

## BY INNIS OUT OF MARX: THE REVIVAL OF CANADIAN POLITICAL ECONOMY

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Leo Panitch (ed.), *The Canadian State: Political Economy and Political Power*, University of Toronto Press, 1977, pp. 475.

Evidence of a revival of the tradition of political economy in Canada is piling up. It has already produced some excellent works by a new wave of young Canadian scholars. The drawing power of the sessions on political economy at the last several Canadian Political Science Association annual meetings attests to a growing interest in the manifold relations between the state and economic life.

That this is a renaissance rather than a steady continuation of the tradition is clear, at least in the political science field. It is true that Canada has a long tradition of political economy, both in the sense that the Canadian state has from its beginning been unusually closely linked with capitalist economic enterprise, and in the sense that this interrelation has been seen pretty steadily for the last 50 years by a significant number of historians and economists (although not by very many political scientists), and made central to their analyses. Historians and economists, and especially economic historians, could handle this more or less effectively, starting from their received theoretical frameworks and professional methods. Political scientists and theorists, on the whole, could not, perhaps because they had no such clear general theory as the economists but only a diffuse pluralist vision. This was the picture until about a decade ago.

One or two economists and economic historians, notably Veblen and Innis, had indeed gone beyond the received theoretical frameworks and struck out in new directions. Veblen was rejected during his lifetime, although taken up years later. Innis was honoured in his lifetime, for many of his qualities — as a Canadian nationalist, as an academic defender and asserter of the claims of pure scholarship, and as an outstanding Canadian scholar. In his lifetime, however, many of those who honoured him did not seem to have had any clear comprehension of what he was doing to reinstate and broaden the tradition of political economy.

The Innis tradition seemed to have petered out within a few years after his death in 1953. Now it is back with a vengeance. It may seem ironical that the

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Canadian political economy tradition is now, in the 1970s, being rebuilt mainly by a new generation of Canadian scholars whose orientation is Marxist. Those who knew Innis will remember his sardonic view of Marxism. Innis' springboard was Veblen, not Marx; and Veblen's brilliance as a scoffer and underminer of "the price system" may have led Innis to accept, or take for granted, Veblen's jejeune and misleading reading of Marx, and so to write Marx off and go on his own way, first as a painstaking economic historian, then as an analyst of communication and empire. The further he went on his own, the closer (unconsciously, or certainly not explicitly) he moved towards a Marxist analysis. If his life had not been cut short so early, this might have become more apparent. So it is not surprising, after all, to find that the resurgence of the political economy tradition comes from a new generation of Canadian scholars who start from Marxist rather than Veblenian assumptions.

Nothing might have changed since Innis' death had there not recently arisen, in Western Europe, England and the U.S. a new interest in, and lively controversy about, Marx's (incomplete) theory of the state. In the last decade, however, a remarkable literature on that has been produced, to mention only the debates between Ralph Miliband and Nicos Poulantzas, and the contributions of Habermas, Clause Offe, James O'Connor and Alan Wolfe. They have put forward some substantial hypotheses about the nature of the modern capitalist state and about the most fruitful ways of analysing it.

These have had a striking impact on the new Canadian political economy. Surely no one would say that it is colonialist for Canadian scholars to see their job as developing, in the Canadian federal context, the hypotheses and conclusions of an analysis based mainly on more unitary European states. This is what has been done, with seminal effect, in the volume under review. This remarkable volume is at once a record and a guidepost: a record of the strides made in recent years by the political economy approach to problems of understanding Canadian political society, and a guidepost pointing to avenues that should be further explored.

For the political theorist, its greatest merit is that it rescues us from what had become the standard pattern of North American political science. Until a few years ago, Canadian political science seemed to be sunk in a morass of pluralist equilibrium models of the political process, which were oblivious to the class dimension of the state in any capitalist society. There were some exceptions, notably those, such as Stanley Ryerson, who sought to come to terms with the bi-national character of Canadian society; but on the whole, Canadian theorists were content to work with the American, or the even earlier British Idealist, pluralist models.

Now we have a new paradigm. It builds on Western European experience, and this brings us closer to the reality of the late 20th century state. The European states have been compelled to face the imperatives of the late 20th century sooner than we have had to: class issues there have surfaced earlier than here, but they are in the offing here. The merit of the Panitch volume is that it explores this in detail, and over a very wide range of political problems.

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No matter how well-informed a Canadian student or professional scholar is about Canadian political and social institutions as a whole, he will have something to learn from the studies in this volume. The scholar who knows a lot about Quebec or Alberta or federalism is rarely as well-informed about, say, Canadian health care; the student of elites about the structure of Canadian employment patterns; the student of provincial governments about the pattern of representation in the formation of federal public policy; the student of the welfare state about the role of the Canadian state in the arts, or the roots of Canadian educational policy; and so on. All of us have something worthwhile to learn from this volume, which deals with all these matters.

Perhaps the most important thing, however, is that the reader is now, for the first time, given substantial material on which to make a judgment of the Marxist approach to a wide range of Canadian problems. Opinions about the value of that approach will of course differ, but it will no longer be plausible, as it was until recently, for anyone to plead ignorance or lack of evidence for forming such a judgment.

Western Marxist theory has made considerable strides in the last decade, especially in its analysis of the state. Marx had left only fragments of a theory of the state: subsequent official Marxist doctrine had not added much to it, being generally content to treat the state as a superstructure whose nature was determined by the economic base. That treatment appeared increasingly unrealistic as the 20th century state expanded its activity into all spheres of society, including the economy. The response by those Western Marxists, who have come to be known as neo-Marxists, was to take a fresh look at the role of the state in capitalist society, in an attempt to produce a full-fledged Marxist theory of the state. They are not unanimous, as witness the vigorous controversy between Miliband and Poulantzas and the different emphases of Habermas and O'Connor, but some guiding concepts have emerged.

The most important of these, and the most frequently used by the authors of *The Canadian State*, are the concepts of the accumulation function and the legitimization function. These are held to be functions which must be performed continuously by the state in a capitalist society, over and above the coercive function of protecting person and property which must be performed by the state in any society. The accumulation function is the provision of means to ensure the continuing accumulation of capital, without which a capitalist economy cannot maintain itself. This requires, in an advanced capitalist society, a wide range of state activities, e.g. monetary and fiscal measures to limit damaging swings in the economy, direct and indirect subsidies to some areas of the economy, regulation of labour/capital relations, imposition of orderly marketing boards, some control of natural resource exploitation, expenditure on research and development and education, and of course provision or support of an infrastructure of transportation and communications facilities. All of these are required in the interests of capital as a whole, but some of them are resisted by some sections of capital, or even at times by capital as a whole. The performance of this function therefore requires that the state have a

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relative autonomy from capital, the more so in that all of this activity is expensive and (to the extent that the share of labour in the national income cannot be reduced) must be funded at the expense of profits, *i.e.* at the expense of the accumulation of capital.

The other necessary function of the state, in any class-divided society, is to legitimate its rule to the under-class. This presented comparatively little problem in pre-capitalist and early capitalist societies, but in advanced capitalist societies, which normally have a democratic franchise, it becomes a serious problem for the state. The problem is reduced by the party system, which tends to obscure class issues and to discourage popular participation in the political process. It has, however, required, and will presumably continue to require, an increasing level of welfare-state activity. This is also expensive, and together with the cost of performing the accumulation function, creates a constant dilemma for those who operate the state. In effect they must carry on a continuous balancing act between the demands of the two functions, a task of extreme difficulty whenever the economy falters or its rate of growth declines.

The neo-Marxist theory is a good deal more intricate than this sketch indicates. For instance, it also deals with the disparities of influence and power *vis-a-vis* the state as between capital (and labour) in the monopolistic, the competitive, and the public sectors, and with changes and rates of change in these and other factors. It is not an infallible framework of analysis. Some of the content can be quantified but many of the judgments must be qualitative and speculative. Nevertheless it has produced a valuable body of scholarly work which throws quite a new light on the modern state.

This new theoretical framework, which has been developed mainly from the experience of unitary European states, cannot be mechanically applied to a federal, bi-national and economically semi-colonial country such as Canada. The authors of *The Canadian State* are well aware of this. The great interest of the volume is that the authors have tried, successfully on the whole, to enlarge and extend the framework to deal with such things as the federal division of state power in Canada, the bi-national problem, the roles of indigenous and branch-plant capitals (and of commercial/financial *vs.* industrial capitals) in relation to the state. Another feature of interest is the collaborative nature of the volume: as the editor remarks, it is not simply a collection of original essays on a central theme. For while the authors have never sacrificed their independent points of view, they had seen many of each other's drafts and had profited by each other's criticisms. So while it is (fortunately) not the work of a "collective", it has more coherence than one usually finds in a collected volume.

I shall not attempt an appraisal of each of the fifteen essays that make up *The Canadian State*. It seems much more important to signal, as I have tried to do, the value of the work as a whole. If it did no more than alert Canadian scholars and students in the social sciences to the existence of a new body of theory, of which many of them were scarcely aware, it would have made a worthwhile contribution, but it does much more. In extending the theory to deal with

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Canada as a special case it demonstrates that the neo-Marxist theoretical framework is a highly effective instrument for disclosing the realities of the Canadian state.

As the second volume sponsored by SPEC (Studies in the Political Economy of Canada), it is more than a worthy successor to the first such volume (*Capitalism and the National Question in Canada*, edited by Gary Teeple, 1972), for it opens up a wider vista. It comprises, as the authors would acknowledge, only first steps towards a full theory of the Canadian state, but the authors are young, and show every promise of filling out that theory with more sustained works. Not since Innis have the prospects of Canadian political economy been so bright.

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