	chmn & ceo; sr. v. pres (8)	MR CAN*
GNG Ltd.	2	6	(1)	S. US SUB
Gas Metropolitain	6	10	chmn; v chmn (4)	DOM SUB: Northern & Central
General Foods Ltd.	3	9	(1)	MR US SUB
Goodyear Tire & Rubber	4	12	pres & ceo (3)	MR US SUB*
Grafton Group	4	13	chmn; pres (3)	S. CAN
Great Plains Dev. Co.	2	10	pres (1)	MR (UK) SUB
Great-West Life	10	16	chmn; v. pres (3)	DOM SUB: Power Corp.
Greater Winnipeg Gas	7	11	(3)	DOM SUB: Northern & Central

Greyhound Lines of Canada	2	10	(1)	S. US SUB
Halifax Insur. Co.	3	15	chmn (3)	CAN
Harding Carpets	3	8	chmn (3)	S. CAN SUB
Hawker Siddeley Can.	5	12	v. chmn; v. pres of finance; v. pres & sec (2)	DOM SUB: Racier
Hollinger Mines, Ltd.	5	10	chmn; pres & ceo; v. pres & chmn exec comm (3)	MR CAN*
Holt Renfrew & Co.	4	11	(1)	US SUB
Home Oil	10	16	chmn (6)	DOM AFF: Consumers' Gas
Hudson Bay Mining & Smelting	2	10	(2)	MR. SOUTH AFRICA*
IGA Canada	2	5	chmn; v. pres (1)	DOM AFF: M. Loeb; Oshawa Group
Imperial Life Assur.	11	20	chmn & ceo; v. pres & chmn exec comm (5)	DOM SUB: Power Corp. Crown Corp.
Industrial Dev. Corp.	3	14		DOM SUB: Power Corp.
Investors' Group	8	17	chmn; v. chmn (4)	MR US SUB
Kaiser Resources	5	14	v. chmn (3)	DOM SUB: G. Weston
Kelly Douglas & Co.	3	9	pres (2)	DOM AFF: Noranda
Kerr Addison Mines	5	10	(3)	DOM SUB: Power Corp.
Laurentide Fin. Corp.	4	13	chmn (3)	MR UK SUB
Lever Brothers	4	8	pres	US SUB
Liquid Carbonic Can.	3	11	(2)	S. US SUB*
MLW-Worthington	3	11	(3)	MR CAN*
Maple Leaf Mills	4	12	(2)	DOM SUB: Can. Pacif.
Marathon Realty Co.	3	8	chmn (2)	MR CAN
Marine Industries	6	13	chmn; pres; v. pres (2)	S. CAN
Maritime Electric Co.	4	9	chmn; pres (2)	DOM SUB: Bell Can.*
Maritime Telegraph & Telephone	2		(1)	MR CAN
Markborough Propert.	8	20	pres (1)	DOM AFF: Noranda
Mattagami Lake Mines	3	10	pres; v. pres (1)	S. US SUB
McGraw-Hill Ryerson	2	14	(1)	MR CAN
McIntyre Porcupine Mines	3	12	chmn; v. chmn (2)	US AFF
McLarens Foods	2	4	pres & treas (1)	S. CAN
Melchers Distilleries	2	10	chmn; v. pres (2)	MR US SUB
Mercantile Bank	6	13	v. pres	S. CAN
Minas Basin Pulp & Pa.	5	13	pres (3)	MR BELGIUM SUB
Miron Co.	7	13	chmn & pres (5)	US SUB
Monsanto Canada	1	5	chmn	S. CAN
Montreal Refrigerating & Storage	4	7	chmn; v. pres (2)	MR US SUB*
Montreal Stock Exch.	2	13	chmn (1)	US SUB
Moreau Trust	4	14	chmn (1)	MR CAN
Robert Morse	5	12	(2)	DOM SUB: Bell Can.*
National Agri-Services	2	7	pres & ceo (1)	MR CAN
National Life Assur.	7	14	chmn (6)	DOM SUB: Bell Can.*
New Brunswick Teleph.	2	15	pres; chmn	MR CAN
Newfoundland Light & Power	5	12	chmn (1)	DOM SUB: Bell Can.
Newfoundland Teleph.	3	11	chmn (1)	DOM SUB: Bell Can.
Northern Electric	7	14	chmn & ceo (5)	

Norwich Union Life Insurance	4	6	chmn (3)	MR UK SUB
Ogilvie Flour Mills	5	8	pres (3)	DOM SUB: J. Labatt*
Ontario Jockey Club	11	26	chmn; hon. pres; v. pres (6)	CAN
Ontario Research Foun.	13	22	chmn; v.chmn; v.chmn (7)	
Pacific Press	3	9	chmn (2)	MR SUB: Southam Press
PanCanadian Petroleum	5	12	chmn; pres; v. pres (1)	DOM SUB: Can. Pacif. S. CAN
Pigott Construction	2	6	pres; exec v. pres	
Placer Develop. Ltd.	8	11	chmn; pres & ceo (5)	DOM AFF: Noranda Crown Corp.* S. CAN
Polymer Corp.	5	11	(3)	
Proviso Inc.	3	12	(2)	
Provincial Bank of Canada	4	20	chmn; v.pres & gen. mgr (1)	MR CAN
Quebec-Telephone	4	11	(1)	DOM SUB: Angl-Can.
Quebecair	3	11	chmn; pres (1)	
RCA Ltd.	4	19	(2)	MR US SUB*
Ralston Purina of Can.	4	10	(4)	US SUB
Reed Shaw Osler	3	24	(3)	S. CAN
Rio Algonia Mines	5	15	(3) (6 other for. dir.)	MR UK SUB* S. CAN
Rolland Paper	6	12	pres (5)	
Rolls-Royce Holdings North America	2	7		UK SUB
Royal Insur. Group	8	13	chmn (5)	UK SUB
RoyNat Ltd.	3	8	(2)	DOM CONSORTIUM
St. Lawrence Cement	3	10	(3)	MR SWITZ SUB
Salada Foods	3	9	(1)	US SUB
Scott Paper	3	9	pres & ceo (1)	S. US SUB
Selkirk Holdings	3	10	v. pres; ass't sec (2)	S. CAN
Sicard Inc.	4	9	(3)	US SUB
Sidbec	3	12	pres & gen. mgr (1)	Crown Corp.*
Sobeys Stores	4	13	chmn; pres (1)	DOM AFF: G. Weston
Southam Press	5	17		MR CAN
Sovereign Life Assur.	5	14	chmn	DOM SUB: IAC
Standard Brands	4	13	chmn (3)	MR US SUB*
Standard Broadcasting	10	10	chmn; pres (8)	DOM AFF: Argus
Teck Corp.	3	12	(1)	
Thomson Newspapers	5	7	chmn & pres; depy chmn; exec v. pres & man.dir. (2)	MR US SUB
Toronto Harbour Comm.	3	4	chmn (2)	
Trans Mountain Pipe.	3	8	(3)	MR CAN
Triarch Corp.	4	9	chmn (4)	FOR SUB
UAP Inc.	3	8	chmn (3)	S. CAN
Union Carbide Canada	4	11	pres (3)	MR US SUB*
Uniroyal Ltd.	3	13	(3)	MR US SUB
United Aircraft of Can.	5	14	pres (3)	MR US SUB
United Corpor.	4	10	v. pres (2)	MR
United Domin. Grp. (Can)	3	5	(2)	MR UK SUB
Wabasso Ltd.	7	14	chmn & pres (7)	S. CAN*
Warrack Hersey Int'l	7	9	chmn; pres & ceo (3)	S. CAN
Westinghouse Can.	4	11	exec v. pres admin & finances	
Westcoast Petroleum	4	8	chmn (1)	MR US SUB
				DOM AFF: Westcoast Transmission

LEGEND

CAN	--	Canadian
DOM	--	Dominant
SUB	--	Subsidiary
AFF	--	Affiliate
MR	--	Middle Range
US	--	United States
FR	--	French
UK	--	United Kingdom
SWITZ	--	Switzerland
S	--	small
FOR	--	Foreign
chmn	--	chairman
pres	--	president
ceo	--	Chief Executive Officer
v. pres	--	vice president
depy chmn	--	deputy chairman
gen. counsel	-	general counsel
man. dir.	-	managing director
sec	--	secretary
exec comm	-	executive committee
treas	--	treasurer
hon.	--	honourary
gen. mgr.	-	general manager

INTERLOCKING DIRECTORSHIPS OF DOMINANT CORPORATIONS

BY SECTOR and CONTROL, 1972 year end

[illegible]

*The three interlocks are between banks and mortgage companies only. Banks and trust companies are now restricted by legislation (since 1971) from interlocking directorships.

50

FR	CN	CN	CONTROL
3	3	-	Banks
12	1	3	Insurance
5	1	1	Invest. Co.
0	-	-	Trust & Mort.
0	-	-	Other Finance
19	11	4	TOTAL FINANCE
6	3	3	TRADE
10	4	2	UTILITIES
1	-	1	Metal Mines
2	1	-	Mineral Fuels
7	1	-	Petroleum
6	1	4	Wood & Paper
1	1	-	Non-met. Miner.
12	3	6	TOTAL RESOURCE
7	3	1	Food & Beverage
1	1	-	Primary Metal
0	-	-	Transpbrt. Equip.
5	4	1	Other Industrial
13	8	1	TOTAL INDUSTRIAL
61	30	18	ALL DOMINANT INTERLOCKS

93 100. 62. 45 18 316 65 122 37 19 41 79 21 197. 40 43 10 48 141 843

2

[illegible]

Oshaka Gr.

[illegible]

-4- Interlocking Directorships (cont'd)

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-5- Interlocking Directorships (cont'd)

WOOD INDUS.		CONTROL		Banks		Insurance		Invest. Co.		Trust & Mort.		Other Finance		TOTAL FINANCE		TRADE		UTILITIES		Metal Mines		Mineral Fuels		Petroleum		Wood & Paper		Non-met. Miner.		TOTAL RESOURCE		Food & Beverage		Primary Metal		Transport. Equip.		Other Industrial		TOTAL INDUSTRIAL		ALL DOMINANT INTERLOCKS																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
B.C. Forest	CS	2	1	-	-	-	-	-	-	-	-	-	-	3	2	-	-	-	-	2	1	1	1	1	1	1	1	1	5	1	-	-	-	-	-	-	-	-	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1

-6- Interlocking Directorships (cont'd)															
TRANSPORT, EQUIP. CONTROL															
Gen. Mot. US	-	-	-	-	-	-	-	-	-	Banks	Insurance	Invest. Co.	Trust & Mort.	Other Finance	TOTAL FINANCE
Ford Mot. US	3	2	2	2	2	2	2	2	2	7	-	-	-	-	-
Chrys. Can. US	1	1	1	1	1	1	1	1	1	2	-	-	-	-	-
TOTAL	4	4	4	4	4	4	4	4	4	10	0	0	0	0	0
CHEMICALS															
Can. Ind. UK	4	2	1	1	3	11	-	1	-	-	-	-	-	-	-
MACHINERY															
Hessy-Fern	5	3	7	3	5	18	5	1	1	6	1	8	1	2	36
IBM Can. US	3	1	1	2	2	7	-	1	-	-	-	1	1	-	11
ELECTRIC PROD.															
Can. Gen. E. US	4	-	1	2	2	7	1	-	-	1	-	1	1	3	14
OTHER															
Imasco UK	1	-	-	-	-	1	-	-	-	-	-	-	-	-	1
Boothmans SA	2	1	-	-	-	4	-	-	-	-	-	-	-	-	5
TOTAL	19	8	10	10	1	48	6	4	1	7	2	11	5	6	87
TOTAL INDUSTRIAL															
54	33	21	28	5	141	12	26	9	6	8	15	5	43	4	7
306	220	144	136	37	841	134	231	71	44	74	146	47	392	75	71
18	82	246	1848												
ALL DOMINANT INTERLOCKS															

DISTRIBUTION OF DIRECTORSHIPS
BY CORPORATION, RESIDENCE AND BIRTH, 1972

BANKS	C o n t r o l	<u>RESIDENCE</u>				t o t a l	<u>BIRTH*</u>			
		CAN	US	UK	OTH.		CAN	US	UK	OTH.
Royal	CN	36	1	2	3	42	31	5	3	3
Can. Imperial	CN	55	2	2	3	62	51	5	3	3
B. of Montreal	CN	51	1	2		54	40	8	4	2
B. Nova Scotia	CN	29	1	3		33	26	3	4	
Toronto-Dominion	CN	37	2	1		40	30	6	4	
Total Banks		208	7	10	6	231	178	27	18	8
<u>INSURANCE</u>										
Sun Life	CN	18	1	1		20	14	3	3	
Manufacturers	CN	12	2			14	10	2	2	
London Life	CN	12				12	12			
Canada Life	CN	13	2	1		16	11	3	2	
Metropol. Life	US	2	4			6	2	4		
Confeder. Life	CN	15		1		16	14	1	1	
Prudential	US	10				10	10			
Mutual Life	CN	18				18	17	1		
Crown Life	CN	19		2		21	16	2	2	1
N. Amer. Life	CN	16		1		17	12	2	2	1
Standard Life	UK	9				9	8		1	
Total Insur.		145	9	6	0	159	126	18	13	2
<u>HOLDING CO.</u>										
Alcan Alum.	US	6	7	1	1	15	14	8	2	1
Brascan	CN	10	6	1	5	22	10	6	1	5
Anglo-Can. Tel.	US	3	6			9	2	7		
Moore Corp.	CN	8		1		9	6		3	
Woodward Stores	CN	18	1			19	18	1		
Racier	UK	3		3		6	3		3	
Woodbridge	UK	6				6	5		1	
Trizec	UK	16		2		18	14		3	1
Shell Invest.	NETH	7	1	1		9	4	2	3	
Power Corp.	CN	17	1			18	16	1		1
Argus Corp.	CN	15	1		1	17	10	4	2	1
Total Holding Co.		109	23	9	7	148	92	29	18	9

* Canadian birth is defined as born in Canada or to parents temporarily resident outside Canada (e.g., schooling, temporary placement). The assumption is made that those for whom data is not available are born in Canada and a further assumption is made that foreign residents were born in the country of present residence.

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lRESIDENCE
CAN US UK OTHBIRTH*
CAN US UK OTHSALES FINANCE

IAC Ltd.	CN	15				15	13	2	
Traders Group	CN	16				16	12	2	1
GM Accept.	US	6	3			9	4	5	
Avco Financial	US	2	10			12	2	10	
Glengair Group	CN	10				10	9		1
Can. Accept.	US	7	3			10	6	4	
Benefic. Fin.	US	7	2			9	7	2	
Total Sales Finance		63	18	0	0	81	53	23	4

TRUST CO.

Royal	CN	28				28	25	1	2
National	CN	32	1	2		35	30	2	3
Guaranty	CN	30				30	25		3
Montreal	CN	31				31	28	1	2
Victoria & Grey	CN	27				27	26		1
Total Trust Co.		148	1	2	0	151	134	4	11

MORTGAGE

Canada Perm.	CN	30				30	29	1	
Huron & Erie	CN	15				15	15		
Crédit Foncier	FR	5			8	13	1	1	2
Total Mortgage		50	0	0	8	58	45	2	2

OTHER FINANCE

Wood Gundy	CN	23		1		24	23		1
Total Other Finance		23	0	1	0	24	23	0	1
TOTAL FINANCE --		<u>745</u>	<u>58</u>	<u>28</u>	<u>21</u>	<u>852</u>	<u>651</u>	<u>103</u>	<u>67</u>

RETAIL

Eatons	CN	11				11	9	1	1
Simpsons-Sears	US/CN	8	6			14	7	7	
Steinbergs	CN	10				10	7		3
Hudson's Bay	UK	13		5		18	13		5
Simpsons	CN	14				14	14		
F.W. Woolworth	US	9	6			15	9	6	
Dominion Stores	CN	12				12	12		
Can. Safeway	US	7				7	7		
S.S. Kresge	US	5	10			15	5	10	
Zellers	US	10	3			13	9	4	
Total Retail		99	25	5	0	129	92	28	6

		RESIDENCE				t o t a l	BIRTH*			
		CAN	US	UK	OTH		CAN	US	UK	OTH
<hr/>										
<u>WHOLESALE</u>										
Oshawa Group	CN	12				12	12			
M. Loeb	CN	9				9	8			1
Can. Fire	CN	10				10	10			
Irving Oil	US	4	6			10	4	6		
J. Richardson	CN	4				4	4			
Total Wholesale		39	6	0	0	45	38	6	0	1
TOTAL TRADE --		<u>138</u>	<u>31</u>	<u>5</u>	<u>0</u>	<u>174</u>	<u>130</u>	<u>34</u>	<u>6</u>	<u>4</u>

COMMUNICATIONS

Bell Canada	CN	21	1			21	17	3	1	1
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ELECTRICITY, GAS & WATER

Northern & Cen.	CN	11	3		1	15	11	3		1
Consumers' Gas	CN	15				15	13	2		
Can. Utilities	US	8	2			10	7	2	1	
Calgary Power	CN	11				11	11			
Union Gas	CN	12	1			13	12	1		

RAILWAYS

Can. National	CN	14				14	12			2
Can. Pacific	CN	18	2	2	1	23	13	4	5	1

PIPELINES

TransCanada	CN	15	1			16	12	3	1	
Interprovincial	US	11				11	8	3		
Westcoast Trans.	US	8	1			9	5	3		1
Alberta Gas										
Trunk	CS	11				11	10	1		

TOTAL UTILITIES --		<u>155</u>	<u>11</u>	<u>2</u>	<u>2</u>	<u>170</u>	<u>130</u>	<u>25</u>	<u>8</u>	<u>6</u>
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METAL MINING

Int'l Nickel	US	8	12	3	1	24	4	15	4	1
Noranda Mines	CN	11	1			12	11	1		
Falconbridge	US	7	4	1		12	7	4	1	
Total Metal Mining		26	17	4	1	48	22	20	5	1

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CAN US UK OTH

CAN US UK OTH

MINERAL FUELS

Pacific Petrol. US	5	2			7	3	4		
Amoco Can. Pet. US	4	2			6	3	3		
Hudson Bay G&O US	7	5			12	6	6		
Texaco Explor. US	1	9			10	1	9		
Mobil Oil US	4	1			5	3	2		
Gt. Can. Oil Sands US	8	2			10	6	4		
Total Mineral Fuels	29	21	0	0	50	22	28	0	0

PETROLEUM

Imperial Oil US	9				9	8	1		
Gulf Oil US	11	1			12	10	2		
Texaco Can. US	10	3			13	9	4		
BP Canada UK	8		4		12	7		5	
Petrofina BELG	11	1		4	16	8	1	1	6
Husky Oil US	6	6			12	5	7		
Total Petroleum	55	11	4	4	74	47	15	6	6

NON-METALLIC MINERALS

Genstar BELG	9	1	1	5	16	6	3	1	6
Can. Cement L. FR	15			3	18	15			3
Total Non-Met.	24	1	1	8	34	21	3	1	9

WOOD INDUSTRIES

B.C. Forest CS	9	5			14	9	5		
Weldwood US	8	2			10	7	2		1
Total Wood Prod.	17	7	0	0	24	16	7	0	1

PAPER PRODUCTS

MacMillan Bloedel CN	15	4			19	15	4		
Domtar CN	17	2			19	15	3	1	
Consol. Bath. CN	14	1			15	13	2		
Abitibi Paper CN	14	4			18	13	5		
Price Co. UK	11		5		16	12		4	
Crown Zeller. US	15	1			16	14	1	1	
Total Paper Prod.	86	12	5	0	103	82	15	6	0

TOTAL RESOURCES	--	<u>237</u>	<u>69</u>	<u>14</u>	<u>13</u>	<u>333</u>	<u>210</u>	<u>88</u>	<u>18</u>	<u>17</u>
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	C O N T R O L	RESIDENCE				T O T A L	BIRTH*			
		CAN	US	UK	OTH		CAN	US	UK	OTH
<u>FOOD & BEVERAGE</u>										
Distillers Corp.	CN	6	5		1	12	6	5		1
George Weston	CN	10		1		11	9	1	1	
Hiram Walker	CN	7	5			12	7	5		
Can. Packers	CN	11	2	1		14	11	2	1	
Molson Indus.	CN	15	1			16	15	1		
John Labatt	CN	16				16	16			
Total Food & Bev.		65	13	2	1	81	64	14	2	1
<u>PRIMARY METAL</u>										
Steel Co. of Can.	CN	13	2			15	9	3	3	
Dominion Found.	CN	12				12	11	1		
Algoma Steel	GERM	11	1		2	14	9	2	1	2
Total Primary Metal		36	3	0	2	41	29	6	4	2
<u>TRANSPORT, EQUIP.</u>										
Gen. Motors	US	3	4			7	1	6		
Ford	US	8	4			12	7	5		
Chrysler	US	5	4			9	5	4		
Total Transp.		16	12	0	0	28	13	15	0	0
<u>CHEMICALS</u>										
Can. Indust.	UK	10	1	1		12	9		2	1
<u>MACHINERY</u>										
Massey-Ferg.	CN	11	4	3		18	9	6	3	
IBM Can.	US	9	2			11	8	2		1
Total Machinery		20	6	3	0	29	17	8	3	1
<u>ELECTRICAL PROD.</u>										
Can. Gen. Elec.	US	10	5			15	8	7		
<u>OTHER MANUFACTURING</u>										
Imasco	UK	8	1	1		10	8	1	1	
Rothmans	SA	8		1	1	10	7		2	-1
Total Other		16	1	2	1	20	15	1	3	1
TOTAL INDUSTRIAL --		<u>173</u>	<u>41</u>	<u>8</u>	<u>4</u>	<u>226</u>	<u>155</u>	<u>51</u>	<u>14</u>	<u>6</u>
ALL DOMINANT CORP.		1448	210	57	40	1755	1277	301	113	64

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