Canadian Imperialism into the Twenty-First Century: Capitalism, Sovereignty and the Challenges of Multipolarity

by

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A Thesis submitted to the Faculty of Graduate Studies of

The University of Manitoba

in partial fulfilment of the requirements of the degree of

MASTER OF ARTS

Department of Political Studies

University of Manitoba

Winnipeg

Abstract

This thesis argues that in the post-Cold War period, Canadian foreign policy has pursued neoliberal transformation around the world while undermining international norms of sovereignty, with the overriding goal of facilitating the international expansion of Canadian capital. Despite considerable success, this project is being undermined by the forces driving the emergence of a multipolar world. This thesis begins by critically engaging left nationalist accounts of Canadian capitalism's development in the post-Confederation period, as well as their critics. While the former seemed to discount imperialism within and beyond Canada's borders as a foundation of Canadian capitalism, their critics' conception of Canada's relationship with imperialism also suffers from some important weaknesses. Against this theoretical backdrop, this thesis analyzes the class forces driving Canada's transition to continental neoliberalism in the wake of the crises of the 1970s and reconsiders its implications for Canadian sovereignty in light of Canada's shift toward negotiating modern treaties with Indigenous peoples. In the post-Cold War period, the thesis argues that Canada foreign policy became increasingly dedicated to facilitating the international expansion of Canadian capital through the pursuit of neoliberal transformation around the world. The driving forces of this shift and some of the concrete changes in Canadian foreign policy are examined. Next, the thesis looks at Canada's leading role in developing the ideology of and normalizing the practice of humanitarian intervention, with reference to the Responsibility to Protect doctrine and its application in the 2004 coup d'état in Haiti. The thesis ends by considers the challenges facing Canada's imperialist project of aggressively pursuing neoliberal transformation around the world by analyzing the contradictions of Canada's bilateral relations with the People's Republic of China.

Acknowledgements

This thesis is the product of more than four years of research, and many mentors, teachers, organizations, friends, and relatives left their mark on this thesis in one way or another. While they are too many to list exhaustively here, I'd like to mention a few in particular.

Thanks first to my thesis supervisor, Radhika Desai, from whom I continue to learn so much. Thanks also to my thesis committee, Peter Kulchyski, Brian Peeler and Fletcher Baragar, who have provided helpful and constructive feedback on many aspects of this thesis. Thanks are also due to the many teachers who had a great influence on my work over many years of education, including Thierry Lapointe, Alan Freeman, Kiera Ladner, Barry Ferguson, Jorge Nallim, Jöel Tétrault, and many more.

Thanks to the Faculty of Graduate Studies for helping fund my research through the University of Manitoba Graduate Fellowship from 2019 into 2021.

Thanks to my partner, James Moon for their endless love and support throughout this entire process. Thanks to my mother, father, sister and family for the same. Thanks also to Phoenix Hourie and Sav Jonsa for their friendship and tireless support, which has meant so much to me through these tumultuous years.

Thanks also to the many dedicated activists, organizers and organizations I have been lucky enough to work with over the course of writing this thesis. The lessons I've learned through my experiences in practical struggle has been essential in shaping the understanding of the dynamics of Canadian capitalism on display in this thesis.

Dedication

This thesis is dedicated to my mother, Barb.

Through years of dedicated guidance, laughter, support, struggle, and love, she took great care to teach me that it's always okay to ask "why?"

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Introduction

On January 8th 2019, the Royal Canadian Mounted Police (RCMP) descended upon unceded Wet'suwet'en territory to enforce an injunction to remove the Unist'ot'en Camp checkpoint in order to clear the way for the construction of the Coastal Gaslink natural gas pipeline. On January 23rd, 2019, the Canadian government recognized Juan Guaidó as the legitimate President of Venezuela. Guaidó had recently sworn himself in as President on the streets of Caracas, even though he had not run as a candidate in the Presidential election. As it would turn out, Canada's recognition came only two weeks after then Foreign Affairs Minister Chrystia Freeland spoke with Guaidó and congratulated him on "unifying opposition forces in Venezuela" against Nicolás Maduro and the governing United Socialist Party of Venezuela (Carbert, 2019).

In the first month of 2019 then, the Canadian government oversaw the invasion of unceded Indigenous land by the Canadian state's repressive forces, and opted to recognize an obscure opposition politician as the President of a Third World country.

This stood in stark contrast with Trudeau's vaunted "sunny ways." Campaign promises to prioritize renewing nation-to-nation relationships with Indigenous peoples stood in stark contrast with militarized police violently raiding Indigenous land. Trudeau's foreign policy declaration upon forming government – "[t]o this country's friends all around the world, many of you have worried that Canada has lost its compassionate and constructive voice in the world …. Well I have a simple message for you. On behalf of 35 million Canadians: We're back," (quoted in Browne, 2019) – was similarly hard to square with Canada's leading role in supporting an attempted coup d'état.

Striking as it was to see such brash, flagrant and militarized suppression of Indigenous sovereignty and such brazenly self-interested interference in Venezuela's internal affairs less than two weeks apart from one another, this moment was profoundly emblematic of Canada's relationship with imperialism and sovereignty.

This thesis explores the political economy and politics of imperialism and sovereignty in Canada. On a basic level, this thesis seeks to explain the foundational importance of imperialism – settler imperialism at home and imperial relations with the rest of the world as a country nestled in structures of imperial privilege – to Canada's political, economic and social structures through history and into the present.

The reproduction of capitalist class rule in Canada depends on imperialism within and beyond Canada's borders to this day. Imperialism is an enduring feature of Canadian political life because the social forces that rule Canada depend on it to sustain their rule. Imperialism is woven into the fabric of Canada's political economy and the international posture that emerges from therefrom.

Historically and today, the Canadian state has served to facilitate the international expansion of Canadian capitalism. Following Confederation, the Canadian state has been at the center of a long process of westward and northward settler colonial expansion. The expansion of Canadian sovereignty through settler colonialism has been a historical prerequisite to the development and expansion of Canadian capitalism. At the same time, capital itself has been among the most important forces driving this territorial expansion. Given capital's need for unending growth and expansion, maintaining capitalism in practice means expanding capitalism and the form of this expansion has been settler colonialism through territories claimed by Canada and imperialism abroad. Thus, maintaining capitalism has historically required violating the sovereignty of nations that present obstacles to the international expansion of capital from the imperialist countries.

This thesis will focus more on imperialism beyond Canada's borders than imperialism within but insists that neither form of imperialism can be understood apart from the other. Settler colonial expansion has provided Canada with a territorial base for capitalist development. Capitalist

development, in turn, has provided Canada with the means to play an increasingly important role in imperialism's subjugation of nations around the world.

At the same time, the development of Canada and other "advanced" capitalist countries is inextricably linked to the gains of imperialism, especially the transfer of value from the Third World to the First World. In general, First World countries are structurally dependent on the Third World for resources and productive inputs that industrialized countries need but cannot produce themselves (Patnaik, 2015; Patnaik & Patnaik, 2016). Historically, the British investment that was so readily available to spur Canada's early development was inseparable from the British Empire's plunder of India and other colonies of exploitation (Desai, 2023, 66-8; see also Desai 2017). Since the 1990s, Canadian companies have come to engage increasingly and directly in transferring value produced in the Third World to the First World.

Thus, Canadian imperialism within its borders provides a foundation for imperialism beyond its borders, and Canada's industrialized regime of settler colonial expansion has ultimately been made possible by the gains of imperialism beyond its borders. Settler colonial expansion has secured a territorial base for Canadian capitalism, and for international power projection by the Canadian state in service of capital's need for international expansion.

The history of capitalist imperialism entered a new phase with the breakdown of the post-War order and the beginning of the "long downturn" of the capitalist world economy in the early 1970s. Through the struggles that emerged to shape the path out of the crisis, the Canadian capitalist class emerged as a mature, well organized, and serious political force. In so doing, it able to reduce the relative autonomy of the state and play a lead role in reorienting the sovereign functions of the Canadian state in ways commensurate with their interests in a stable investment climate at home and abroad. In this context, organized Canadian capital has found considerable success in shaping Canadian foreign policy to its interest in international expansion.

With this historical context in mind, this thesis argues that in the post-Cold War period, Canadian foreign policy has pursued neoliberal transformation around the world while undermining international norms of sovereignty, with the overriding goal of facilitating the international expansion of Canadian capital. Despite considerable success, this project is being undermined by the forces driving the emergence of a multipolar world.

This thesis makes this case through five chapters. The first chapter argues that left nationalist CPE failed to appreciate imperialism both within and beyond Canada's border as a key foundation for the production and reproduction of capitalism in Canada, and this fundamentally weakened its understanding of Canadian capitalism.

The first section reviews some of the major points of contention between 1970s left nationalists and some of their critics. The second section argues that left nationalism's failure to account for settler colonialism as an essential foundation for Canadian capitalism seriously weakens CPE's understanding of Canadian capitalism and the state's role in reproducing it. It outlines an alternative approach to understanding the foundational importance of settler colonial expansion to capitalism in Canada.

The last section argues that left nationalist CPE seriously misunderstood Canada's relationship with imperialism and its place in uneven and combined development at the world level. This section uses a geopolitical economy approach to demonstrate that rather than *constraining* Canada's capitalist development as left nationalism emphasized, Canada's relationship with imperialism *enabled* it to become one of the most industrially advanced countries in the world by the turn of the twentieth century.

The second chapter turns to analyze Canada's drive toward continental free trade. The chapter argues that Canada's transition to continental neoliberalism did not entail the erosion of Canadian sovereignty, but instead entailed the reorientation of sovereign state power in the interests

of capital. Through the struggles to shape the path forward form the crisis period of the 1970s, the Canadian ruling class reduced the relative autonomy of the Canadian state and acted as the primary driving force in the transition toward continental neoliberalism via continental free trade agreements. In the years after free trade, the Canadian capitalist class enhanced its international position while maintaining the cohesion of the national corporate community.

The next chapter argues that following the end of the Cold War, Canadian foreign policy has come to prioritize the goal of opening up opportunities for the international expansion of Canadian capital. To this end, it has pursued neoliberal transformation around the world. It draws on a set of critics of left nationalism that position Canada as an imperialist power. These authors explain the shift towards steadfast pursuit of neoliberal transformation as driven fundamentally by 1) Canada's emergence as a net capital exporter in the late 1990s, 2) the political work of a well-organized Canadian capitalist class and 3) the temporary weakening of countersystemic forces around the world. The result has been that Canada prioritized economic liberalization in bilateral and multilateral diplomacy. In this period, Canada successfully positioned itself "among the very small group of countries at the top of the [hierarchical international system] that shapes and implements the policies of the 'Washington Consensus'" (Kellogg, 2015a, 170).

The next chapter argues that in the same period, Canadian foreign policy played in important role in undermining international norms of state sovereignty by laying the ideological foundation for justifying the practice of humanitarian intervention, especially in its leading role the development of the Responsibility to Protect doctrine. Beyond its role in providing an ideological basis for the practice of humanitarian intervention, it played a key role in putting the doctrine into practice in the 2004 coup d'état against Haiti's Jean-Baptiste Aristide, which allowed imperialist powers to secure the continuity of neoliberalism in Haiti at the expense of popular sovereignty.

The final chapter looks at the challenges for Canada's imperialist project amid the shift toward multipolarity in the world system by focusing on Canada's relations with the PRC. I argue that the PRC represents a challenge to Canada's imperialist project of promoting neoliberal transformation around the world and undermining international norms of sovereignty in two main ways. First, Canadian capital's position in China is fundamentally contradictory. While the opportunities of China's socialist market economy are too important for the Canadian ruling class to ignore, they are forced to operate on the illiberal terms set by the Chinese state. Second, while there has been a political consensus that Canada should seek to change China since recognition of the PRC in 1970, the latter's sovereign development constrains Canada's ability to do so. In this context, there has been profound disagreement among influential social and political forces over *how* to change China, and in this context the Canadian state has failed to synthesize a coherent strategic approach to China.

1. Imperialism and the of Critique of Canadian Left Nationalism

The 1970s saw a revival of the Canadian Political Economy tradition (CPE) (Helleiner, 2020, 26; see also Macpherson, 1979). Having been marginalized in Canadian political science and economics departments throughout the 1950s and 1960s, CPE's revival in the 1970s was galvanized by the Task Force on Foreign Ownership and the Structure of Canadian Investment, better known as the Watkins Report (Canada, 1968).

The literature that came in the wake of the Watkins' report picked up on its concerns over the high level of foreign (especially US) ownership in the Canadian economy. American foreign direct investment in Canada would be a central concern of this literature. For Wallace Clement (2019, 26), the focus on both class and nation defined this emerging Canadian political economy, which encompassed a nationalist element and a socialist element. These scholars sought to develop a distinctly Canadian approach to political economy amid the dominance of perspectives and concerns from the UK and the US in the Canadian social sciences. The content of this literature reflected this nationalistic sentiment. The notion that "Canada's sovereignty was undermined by the large presence of American multinational corporations in the Canadian economy," became a point of unity within the emerging left nationalist canon, and the "[l]egacies of this early work remained in the NCPE tradition as it evolved after the 1970s," (Helleiner, 2020, 27).

Paul Kellogg (2015a, 7) considers the late 1960s through the 1970s to be the first moment of Canadian left nationalism. Left nationalist political economy at this time was heavily influenced by dependency theory. Left nationalism found its primary political expression in the Waffle movement within the NDP.

This literature remains an important point of departure for three main reasons. First, it is foundational to the discipline of CPE as it exists today. Mel Watkins, Leo Panitch, Kari Polanyi Levitt, Jim Laxer, Gordon Laxer, Wallace Clement, and others are among the most influential names in the history of CPE, and their work from this period is still widely cited today. Second, they foregrounded nationalism in their academic analysis and in their political programme. They were bold in their presentation and very clear about the implications of their research. They went the furthest in developing left theory and formulating left strategy in Canada on a nationalist basis. Third, because this literature is nearly half a century old, enough time has passed to assess the literature's predictions and positions.

Although the appeal of nationalism seems to have waned on the Canadian left in recent years (see Kellogg, 2015a, 141-5), an alternative view of Canada's international position has yet to replace it. There are alternative views on offer, but none have come close to attaining the hegemonic status Left nationalism enjoyed throughout the 1970s and 1980s. In the absence of such an alternative, the assumptions of Left nationalism still tend to work their way into a good deal of left-wing analysis in Canada. Nationalism persists on the Canadian left less as an explicit position, but more as a latent tendency to look for American causes for Canadian developments.

For Clement (2019, 26), the 1970s was especially notable for three collections of essays: *Close the 49th parallel: the Americanization of Canada* edited by Ian Lumsden (1970), *Capitalism and the National Question in Canada* edited by Gary Teeple (1972), and *The Canadian State: Political Economy and Political Power*, edited by Leo Panitch (1977). Paul Kellogg (2005, see also 2015a, chapter 3) emphasizes the importance of Kari Polanyi Levitt's (1970/2002) and Mel Watkins' work in shaping the left nationalist tradition. Clement (1975) and Naylor's (1975) works were also very influential and important works.

This chapter takes these works as the primary reference points for its contribution to the critique of left nationalism. For the purposes of this critique then, left nationalism is broadly conceived. There are significant differences among the authors discussed here as Left nationalists. Leo Panitch (1981) criticized the staples approach to CPE from a Marxist perspective, championed by Mel Watkins (1963) and pioneered by Harold Innis. Both staples theorists and their neo-Marxist critics, however, accepted the image of Canada-as-weak as a starting point (Kellogg, 2015a, 164).

This chapter argues that left nationalist CPE failed to appreciate the importance of imperialism both within and beyond Canada's border, and this fundamentally weakened its understanding of Canadian capitalism. The maintenance of capitalism and the reproduction of capitalist class rule has depended on both imperialisms historically and to this day.

This chapter proceeds in 3 sections. The first section hones in on two central positions within the first moment of left nationalism and the responses of two prominent critics. The aim is not to review each work as such, but instead to tease out two key unifying theoretical shortcomings and review the major criticisms leveled against them.

Following this brief review, the next sections offer a twofold critique of left nationalist CPE's understanding of imperialism. The second section argues that left nationalism's failure to account for settler colonialism as an essential foundation for Canadian capitalism seriously weakens CPE's understanding of Canadian capitalism and the state's role in reproducing it. It highlights the literature's neglect of the settler colonial processes underlying Canada's westward expansion, which is characterized as "defensive." It outlines an alternative approach that uses Marx's concept of so-called primitive accumulation to understand the centrality of expropriation of Indigenous nations to the development of Canadian capitalism.

The last section argues that left nationalist CPE seriously misunderstood Canada's relationship with imperialism and its place in uneven and combined development at the world level.

The canon's outsized focus on Canada's underdevelopment relative to other advanced capitalist economies and its subordination to the UK and the US - the leading capitalist powers of the 19th and 20th centuries respectively - obscured Canada's position in the imperialist world order. Rather than constraining Canada's capitalist development, Canada's relationship with imperialism allowed it to engage in very successful combined development, access international opportunities unavailable to most bourgeoisies around the world and emerge as one of the most industrially advanced countries in the world by the turn of the twentieth century.

1.1. Critiques of Canadian Left Nationalism

1.1.1. Dependent or imperialist? Left nationalism and its critics

This section briefly reviews two central reasons why left nationalists' designated Canada as a rich yet underdeveloped country that was in some sort of deepening colonial relationship with the United-States. The first concerns their understanding of American foreign direct investment in the Canadian economy, and the second concerns the related merchants-against-industry thesis. I outline the broad contours of these arguments and review some of the main lines of criticism by two leading critics: William Carroll and Paul Kellogg.

The Waffle movement within the NDP was the highest political expression of Canadian left nationalism. The Waffle's *Manifesto for an Independent and Socialist Canada* (1969; better known as the *Waffle Manifesto*) set the tone quite effectively for left nationalist CPE's intellectual output of the 1970s. The *Manifesto*'s account of the problems facing Canada, their causes, and the solutions was extremely influential for a generation of Canadian political economists. Indeed, much of the left nationalist literature of the 1970s reads at least in part like an academic elaboration of some of the

Manifesto's claims. This is fairly unsurprising considering two of the leading intellectual figures of Canadian left nationalism - Mel Watkins and Jim Laxer - were two of the main authors of the *Manifesto* (Blocker, 2021, 59).

1.1.1.1. American control of the Canadian economy: a colonial relationship?

The *Manifesto* argued that American control of the Canadian economy poses an urgent threat to the survival of Canada. American economic control was said to operate through the multinational corporation. Canada had been reduced to a resource base and consumer market within in the American Empire. It was labeled both a "junior partner" in the American Empire and an "economic colony" of the United-States.

Kari Polanyi Levitt picked up on these lines of argument in her seminal work *Silent Surrender: The Multinational Corporation in Canada* (1970), arguing that "subsidiaries and branch plants of large American-based corporations have replaced the operations of the earlier European-based mercantile venture companies in extracting the staple and organizing the supply of manufactured goods," (23-4) In this context, Canada was being "recolonized" through the instrument of American direct investment (58). After some progress in economic development and relative political independence following Confederation, Canada had regressed to a state of economic and political dependence on the United-States. By the time of writing Canada could be considered "the richest underdeveloped country in the world," (25).

Moreover, Levitt and other left nationalists writing in the 1970s anticipated that things would get worse for Canada. Robert Laxer's influential edited anthology *Canada Ltd.: The Political Economy of Dependency* (1973), was notable for raising the spectre of the de-industrialization of Canada at the hands of American capital. Levitt, for her part, argued that "the branch-plant nature of

Canada's economy is likely in the not-so-long run to involve a serious loss in the material quality of living," (33).

There were two main problems with this generation of left nationalism's fixation on American FDI into Canada. First, the effects of large inflows of FDI into an advanced capitalist country cannot be conflated with the same in economically underdeveloped neocolonies. Kellogg argues (2015a, 103) that Canada had developed a viable home market and large industry by the end of the nineteenth century. These continued to develop so that by the 1970s period, it had a very large home market, more large-scale industry, and a small and diminishing proportion of the workforce engaged in agriculture and raw material extraction. As Kellogg explains, "Laxer, Levitt and much of the 1960s Canadian left … saw an influx of FDI into Canada and concluded that this put Canada into the category of other countries - in Central America, the Caribbean, Asia, and elsewhere - that were on the receiving end of imperialism," (Kellogg, 2015a, 103). But the simple identification of inward FDI with imperialist domination seriously misunderstood its developmental effects and implications of high levels of FDI in an advanced capitalist country, as a later generation of left nationalists would come to appreciate (see Williams, 1986, 4, quoted in *ibid*)

Perhaps more importantly though, American control of the Canadian economy did *not* continue to increase as Levitt and others had predicted. US control of the Canadian economy measured by share of assets and share of operating revenue peaked in 1968 at 27.7% and at 29.2% in 1969 respectively. US share of assets had declined to just over 10% per cent by 1991, and 9.05% by 2012. US share of operating revenues had declined to 16.26% by 1990, and after rising somewhat in the early 1990s and early 2000s, fell to 15.81% by 2012. So, to the extent that Canada has de-industrialized in the neoliberal era, this cannot be said to be the result of increasing levels of American control of the economy, as many left nationalists had predicted.

It is worth considering whether the decline in American control was the result of the nationalistic government measures implemented the Trudeau governments in the 1970s and 80s. If this were so, this would mean that the decline in American control was not due to the strength of Canadian capitalism, but due to government intervention. A few points can be made in response.

First, the decline in US control began in the late 1960s, about five years before the Foreign Investment Review Agency came into force and more than a decade before the National Energy Program. Second, while we will discuss Trudeau's interventions in a bit more detail in the next chapter, we can say for now that these were not really an industrial policy, or even a coherent policy package. Rather, they were a series of ad hoc measures and programs that were adopted in response to fast changing circumstances amid contradictory demands from within the business community and other constituencies over a period spanning more than a decade. One early analysis wrote that it was "possible to delineate an emergent national policy in process" and "embodied piecemeal in legislation and administrative structures," (Smiley, 1975, 55). Moreover, many of these measures lasted only a few years and none were in full effect for longer than a decade. Lastly, the view of at least many prominent left nationalists at the time and in the years that followed were that Trudeau's measures were too mild to have much effect on the deep, well-entrenched problems of dependency (Kellogg, 2015a, 79-80). The claim that Trudeau's interventions had caused the decline in American control might be more convincing if American control had begun to rise again following their dismantlement, but this did not happen. The decline has continued almost without interruption in the decades since.

None of this is to say that these measures were unimportant or that they did not have an impact. Rather, the point is that these measures took place in a broader context of already diminishing American control, undoubtedly owing to the onset of crisis conditions in the US, Canada, and the capitalist world economy in general. If we maintain that American control was

overturned primarily by a series of inconsistent and ad hoc policy measures implemented over the span of a decade at best, this would seem to suggest that the deep-rooted, fundamental and structural problems of Canada's position as a dependent branch-plant economy might have been exaggerated.

1.1.1.2. Merchants Against Industry?

The Manifesto also argued that "[w]ithout a strong national capitalist class behind them, Canadian governments, Liberal and Conservative, have functioned in the interests of international and particularly American capitalism."

This passage is getting at what came to be known as the merchants-against-industry thesis, which was primarily developed by Tom Naylor (1972) and Wallace Clement (1975). The merchants against industry thesis began from the premise that through its history, the Canadian economy had developed historically around the extraction and transport of a succession of staple products, meaning relatively unprocessed natural resources (Watkins, 1963). From this sprang a class of commercial capitalists that derived their wealth by financing the extraction and transportation of staples, rather than by investing in value-added production. This commercial faction of the capitalist class emerged as the dominant faction of Canada's capitalist class, and it prevented the development of a strong, independent Canadian manufacturing sector. Clement (1975, 180) argues that by the turn of the century, "Canadian manufacturers could not survive because the commercial ruling class did not allow them to; U.S. manufacturers were much more advanced and had the support of their parent companies."

This left the door open to American branch-plants to play the lead role in developing Canada's manufacturing sector. The crux of the "silent surrender" in question was that Canada's political and economic elites "swiftly, silently and hospitably" surrendered the "commanding

heights" of the Canadian economy to branch-plants of American multinationals (Levitt, 1970/2002, 56). This brant-plant industrialization was seen to be the source of Canada's technological dependence on the United-States, its relatively low levels of research and development, and its truncated manufacturing sector. This was the reason for designating Canada's bourgeoisie as a "comprador" bourgeoisie. Canada had regressed to the status of a "rich hinterland" "to the extent that Canadian business has opted to exchange its entrepreneurial role for a managerial and rentier status," (Levitt, 1970/2002, 77).

William Carroll argued that the merchants-against-industry thesis relied on a superficial and eclectic distinction between industrial and commercial capital, and a misreading of the relationship between financial and industrial capital in Canada. When Naylor writes that "industrial capital formation was retarded relative to investment in staple development and the creation of the commercial infrastructure necessary to extract and move staples," (Naylor, 1975, 15, quoted in Carroll, 1986, 27), he is equating industrial capital with the manufacture of finished products, economic activities like resource extraction, the transportation industry, public utilities "are eclectically defined as part of the dominant "commercial bloc" which is supposed to have stultified industrial development," (Carroll, 1986, 27).

For Clement and others, merchants-against-industry thesis provided the historical context for a key characteristic of Canada's branch plant economy in the 1970s: a lack of ties between Canadian financial capital and manufacturing capital, which Clement measured in terms of interlocking directorships between Canadian financial institutions and manufacturing corporations. However, Carroll points out that Clement misreads his own data, which demonstrates that the density of interlocking directorships between the financial and manufacturing sector in Canada is higher than in the United-States. The same was true of interlocks between the finance and resources sectors. This pointed to a more cohesive and centralized network of Canadian corporate control

than could be found in the United-States, which seriously undermined the left nationalist view of Canada's capitalist class as weak, fragmented and thus liable to US domination.

Carroll proposes an alternative framework rooted in Lenin for understanding the historical trajectory of Canadian capitalism. Lenin's theory of finance capital sought to explain the concentration and centralization of capital over time, which eventually reaches a stage where competition is displaced by monopoly. "The concentration of production; the monopolies arising there from; the merging or coalescence of the banks with industry—such is the history of the rise of finance capital and such is the content of that concept. (Lenin, 1917/1975, 218).

Carroll argues that such concentration and centralization was taking place as early as the 1870s, while the end of the century was witness to the coalescence Canadian industry and finance. This was most evident in the Canadian Pacific Railway. Although most of the capital for the railway was raised on money markets in London (with the federal government often serving as an intermediary), part of it was financed by the domestic credit system, namely the chartered banks. "A tightly knit community of interests arose between leading bankers and railway capitalists (who quite often were the very same people, such as Peter McGill and Donald Smith.)"

The important point of Carroll's critique, for our purposes, is that Canada is not an aberration among the rich imperialist powers: commercial capital did not undermine the development of industrial capital. Instead, as in other comparable countries, financial capital fostered the growth, oversaw the concentration, and organized the centralization of industry. By the early twentieth century, this process had culminated in the development of a coherent national bloc of Canadian-controlled finance capital, which was *not* displaced by American FDI in the post-War period.

1.1.2. Imperialism as the Foundation of Capitalist Class Rule in Canada

This section outlines this chapter's critique of Canadian left nationalism in this period, which concerns the canon's understanding of Canada's relationship to imperialism and sovereignty.

In essence, left nationalism distorted and inverted Canada's relation to sovereignty and imperialism by conceiving of Canada's problems in terms of a threat to Canadian sovereignty. Levitt (1970) argued that the "abrogation of sovereignty" was "implicit in the branch-plant economy" (33) and that "sovereignty is not compatible with branch-plant status," (9)., She specifies that "[t]he threat to the sovereignty of Canada thus takes the form of a threat of absorption into the American empire," (38).

The Waffle Manifesto argued that American control of the Canadian economy was an urgent threat to Canada's survival. Reg Whitaker wrote that "[t]here is strong reason to argue that the major thrust of contemporary capitalist development in Canada, primarily in the extraction of natural resources, is towards the weakening of the national state system and the balkanization of the country into regional dependencies of the American empire," (1977, 63; see also Panitch, 1977 10-1 for a similar line of argument).

In the face of these threats, Canadian sovereignty was presented as something to be defended from an anti-imperialist point of view, rather than a colonial imposition on Indigenous nations and the basis for capitalist class rule in Canada. Left nationalists mostly ignored and often misunderstood arguably the most immediately important anti-imperialist struggles in the Canadian context: the anti-colonial struggles of Indigenous nations. At the same time, they seriously misrepresented Canada's role in imperialism abroad.

This chapter argues that left nationalism failed to understand that the reproduction of Canadian capitalism and capitalist class rule depended fundamentally on Canadian imperialism *within*

and *beyond* its borders. The sovereignty of the Canadian state was established though settler colonial expansion, and Canada's development as a rich and prosperous capitalist country occurred *because* of its relationship to imperialism, not in spite of it. These shortcomings seriously weaken this generation of CPE's understanding of capitalism in Canada. Capitalist class rule and the understanding the state's role in reproducing it was a central focus for this generation of left nationalist CPE of this generation. *The Canadian State: Political Economy and Political Power*, a collection edited by Leo Panitch, is one of the most influential collections focusing on capitalist class rule in the discipline, and, as discussed in more detail below, it says almost nothing about the Canadian capitalist state's colonial and imperialist character historically or contemporarily. To the extent that it discusses Canada's place in the world, it stresses Canada's quasi-colonial relationship with the United-States.

1.2. Settler Colonial Expansion and Canadian Capitalism

At a meeting with Dene leaders on his first trip to the Northwest Territories in 1974, renowned Canadian political scientist Peter Russell was stumped by a seemingly simple question: how did the Queen get sovereignty over the Dene? Russell, who would eventually work to reckon with his early work's ignorance of Indigenous issues (see Russell, 2017), would later recall that "[t]he truth of the matter is that I didn't have a clue how Queen Victoria and her Canadian henchmen 'got sovereignty' over the Dene," and neither did his colleagues back in Toronto (Russell, 2001, 7 quoted in McNeil, 2019, 293-4)

This anecdote underlines Audra Simpson's observation that "political science, government, and political theory are relatively new to questions of Indigenous politics and life. … None of these

disciplines have dealt even-handedly, robustly or critically with Indigenous politics and how they challenge what most perceive as settled." Rather, they have tended to "presume that the colonial project has been realized: land has been dispossessed; its owners have been eliminated or absorbed," (2014, 18).

This observation applies to Canadian Political Economy as well. This generation of left nationalism had little to say about settler colonial expansion as a foundation for the reproduction of Canadian capitalism. While CPE is unparalleled within the Canadian social sciences in its understanding of Canadian capitalism and the capitalist character of the Canadian state, it has had little to say about Canadian settler colonialism and the settler colonial character of the Canadian state for the overwhelming majority of the discipline's history.

This section argues that this shortcoming seriously weakens this generation of CPE's understanding of Canadian capitalism and capitalist class rule. Capital accumulation, capitalist class rule and state power in Canada have always depended on settler colonial expansion of Canadian sovereignty for control over land. Since Confederation united four small colonies of settlement in 1867, the Canadian state has been engaged in an ongoing process of mostly northward and westward settler colonial expansion. The capitalist class has been a driving force of this settler colonial expansion, which clears the way for the establishment of a society built on private property, the accumulation of capital and the historically distinct social relations that emerge therefrom.

1.2.1. Canadian Political Economy: Capitalism without Colonialism in Canada?

CPE's confusion around settler colonial foundations of Canadian capitalism manifest in many ways. One tendency was simply to make little to no mention of Indigenous peoples at all, even when discussing subjects that obviously relate to Indigenous concerns. In Lumsden's *Close the 49th*

Parallel collection, for example, Larratt Higgins (1970) writes an entire chapter about the negotiations of the 1961 Columbia River Treaty between Canada and the US, which concerned the development and operation of dams in the upper Columbia River basin in British Columbia. Higgins frames the treaty as the "alienation of Canadian resources." Yet, as with most land in British Columbia, the Columbia River and the land around it has never been ceded by Indigenous nations.

In the absence of treaties, how did the Columbia River become a Canadian resource in the first place? Higgins never considers the question. The uncritical lament for the loss of "Canadian resources" without any hint of critical reflection on the legitimacy of Canada's claims to those resources naturalizes Canadian capitalism's structural dispossession of Indigenous nations.

A related tendency of left nationalism was to invert Canada's relationship with colonialism by presenting Canada as some sort of underdeveloped colonized society, rather than an industrialized colonizing society.

Kari Polanyi Levitt's *Silent Surrender* is a good example of this tendency. She asserts that Canada has been reduced to "neo-colonial satellitic relationship to the United States," and U.S. direct investment was "the instrument by which the Canadian economy has been recolonized since the days of Sir John A. Macdonald and Sir Wilfrid Laurier." Mel Watkins reaffirmed his view that Canada is "the most neocolonial country in the world" in his preface to the 2002 edition of *Silent Surrender* (xi-xiv). Gary Teeple (1972, xii) also opens his very influential collection of essays *Capitalism and the National Question in Canada* by arguing that "Canada ranks as the most important colony of the US." Leo Panitch (1977, 10) also labeled Canada's relationship with the United-States "quasi-colonial."

In these foundational works of Canadian left nationalism, preoccupation with Canada's "colonial" relationship with the US served to shift attention away from the unique, foundational role that the Canadian colonialism towards Indigenous nations played in Canadian capitalist

development. Moreover, the problems run deeper than such isolated tendencies. This shortcoming seriously undermined the discipline's broad understanding of the history of Canadian capitalism, as becomes clear when looking at major left nationalist accounts of Canada's post-Confederation development through settler colonial expansion.

It is widely recognized in CPE and Canadian economic history that Canada's westward expansion following Confederation were key to laying the foundation for Canadian capitalism. It is also widely recognized that this process of expansion was crucial in in cementing the capitalist class's close relationship with the Canadian state, and thus its position as the ruling class of Canada.

In a highly influential essay, economic historian Hugh Aitken (1964, 7) explains that the implementation of governments' post-Confederation development strategies "brought political leadership into intimate alliance with influential business groups," and that the close identification between political and economic elites means that "it is a positive distortion to speak of them separately." In the opening chapter to the highly influential collection *The Canadian State: Political Economy and Political Power*, Leo Panitch (1977, 11) argued that "[t]he relationship between the first post-confederation cabinets and the financial bourgeoisie and railway entrepreneurs was not only close - they were often the same people."

As is widely recognized in CPE accounts of the time, Westward expansion became a pillar of the Canadian state's national development strategy. Aitken (1965, 18) argued that the National Policy could broadly be characterized as a strategy of "defensive expansionism." Levitt (1970/2002, 51) argued that "agricultural expansion to the West was basic to the design" of the National Policy. Clement (1975, 63) calls it "a policy which asserted the independence of Canada from the encroachment of the U.S. westward expansion and declared that central Canada was to rule the hinterland." None of these accounts say anything about the Indigenous nations of this western "hinterland", or how Canada established effective control over their land.

While the literature correctly identifies this process to be foundational to the development of capitalism and capitalist class rule in Canada, the settler colonial character of these foundational processes of expansion tended to be ignored altogether, downplayed, or distorted in CPE accounts of this period (left nationalist or otherwise).

This literature's uncritical embrace of Aitken's term "defensive expansionism" further illustrates this. Aitken (1964, 7) argued that Canada's "transcontinental expansion of the economy westward from its base in the St. Lawrence lowlands has been accomplished by a series of forced moves, each of them compelled by the threat or fact of American encroachments in the interior."

Clement drew on this argument in his classic *The Canadian Corporate Elite: An Analysis of Economic Power* (1975, 54), writing that this "forced expansion" strengthened the business-government alliance in order "to prevent U.S. encroachment on Canada's western territory." In Panitch's *Canadian State* collection, Larry Pratt (1977, 141) adapts the concept to describe Alberta's assertion of jurisdictional authority and control over extractive activities.

Describing either the federal or provincial settler state's expansion as "defensive" raises some basic, critical questions. This is not to dispute that US northward expansion was a real possibility, but in this "defensive expansionism," who was defending whom? And from what?

Canadian expansion at this time amounted to Canada "defending" one form of imperialism (settler colonial expansion within the British Empire) from encroachment by another (settler colonial expansion outside of the British Empire). It was one form of imperialism defending its imperial claims from a competing imperialism in an era of intensifying inter-imperialist rivalry. Settler colonial expansion could only be uncritically accepted as "defensive" if we accept the colonizing project as a starting point.

It is worth clarifying at this point that there were some exceptions to these trends at the time. In Panitch's *The Canadian State* collection, for example, Rianne Mahon argues that Indigenous

peoples of the North, like workers, are fundamentally disadvantaged in Canadian state institutions' uneven structure of representation. Moreover, she locates the plight of northern Indigenous peoples in the history of capitalism's development through Westward expansion: "The new Canadian state's commitment to the establishment of a national economy based on urban and rural settlement (or, the spread of commercial agriculture and urban industry across the continent) led to the marginalization of native peoples" (Mahon, 1977, 189).

Mel Watkins' academic and political career deserves more attention than can be given here. He was arguably the single most important figure in developing Canadian left nationalism, and he became committed to advancing Indigenous rights after working for two years as an adviser to the Dene nation during their land defence struggles around the Mackenzie Valley natural gas pipeline in the early 1970s (Abele & Usher, 2020, 273).

The Dene Nation: The Colony Within (1979), edited by Watkins, came out of this experience. This volume remains extremely valuable and indispensable for a clear understanding of the relationship between capitalism and colonialism in Canada. Put together by arguably the most respected political economist in Canada, it brought environmentalists, political economists and others together with northern Indigenous leaders' actively engaged in struggle against Canadian extractive capital. It printed the 1975 Dene Declaration's in full, which featured the momentous and clear call to recognize the Dene's status as a nation.

However, these works remain exceptions in the left nationalist canon, and they had little impact on the overall trajectory of left nationalist scholarship. Mahon's 3-page long exploration of the conditions of Indigenous peoples in the North is the only section in Panitch's entire collection of essays to address Indigenous peoples' struggles at all. Watkins' collection represents a substantial contribution to CPE, but unfortunately, almost "none of those who came after built upon Watkins northern theoretical breakthrough, which was to integrate an understanding of the impact of staple

development on Indigenous societies' land rights and ways of making a living with an analysis of the evolving Canadian economy in the global context. This lacuna is to some extent true even of Watkins' own subsequent work," (Abele & Usher, 2020, 277).

Finally, neither of these works grappled with the tension inherent in a left nationalism that supports Indigenous rights while also making a political priority out of defending the sovereignty of the very settler state depriving Indigenous peoples of their rights.

As will be discussed in the conclusion of this chapter, there has been a positive shift within CPE with respect to analysis of Indigenous rights and struggles since the 1970s. Still, it is necessary to grapple with the absence of such considerations in this foundational moment of CPE scholarship.

Tom Naylor stands out in this cannon in that he explicitly discussed the dispossession of Indigenous peoples in the context of the National Policy. While there are certainly relative strengths to this account, it severely underplays the extent, scale and scope of the mass expropriations that were foundationally necessary to Canadian capitalist development following the creation of the Canadian state.

In his essay in Robert Laxer's *Canada Ltd.*, he argues that throughout Canadian history, there had been a steady process of stealing Indigenous land and pushing Indigenous peoples further west "into the waiting clutches of the Hudson's Bay Company," (Naylor, 1973, 46). After the Canada purchased title to Rupert's Land from the Hudson's Bay Company, "[t]he Canadian Pacific Railway now had all these lands that had been stolen from the Indians directly by the Hudson's Bay Company and brought in white settlers," (*ibid*, 47).

His comments on Indigenous peoples post-Confederation mostly focused on the struggles led by the Métis nation in the Red River Settlement in 1869, and then at Batoche in 1883. In his highly influential essay in Teeple's *Capitalism and the National Question in Canada* collection, he also argued that the Canadian state - "that is to say, the CPR and its military arm, the Canadian Pacific

Mounted Police" - led the process of westward expansion by expropriating the First Nations and the Métis and then allocating the land to the settlers who followed (1972, 16). He argued that by 1870, Indigenous peoples had come to represent an impediment to the goals of the National Policy.

While Naylor clearly has some grasp of the importance of Indigenous dispossession in the development of Canadian capitalism, it is relegated to the margins of his overall narrative. Moreover, it is curious that in his 1973 essay he argued that the CPR specifically had come to possess the land that *the HBC had stolen* from Indigenous peoples. The passage reads as tongue-and-cheek, but this formulation relegates the original theft of land to pre-Confederation history. Moreover, his limited passages bely the fact that the Canadian state has had to do much more than simply purchase Rupert's Land and defeat a couple of Métis-led rebellions in order to secure effective control over the land it claims. Such a framing lends itself to viewing colonial dispossession a series of disparate historical events, rather than an integral and enduring feature of the *structure* of settler capitalism in Canada (Coulthard, 2014a, 7, see also Shipley, 2020 and Wolfe 2006).

1.2.2. Settler Colonial Expansion, Original Expropriation, and the Foundations of Canadian Capitalism

In the writing of Metis revolutionary intellectual Howard Adams, we find an alternative explanation for Canada's westward expansion. In his account of the anti-colonial struggles of the 1860s, he argues that the "new ruling class of British financiers and Canadian industrialists had consolidated its position in Eastern Canada and was now extending its empire westward" not only in pursuit of the land and resources, but more broadly to construct "a capitalist order that would consolidate and further their economic enterprises" For Adams (1975/1989, 50-1), "politicians such as John A. Macdonald, William McDougall, and Donald Smith stood for the annexation of the Northwest Territories because they needed this vast area of land to expand their industrial empire."

Some might contest whether "British financiers and Canadian industrialists" really captures the make-up of Canada's ruling class at the time, but this is beside the point. The real strength of Adams' framing is that he locates the drivers of Canada's settler colonial expansion in the interests of Canada's ruling class, not in external forces like US imperialism.

Owen Toews argues that industrial and financial capitalists in Central Canada were among the leading forces of the Canadian imperialist movement, which began advocating westward expansion decades before Confederation. By the time of Confederation, these forces were confronted with the spectre of a crisis of overproduction as they lost the preferential access to Britain's markets with the end of imperial preferences in the 1840s, and to American markets with the end of reciprocity post-Civil War (Toews, 2018, 36-9).

Joyce Green argues that the National Policy simply "could not have proceeded without high-level consideration of how to handle Aboriginal nations," (Green, 2003, 72). The National Policy is usually seen as having three core pillars: 1) the protective tariff, 2) increasing immigration/agricultural settlement in the West, 3) the construction of the trans-continental Canadian Pacific Railway. Because the National Policy (and especially the latter two pillars) was premised on the acquisition of Indigenous lands and the subordination of Indigenous peoples, she argues that there was ultimately a fourth pillar of the National Policy: "Canada's Indian policies of peripheralisation onto reserves controlled by government agents, the signing of treaties as a means of gaining control of land; and the defeat and dispersal of the Métis," (*ibid*, 72).

There is no ambiguity about the foundational importance of westward expansion and the Canadian Pacific Railway to the development of Canadian capitalism in the CPE literature. Yet the accounts we've seen from this foundational generation of left nationalist scholarship make little to no mention of what Green rightly argues must be considered a fourth pillar of the National Policy.

Green's argument can be fruitfully understood within a wider framework that looks takes Marx's theory of so-called primitive accumulation as a basis for understanding settler colonial dispossession. Glen Coulthard is the most prominent in a growing number of scholars using so-called primitive accumulation as a framework (see also Hoogeveen & Ross, 2022; Hall, 2015; Kulchyski, 1992). Coulthard argues that Marx's writing on so-called primitive accumulation is useful for understanding colonialism as a form of structured dispossession. He highlights Marx's *Capital* as a useful foundation for understanding the "formative acts of violent *dispossession* that set the stage for the emergence of capitalist accumulation and the reproduction of capitalist relations of production by tearing Indigenous societies, peasants, and other small scale, self-sufficient agricultural producers from the source of their livelihood - *the land*," (2014a, 7).

Settler colonialism as so-called primitive accumulation provides a key insight for grasping the inextricable, formative bonds between colonialism and Canadian capitalism. However, some points of clarification on the concept are in order. The process Marx describes in his passage on so-called primitive accumulation is the "historical process of divrocing producers from the means of production (Marx, 1867/1976, 874). Ian Angus (2023) has persuasively argued that Marx used the qualifier "so-called" because the process he is describing is neither primitive nor accumulation. In an 1865 lecture to the International Workingmen's Association (the First International) the only time Marx explained that the historical processes of separating producers from their means of production ought to be called *original expropriation*. This is especially significant because it is the only time he discussed the concept in English. The "so-called" is meant to signal that the term "primitive" or "original accumulation" (which the bourgeois economists used) obfuscate and obscure the real processes that underlie the historical separation of producers from the means of production: "In actual history, it is a notorious fact that conquest, enslavement, robbery, murder, in short, force plays the greatest part," (Marx, 1867/1976, 874).

Angus argues that the term "original expropriation" better captures Marx's view that "the expropriation from the land of direct producers—private ownership for some, involving non-ownership of land for others—*is the basis of the capitalist mode of production*," (Marx, 1881/1981, 948). For Marx, original expropriation was primarily meant to explain the historical basis for the creation of a class of free wage labourers. Through original expropriation, workers were "freed" from their previous attachment to the land and their own means of production and thus compelled to sell their labour-power to a capitalist for a wage. In Canada, however, original expropriation served primarily to separate Indigenous nations from the land, but the mass proletarianization of Indigenous peoples did not follow. Instead, Canada imported a class of free wage labourers and agricultural settlers, while Indigenous peoples were to be excluded from the emergent settler capitalist society until they were deemed "civilized" enough to assimilate into Canadian society (see Coulthard, 2014a, 12-3). Along with the Canadian state (see Tobias, 1991), the Church and Christian missionaries would play an instrumental role in this "civilizing" project, most notably by running residential schools and more broadly through conversion to Christianity.

With all this in mind, we can briefly look at how the concept of original expropriation can help shed light the foundational bond between Canadian capitalism and settler colonialism. As the Canadian state was carrying out the national strategy, it was continuously engaged in acts of original expropriation through the dispossession and displacement of Indigenous peoples to clear the way for Canada's westward capitalist expansion.

In his account of land, labour and capital in pre-Confederation Canada, Teeple argues that in the colonies of settlement, "[t]here were no enclosures, land was in abundant supply, and - in theory, at least - every man could be his own master on his own land," (1972, 44). In countries like Canada then, the abundant supply of land required no enclosures.

By contrast, Kulchyski argues that in Canada "the extinguishment policy marks the birth of the nation: it is the oldest continuing policy and practice of Canada, dating at least back to the Royal Proclamation of 1763, arguably the first constitutional document of what would become Canada, (Kulchyski, 2005, 89) The Royal Proclamation established that lands reserved for Indigenous peoples could only be surrendered to the Crown through treaty. Crucially, this meant that lands reserved for Indigenous peoples could not be sold on the market. While this provided a level of protection against encroachment by settlers, the Royal Proclamation also established the procedure for securing the surrender of Aboriginal title to land.

Since this time, Coulthard (2014a, 4) argues that the reproduction of the colonial relationship between Indigenous peoples and what would become Canada depended heavily on genocidal state practices of forced exclusion and assimilation. Thinking of these dialectically can help elucidate some of the core contradictions of Canada's settler colonial project, upon which Canadian capitalism rests.

Following Confederation, Canada began negotiating the numbered treaties, which it would use to seize control of land needed for the National Policy (Green, 2003, 72). Indigenous treaty partners entered negotiations with different interests and goals in mind. Especially in later treaties, Indigenous nations were often the ones to petition Canada for a treaty. In a context where settlement and resource exploitation were already taking place in their territories (Macklem, 1997 on Treaty 9, for example), securing at treaty was often seen as a means to achieve some protections and to access various forms of assistance in transitioning away from an economy centered around the bison (see Krasowski, 2019).

It has been well-established at this point that Indigenous treaty partners generally did not regard signing treaties as agreeing to permanently cede land to the Crown, but instead saw treaties as agreements for sharing land (Krasowski, 2019). However, Canada used the treaty negotiations to extinguish Aboriginal title and assert unilateral, sovereign control over land. This was accomplished

through the extinguishment clause: "hereby cede, release, surrender and yield up to her Majesty the Queen and successors forever all the lands included within the following limits."

Oral histories of treaty negotiations have disputed that the nature of this clause was communicated to Indigenous treaty partners. Indigenous negotiators were mostly non-English speakers who did not read the documents they were signing. The documents had to be read and explained to them (Kulchyski, 2005, 99). In the case of Treaty 1, Krasowski points out (2019, 73) that Canadian negotiators emphasized sharing the land covered by the treaty. Avoiding discussion of the extinguishment clause was "the cornerstone of Canada's negotiating strategy."

Nevertheless, the extinguishment clause was included in every numbered treaty negotiated between the 1870s and 1930, ranging from north-western Ontario across the plains and up to Alberta, and Canada takes it as its legal basis for its authority over treaty lands.

Treaties were one pillar of the Canadian state's original expropriation of Indigenous nations, and the architecture of Canada's structured dispossession was consolidated with the passage of the Indian Act in 1876. The Indian Act consolidated all pre-Confederation legislation, with some modifications, into one law. No Indigenous nations were involved in its drafting, and Shipley (2020, 54) argues that "the Act's primary goals were to facilitate the seizure of territory while undermining prospects for resistance. In service of that project – and inflected with the assumption of civilizational and racial superiority – the Indian Act presumed to dictate nearly every aspect of Indigenous life, from its political structures and limitations to the physical movement of Indigenous people, to the very terms by which Indigeneity would be defined." While the numbered treaties had allotted reserve lands for Indigenous treaty partners, the Indian Act was what ultimately confined Indigenous peoples to reserves.

The Indian Act embodies many of the key contradictions of Canada's Indian Policy. While reserves served the purpose of exclusion, they were meant to facilitate assimilation. A core aim of

the Indian Act was to "civilize" Indigenous peoples through conversion to Christianity, colonial education, promotion of capitalist "entrepreneurial" ideology, outlawing traditional cultural and economic practices, and more. The hope and assumption were that they would serve the temporary purpose of isolating Indigenous peoples until they could be "brought up to the standards" of European civilization through contact with missionaries, attendance of Church-run residential schools or other means, at which point they would be assimilated into the Canadian body politic, and reserves would cease to exist.

Frustration with the Act's failure to bring this about are clear in the practically innumerable amendments made to the Indian Act in its near 150-year history. The Indian Act was often changed to suit the settler state's immediate needs immediate needs in its pursuit of these broader goals. After the 1885 war with the Métis in Batoche (Gordon, 2010, 77), the Indian Act was amended to create the pass system, whereby Indigenous people living on the reserve would require permission of the reserve's Indian Agent to leave the reserve. In response to Indigenous legal and political activism, the Indian Act was amended in 1927 to outlaw Indigenous peoples seeking legal counsel in pursuit of land claims (Rynard, 2000, 215). Frustrations were also manifest in the myriad of mechanisms devised to attempt to gradually privatize and phase out reserve land beginning as early as the nineteenth century (see Tobias, 1991).

The above has presented a partial account of the Canadian state's role in the original expropriation of Indigenous nations' land. While the state has failed in its ultimate goals of totally assimilating and eliminating Indigenous peoples, the state was able to secure its original expropriation sufficiently to establish the conditions for enabling capital accumulation and the proliferation of private property.

The point here has been to illustrate that these large-scale processes of expropriation – what Coulthard calls structured dispossession – cannot be assumed away as a historical inevitability. It was

a pre-requisite to the state's development strategy, and the state accordingly went to great lengths and devoted considerable resources to separating Indigenous nations from their means of production and the basis for their political and social orders – the land. The sovereign Canadian state laid the foundations for capitalist class rule, and it acquired sovereignty only through the suppression of Indigenous sovereignty. Any account of the state's role in reproducing class rule is hopelessly incomplete without an understanding of the original expropriation of Indigenous nations.

The next section will move to look at how left nationalist literature of the 1970s misunderstood Canada's relationship with imperialism at the world level.

1.2. Canada and Uneven and Combined Development

1.3.1 Left Nationalism and Imperialism

This section argues that left nationalist CPE has seriously misunderstood Canada's relationship with imperialism and its place in uneven and combined development at the world level. The canon's outsized focus on Canada's underdevelopment relative to other advanced capitalist economies and its subordination to the UK and the US - the leading capitalist powers of the 19th and 20th centuries respectively - obscured Canada's position in the imperialist world order. Left nationalist CPE essentially portrayed Canada as a victim of uneven development insofar as it narrowly focused on Canada's subordination and underdevelopment relative to the United-States. Considering Canada's international position relative to the vast majority of nations around the world, Canada clearly should be considered more of a beneficiary of uneven development.

Left nationalists consistently emphasized those features of Canada's development that could be portrayed as hallmarks of dependency or underdevelopment. At the same time, they downplayed the analytical importance of those features which would clearly place Canada among the wealthiest, most highly developed and more powerful countries in the world.

Left nationalism struggled to reconcile their insistence that the most analytically important features of the Canadian economy were those that pointed toward Canadian dependency with the reality that Canada was far more industrialized and richer than with At one point, Levitt argued Canada occupies an intermediate situation in the world system: "at one and the same time, in a metropolitan relation to some countries and in a hinterland relation to others." Canada's "resource and manufacturing industries are dominated by foreign-controlled concerns. At the same time her financial institutions, which have always been highly concentrated and powerful, have extended to the Caribbean and other countries." While she acknowledges a certain dualism in Canada's international position, her account focuses overwhelmingly on the "recolonization" of Canada by US multinational corporations. Teeple (1970, xi) acknowledges Canadian capital's international prowess only to write it off as further evidence of Canadian subordination to the US: "[e]ven in its activities in the West Indies and Latin America, Canadian capital has always followed subserviently British and then American capital." While this is certainly true, the problem is that even when discussing Canada's imperial activities, the emphasis is on Canada's subordination to its more powerful allies.

In short, much was made of Canada's dependence owing to high levels of American ownership in the Canadian economy, while comparatively little was made of Canadian capital's own international expansion.

Owing to its narrow focus on Canada's asymmetrical relationship with the US, Canadian left nationalism struggled to produce a compelling explanation of Canada's burgeoning relations with the rest of the world, and especially what would become the Third World.

1.3.2. Geopolitical Economy: the International Relations of Capitalism

A geopolitical economy perspective provides an alternative framework for analyzing of Canada's international position and its role in the imperialist world order historically and in the present day.

From the perspective of geopolitical economy, relations between states are seen in terms of capitalism's dialectic of uneven and combined development (UCD) (Desai, 2013, 2). In this dialectic, states that benefit from the uneven development of the world's productive forces seek to maintain this unevenness through imperialism. Contender states, on the other hand, accelerate development to contest this unevenness and the imperial projects that sustain them by combining or compressing many stages of development into shorter, more intense bursts.

The state has played a central role in all the most successful examples of combined development throughout capitalism's history. This was the case during the 19th century, when the US, Germany and Japan were the leading contender states engaging in combined development. Their industrialization successfully contested the uneven development of world capitalism that had so favoured Britain to that point (Desai, 2013, 43). The same can be said of the most successful centrally planned economies in socialist countries of the 20th century, namely the Soviet Union and the People's Republic of China (Desai, 2023, chapter 3), and the many 'dirigiste' regimes in recently decolonized countries throughout the 1950s and 1970s (see Patnaik & Patnaik, 2021, chapter 14).

Two advantages of applying a geopolitical economy approach to Canada are worth highlighting.

First, it locates the drivers of states' international conduct in the contradictions and crisis-ridden tendencies of their own national capitalisms: "[h]istorically, the need to deal with surpluses of commodities and capital and deficits of inputs, including labour, lead to formal and informal imperialism to secure markets, investment outlets, labour and raw materials," (Desai, 2023, 62).

Second, it understands the capitalist world order and its historical evolution as a product of the interaction of *multiple* states (Desai, 2013, 6). Geopolitical economy emerged as a critique of cosmopolitan conceptions of capitalism which downplayed the importance of states in the world economy in general (see Desai, 2010), and also of US "empire"-centric conceptions of contemporary capitalism. Against these positions, Desai argued that the hegemony of the UK as the first industrialized country was an inevitable result of capitalism's uneven development. Combined development by contender states, however, "ensured that such dominance was no longer possible," (Desai, 2013, 3). UCD had already brought about the first multipolar moment with the unambiguous end to the British Empire's unilateral hegemony with the beginning of the First World War and capitalism's Thirty Years Crisis in 1914, and no single state could re-establish unipolar hegemony under capitalism thereafter. By the 21st century, UCD "had created a multipolar world in which there were now too many economies that were too substantial for any one of them to even hope to dominate the rest," (*ibid*).

Lastly, geopolitical economy sees the dialectic of uneven and combined development as fundamentally underlying the dialectic of imperialism and anti-imperialism. "Advanced capitalist nations seek to maintain and extend the uneven distribution of productivity and productive power" through imperialism. On the other hand, "stronger states can resist such subjugation (as, eventually, did the colonies) and mount challenges to the productive, political and military powers of stronger

states through state directed protectionist industrialization," (Desai, 2023, 63). It is combined development that allows imperialized countries to pursue their own developmental goals and develop the capacity to defend themselves from imperialism. In short, combined development is what allows contender states to constitute a serious threat to imperialism.

However, combined development is not always an anti-imperialist project. Combined development inherently undermines the uneven distribution of productive power around the world that imperialism serves to maintain, but combined development has also served to enable other countries to emerge as imperialist powers themselves, as with the combined development of the US, Germany and Japan in the late nineteenth century. Their combined development undermined the dominance of British imperialism, but this laid the foundation for some of the most brutal and destructive imperialism of the twentieth century. It would be a mistake to regard the combined development of imperialist countries as "anti-imperialist."

Canada's own very successful combined development following Confederation must be understood in this light. This combined development was imperialist in character in the dual sense that the dispossession of Indigenous nations was a structural feature of the development model, and it laid the foundations for Canada's capacity to play an imperialist role around the world.

1.3.3. The Geopolitical Economy of Canadian Capitalism

There are two major problems with this generation of left nationalism's understanding of Canada's place in the imperialist world order.

The first is that in economic terms, left nationalism portrayed Canada primarily as an economic dependency with some version of a colonial relationship with the United-States. The emphasis was on the degree to which Canada suffered from uneven development. In geopolitical

economy terms, left nationalism accordingly emphasized Canada's subordination to the UK and US. This may be reasonable enough on its own, but the problem was that this literature tended to portray especially American imperialism as a force that *constrained* Canada's international conduct, rather than seeing it as a force which *enabled* the Canadian state to pursue the Canadian ruling class's interests on the world stage.

Left nationalists' tendency to use Canada's history as a former British colony to frame their analysis (see Naylor, 1972) can be misleading insofar as "colony" is taken to imply exploitation, underdevelopment or poverty. Canada's position as a colony of *settlement* within the British Empire stood in sharp contrast to the Empire's colonies of conquest in the Global South.

Utsa Patnaik and Prabhat Patnaik (2021, 59) explain that "Britain got its colonies like India to export more goods than they absorbed (and such absorption too was at the expense of their own local craftsmen), and this surplus, in the form of raw materials and other primary products, was simply appropriated by Britain." The surplus drained from Britain's colonies of conquest - especially India - was exported as capital to its settler colonies and other industrializing economies (Desai, 2023, 68). This arrangement "explains why the colonies retrogressed (via deindustrialization), and the new settlements industrialized (behind tariff walls by investing beyond their own savings)," (Patnaik & Patnaik, 2021, 123)

This is the essential context for understanding Canada's persistent balance of payments deficit throughout its history: "Canada was absorbing large quantities of British capital to become, by 1914, the leading debtor country. … Canada consequently, had, a permanent deficit on her balance of payments, while her people grew steadily wealthier; India had a current account surplus while her economy stagnated and mass poverty went unrelieved," (Kemp, 1993, 143-4). So, while both Canada and India are called former colonies of the British Empire, this framing can obscure the fact that this meant very different things in each country.

One crucial reason for these diverging outcomes is that Canada, unlike India, was allowed to set its own tariff policies, which became a core pillar of the National Policy. Canada was thus never subjected to "the imperialism of free trade," as India was, and it was even allowed to set tariffs on British goods (Asselin, 1985, 254, cited in Resnick 1989, 268). Thus, it was allowed to set its own terms for integration into the world economy.

All these factors enabled Canada to pursue capitalist combined development to great effect following Confederation. The National Policy was in part a strategy of import-substitute industrialization, and it was an unambiguous success at least in the sense that it "set down the road towards *some kind of industrialization* very early on," which is more than can be said for many of the dependencies or underdeveloped countries of the world even today (Resnick, 1989, 267, italics in original). Moreover, "Canadian industry enjoyed some of the advantages of the late-comer in that it could take over tried and tested techniques, mainly from the United States, as well as advanced forms of business organizations."

Having laid down thus laid down the foundations for its industrialization in the late nineteenth century, these efforts were already bearing fruit by the turn of the century. Canada was the eighth largest manufacturing country in the world in 1867 and the seventh largest by 1900 (League of Nations, 1945, cited in Laxer, 1985, 312). By 1913, Canada was covering 77% of its industrial needs domestically. Between 1870 and 1967, growth rates in total product were approximately 40% per decade, which was double the rate of Britain and France. Per capita income also grew at a higher rate than most other developed countries in this period. By the early twentieth century then, Canada "enjoyed high levels of output and a high wage structure," (Resnick, 1989, 268).

Canada was thus on a road to industrialization that differed fundamentally the countries of what became the Third World. Britain's imperial finance enabled Canada to achieve a high level of

industrialization by the 1920s. By the time of the post-War increase in American direct investment abroad, Canada was already a highly developed capitalist country with the capacity to receive this investment without it meaning de-development and dependency.

Canada's partnerships with both British and American imperialism enabled Canada to pursue its own economic development, it also afforded Canadian capital opportunities for international expansion on a scale most nascent capitalist classes around the world could not have dreamed of. As inter-imperialist rivalry between Britain and the rising contender powers of the day, the US, Germany and Japan, Canada was itself engaged in its own project of imperialist expansion at the time, as we have seen. While many Canadians enthusiastically participated in British imperial campaigns around the world in this period, Canada's imperial apparatus was primarily focused on settler colonial expansion in what would become Canada of the "home front" necessary to build a trans-continental capitalist economy. In 1867, the Dominion of Canada claimed only a small fraction in the South East of Canada's current land mass. By the turn of the century, Canada's claim to sovereign control had expanded to include more or less its present-day land mass. Canada's formative settler colonial expansion was a massive imperial undertaking, and it cannot be separated from the inter-imperialist rivalry of the age. Canada's westward and northward expansion, essentially financed and enabled by Britain, can only be described as "defensive" in this context.

Tyler Shipley (2020) argues that Canada's relations with Indigenous nations constitute its first international relations, and that the patterns of these relations set the tone for Canada's role in the world. Even in this early period, Canadian capital was already pursuing international expansion of its activities through the many channels opened up by British and American imperialism.

British and American imperialism *enabled* Canadian capital to expand into the Caribbean in the decades following Confederation. The US invasion of Cuba and the Dominican Republic gave yet a further boon to the investment of Canadian financial capital in the region (see Thomas &

Shipley, 2022). In the years leading up to the First World War, "the Maritime Board of Trade, the Canadian Manufacturers Association and the grain and flour section of the Toronto Board of Trade advocated Canada's annexation of the British West Indies," (Hastings, 2013).

By the late nineteenth and twentieth century, British and American imperialism made decisive contributions to Canada's ascendancy as an imperialist power in its own right. Even if we accept that Canada was not quite an advanced capitalist country in the first hundred years or so following Confederation, its distinct relationship with imperialism meant that it was allowed to develop to the point of becoming one of the seven leading capitalist powers in the world by the end of the twentieth century (Resnick, 1989, 265).

Canada's position as a settler colony within the British Empire and then its special partnership with American imperialism has provided Canadian capital with special access to opportunities for international expansion, the likes of which most nascent capitalists classes around the world could not have dreamed.

This in turn enabled Canada to pursue its own very successful combined development following Confederation, with a domestic capitalist class cementing itself as the ruling class through the state-led expropriation of Indigenous nations and the accumulation of capital this made possible.

The Waffle Manifesto argued that "Canadian nationalism is a relevant force on which to build to the extent that it is anti-imperialist." Robert Laxer (1973, 8-9) opened his influential *Canada Ltd.* collection by declaring his intent to study the de-industrialization of Canada for the first time "within the broader context of a developed anti-imperialist analysis." But what Laxer calls an anti-imperialist analysis "views continentalism as a crushing blow to the Canadian people and the promising potential of an alternative society free from the exploitation and decay of the empire of Standard Oil."

The evidence presented in this chapter demonstrates that left nationalism was not anti-imperialist. Geopolitical economy serves as a better framework understanding Canada's relationship with imperialism and sovereignty. Canada has benefitted from the uneven development of the world's productive forces. This is a helpful starting point for understanding why, after its own successful combined development, it has been so committed to imperialism's drive to maintain uneven development.

Maintaining uneven development has depended on denying nations around the world the effective sovereignty necessary to pursue their own combined development. Where Canadian left nationalism primarily presented an image of Canada-as-threatened with regard to sovereignty, this stressed an alternative image: Canada-as-threat.

Through its increasingly aggressive pursuit of neoliberal transformation around the world beginning in the 1980s, Canada has joined in kicking away the ladder (Chang, 2002) that all the advanced industrialized countries had used for their own early development: state management of economic development. Such state management requires effective sovereignty, and Canada has only come to play a larger role over time in denying such effective sovereignty where it poses a potential obstacle to the international expansion of Canadian capital, as will be discussed in chapters 3, 4 and 5. The remainder of this thesis will focus on documenting the shift toward this new role.

Conclusion

This chapter argued that the Canadian left nationalist political economy literature of the 1970s broadly failed to appreciate the foundational importance of settler colonial expansion to the development of Canadian capitalism. They therefore miss out on a key pillar of the capitalist state's role in producing and reproducing capitalist class rule in Canada. Moreover, they misunderstood or

misconstrued the Canadian state's relationship with imperialism at the world level. Although it was sometimes acknowledged that Canada had qualities of both an imperialist power and a dependent satellite (Levitt, 1970/2002), the stress was placed overwhelmingly on the latter. This tended to obscure the degree to which Canada's capitalist development was *enabled* rather than *constrained* by imperialism. This chapter turned to Marx's concept of original expropriation as a basis for understanding the foundational role of settler colonial expansion in the development of Canadian capitalism. It turned to the dialectic of uneven and combined development to understand how Canada's favourable relationship with the imperialist powers facilitated its own combined development, soon making it one of the most industrially advanced countries in the world in the early decades of the twentieth century. This provides a more compelling basis for explaining Canada's role in working among the imperialist powers to maintain the uneven development of the world's productive forces.

There has certainly been a positive shift within CPE in the time since the 1970s. The New Canadian Political Economy began grappling with Indigenous issues and the discipline's neglect thereof in the 1980s (see for example Bourgeault, 1983; Abele & Stasiulis, 1989), and interest grew through the 1990s and onwards. The political economy of Northern governance and resource extraction has been a central focus throughout Frances Abele's body of work since the 1980s. Elaine Coburn has worked to promote collaborations across historical materialist and Indigenous scholarship in the Canadian academy (see Coburn, 2016; Starblanket & Coburn, 2020). The Yellowhead Institute, an Indigenous-led research centre at Toronto Metropolitan University, produces critical policy analyses in support of Indigenous sovereignty and land reclamation, and these analyses offer very compelling accounts of the way settler capitalism shapes the colonial relationship between Canada and Indigenous nations (see especially Yellowhead Institute, 2019; Yellowhead Institute 2021; Houle 2022). Their work points to the potential synergies between anti-

colonial scholarship and a Canadian Political Economy tradition more attentive to the foundational role of settler colonial dispossession in the reproduction of capitalism, and to the potential power of working-class solidarity with Indigenous struggle.

2. Continental Neoliberalism, Settler Colonial Expansion, and the Politics of Sovereignty

Canadian capitalism and the larger imperialist system of which it was a part experienced a decade of systemic crisis in the 1970s. Amid a profitability crisis in the world economy (Brenner, 2006), the Canadian economy was experiencing sustained stagflation and Canada's rate of profit sharply declined between 1974 and 1982. Already high rates of inflation were further exacerbated by the 1973 oil shocks. These conditions engendered greater labour unrest (Klassen, 2014, 92-4). In short, Canada's post-War order was reaching a breaking point.

The political terrain of the 1970s were characterized by the struggles to shape the path out of the crisis. Pierre Elliott Trudeau's government sought to resolve it through a "nationalist-inspired industrial strategy that would actively use the state to stimulate the economy and promote domestically controlled capital accumulation," (McBride, 2005, 37-8). Canada's capitalist class organized itself politically in unprecedented fashion to defeat it, and to push for an alternative path: continental neoliberalism. The first step to along this path was to achieve secure and certain access to the American market through a continental free trade deal.

The debates over free trade would dominate the Canadian political scene throughout the 1980s, and left nationalism was the leading ideological current in the movement against free trade in Canada, and especially in English Canada (Kellogg, 2021, 3). Left nationalism framed the free trade debate in large part as a struggle to defend Canadian sovereignty (Laxer, 1986). The crux of the argument was that Canada's capitalist class was trading away Canada's sovereignty in exchange for secure access to the American market. This would have dire consequences for Canadian democracy, Canadian prosperity, Canada's position in the world economy, and even threatened the continued existence of Canada (McBride & Shields, 1997).

The transition toward continental neoliberalism was profoundly important. The transition can be seen as beginning with the onset of crisis in the early 1970s and having essentially been completed with the ratification of NAFTA in 1994. Left nationalist political economists produced insightful analyses of the consequences of free trade and neoliberalism for the Canadian working class, the role of the Canadian capitalist class in driving this transition to neoliberalism, the implications and impacts of neoliberal restructuring for Canada's working class, and on the role of binding free trade agreements to limit the scope of democratic decision-making. On these points, we take no issue with the left nationalist view. However, their overall analysis misunderstands some of the key developments of this period.

This chapter argues that Canada's transition to continental neoliberalism did not entail the erosion of Canadian sovereignty, but instead entailed the reorientation of sovereign state power in the interests of capital. Through the struggles to shape the path forward form the crisis period of the 1970s, the Canadian ruling class reduced the relative autonomy of the Canadian state through new forms of political organization. In this context the capitalist class was the primary driving force in the transition toward continental neoliberalism via continental free trade agreements. In the years since free trade, the Canadian capitalist class has enhanced its international position and while maintaining cohesion of the national corporate community.

This chapter offers less a direct critique of left nationalists and more of an alternative reading of the transition to continental neoliberalism. While it draws on some aspects of the left nationalist accounts, it breaks with them in key respects.

In contrast to the left nationalist emphasis on a decline or loss of sovereignty, we emphasize the refocusing of sovereign prerogatives around the interests of Canadian capital in a worsening economic climate and the decline in the relative autonomy of the state amid new forms of capitalist class political organization. In contrast to the emphasis on "hollowing-out" and subordination to the

US, we emphasize the increasing international prowess of the Canadian capitalist class and the beginning of a concomitant shift by within the Canadian state towards an increasingly proactive and aggressive imperialist international role.

2.1 Certainty, Sovereignty and Settler Capitalist Expansion

One of the major bases for left nationalist opposition to free trade with the US was that such an arrangement would erode Canadian sovereignty. While this chapter does not contest the notion that binding neoliberal trade and investment agreements restrict the prerogative of states to pursue policy in the public interest, it argues that this shift was driven primarily by Canada's own capitalist class, not outside pressure that contravened Canada's sovereignty. More importantly, the idea that this period was witness to declining Canadian sovereignty is difficult to sustain if we look beyond the realm of Canada-US relations.

The crisis period of the 1970s gave way to profound shifts in the relations between Indigenous nations and the Canadian state. Here, we find an attempt to deepen and extend the sovereignty of the Canadian state through new forms of settler colonial expansion. The Canadian state began negotiating modern treaties with Indigenous nations that had never signed treaties. Modern treaties aim to effectively extinguish Aboriginal Title where the Canadian state recognizes it might exist. The central goal stressed by the Canadian state is the pursuit of "certainty" over the ownership of land and the extent of Aboriginal rights, with the overriding goal of facilitating investment and economic development.

An analysis of the shift toward modern treaties not only complicates the image of declining Canadian sovereignty, but illustrates the way that Canadian sovereignty is intimately bound up with

its capacity to establish the conditions for capital accumulation and the private accumulation of wealth as a spur to broader economic development. The persistent pursuit of certainty through the decades that have followed suggests that capital continues to depend on the Canadian state's sovereign capacity to establish the conditions profitable accumulation.

This section will proceed with a brief overview of the historical context for the emergence of modern treaties, followed by a second section analyzing the way that capitalist class rule has shaped this process.

2.1.1. The genesis of modern treaties

As Canadian capitalism drifted into crisis in the early 1970s, the Canadian state was having to manage what increasingly appeared to be a crisis of colonialism. The 1960s was witness to a surge pan-Indigenous political organization and contestation at the provincial and national level. In this context, the Trudeau government released the 1969 *Statement of the Government of Canada on Indian Policy* – more commonly known as the White Paper. The White Paper proposed to abolish all legal distinctions and government obligations towards Indigenous peoples. Under the official banner of equality, the White Paper advanced the full assimilation of Indigenous nations into the Canadian body politic as undifferentiated citizens. The White Paper also sought to unilaterally extinguish all aboriginal claims to land.

The fierce rejection of this proposal was a catalyst to further united Indigenous resistance. The National Indian Brotherhood, for example, argued that the policy amounted to "the destruction of a Nation of People by legislation and cultural genocide," and that the government had ignored the input of indigenous leaders and proposed to "solve the problem by evading the responsibility of the Federal Government under the British North America Act," (National Indian Brotherhood, 1969

quoted in Nickel, 2019, 234). The White Paper was retracted in 1971, and significant changes in state-Indigenous relations were soon to come.

The ban on Indigenous peoples seeking legal counsel to pursue land claims was lifted in 1951, enabling more nations to pursue such claims through Canada's legal system. In 1969, Nisga'a hereditary chief Frank Calder launched a claim against the Crown arguing that Title to the territories of the Nisga'a nation in North-Western British Columbia had never been relinquished to the Crown, and the Supreme Court's 1973 decision in *Calder v. the Attorney General of British Columbia* prompted a profound shift in Canadian policy. Although Court did not rule in favour of the Nisga'a's specific claim, it did find that the creation of British Columbia did not automatically extinguish Aboriginal Title, reportedly prompting Prime Minister Trudeau to observe that "[m]aybe you have more rights than we thought you did," (Pasternak, 2022).

Following *Calder*, Aboriginal Title could no longer be seen as being bestowed by the Crown – it predated the Crown. Thus, the legal basis for unilateral extinguishment of title by the became more difficult (King, 2010, 81). Thus, it introduced sufficient uncertainty around Aboriginal Title and Aboriginal rights to prompt a reversal of "the state's fifty-two-year policy of refusing to address Native land grievances where questions surrounding the existence of Aboriginal title remained open," (Coulthard, 2014a, 58).

This prompted the shift toward a policy of negotiating Comprehensive Land Claims Agreements with Indigenous nations, one form of what are now referred to as "modern treaties." This marked the beginning of the era of "recognition" in Canadian-Indigenous relations. Where the thrust of Canada's colonial policy to that point had been expressed quite explicitly in terms of exclusion and assimilation, official rhetoric increasingly shifted toward various forms of recognition and accommodation. For the Canadian state, Comprehensive Land Claims aimed to overcome the problem of the broad, ambiguous and undefined Aboriginal rights that might come with

unextinguished Aboriginal Title. The Canadian state became fixated on establishing what it called "certainty" over the ownership of land and the extent of Aboriginal rights. The government's official policy aimed to extinguish Aboriginal Title and "exchange the claims to undefined Aboriginal rights for a clearly defined package of rights and benefits set out in a settlement agreement," (Canada, 1973, 1 quoted in Coulthard, 2014b, 68) At first, the Canadian state sought to achieve such certainty through the same extinguishment clause that was used in the numbered treaties. Later, in search of alternatives to straightforward extinguishment, Canada endeavoured to clearly define and delimit Aboriginal rights to those that are specifically and exhaustively spelled out and "recognized" in the treaty (Asch & Zlotkin, 1997, 213; see also Kulchyski, 2005, chapter 2).

The Canadian state's role in modern treaties reinforces the image of Canada-as-threat to the sovereignty of other nations. Russ Diabo (2012, 4) calls the negotiating tables "termination tables," in that the process fundamentally serves to terminate Indigenous Nations' pre-existing sovereignty through coercive federal government processes, the terms of which are unilaterally set by the Canadian state. Fundamentally, these negotiations are about enhancing the unilateral sovereignty of the Canadian state at the expense of Indigenous sovereignty and in the interests of investors. Through the process of negotiating modern treaties, the Canadian state has deepened its sovereignty and put itself in a better position to provide a stable investment climate.

Land claims negotiations take place once the Indigenous party submits a formal claim and Canada accepts it. Negotiations are then undertaken in highly technocratic, specialized legal and financial discourses where Canada has the advantage (King, 2010, 83).

Canada also often provides funds to cover the costs of negotiations. In the Tshash Petapen negotiations, for example, leadership salaries and the running of the Innu Nation operations are financed by Canada. Canada also provides the Innu nations with loans to hire technocrats and outside experts you assist in establishing, maintaining, and negotiating the claim, meaning such

experts are indirectly paid by the government. In 2010, it was estimated that the land claims negotiations debts in British Columbia were approaching $397 million, leading some smaller groups fearing that at the conclusion of negotiations, all their compensation monies will have to be used to clear the debts. The extension of credit is also a powerful incentive to complete the land claim, as withdrawing from land claims would mean repaying the loans. In cases of such financing, the money must be used to formalize the relinquishment of land and rights. "The indigenous party therefore repays monies to the state that were used to leverage the cession of land rights from them," (Samson, 2016, 102).

Notwithstanding the tremendous variations among specific provisions of different modern treaties, settled treaties usually share some broad characteristics. First, Aboriginal title is effectively extinguished. This was achieved either through the extinguishment clause, or, beginning in the 1990s, by *exhaustively* spelling out Aboriginal rights – meaning any additional rights that might have been claimed prior to the agreement are not recognized as having legal force or constitutional force. Second, Indigenous peoples surrender most their territories for financial settlement, typically dispersed over a number of years. Due to onerous burdens of proof needed to submit a land claim, Indigenous parties typically submit a claim for only a portion of their traditional territories, and they surrender most of this already reduced amount. They retain a fraction of their territory in fee simple, the same legal classification used for private property. Lastly, Indigenous treaty partners retain some degree of management authority over both the Indigenous-owned lands and the formerly occupied, now Crown lands (King, 2010, 82).

Thus is the genesis of modern treaties. The next section looks at some of the ways in which the Canadian state's approach is shaped by capitalist class rule.

2.1.2 "Certainty" and the class character of Canadian sovereignty

In the half century since *Calder*, the processes and practices around modern treaty negotiations have changed in complex and subtle ways that are beyond the scope of this section. Again, notwithstanding the tremendous variations from one treaty to the next, there is fixity among the flux. Variation exists but only within certain limits. These limits are quite consciously and openly shaped by the interests of capital in a stable investment climate: the overriding goal of the modern treaty process remains the establishment "certainty" over the land and resources, achieved either through outright extinguishment and/or through the specification and delimitation of Aboriginal Rights.

I say "effective" extinguishment because while there has been some variation in terms of how modern treaties establish certainty, there has been very little variation in what certainty is ultimately meant to achieve. Initially and into the 1990s, extinguishment of title was achieved through the same extinguishment clause used in the nineteenth century numbered treaties. In order to conclude a treaty, Indigenous treaty partners were required to "cede, surrender and release" all title and rights that might have existed beyond those spelled out in the treaty. As mentioned above, the Indigenous nation retains a small fraction of the land claimed, but this is usually converted into fee simple. Although held collectively, conversion to fee simple provides the legal basis for its potential conversion into private property.

Following decades of criticism over the continued use of the extinguishment clause, the Canadian state sought out alternatives that could essentially offer the same effect. In a 2015 report on modern treaties commissioned by the Harper government, Douglas Eyford explains that by the 1990s, "Canada acknowledged that legal certainty was possible without requiring a surrender of rights and sought to develop alternatives that were *as legally effective as cede, release and surrender*," that

this technique was developed to appear as an alternative to extinguishment, but at the same time to be "as legally effective as cede, surrender, and release," (72-3; see also Mackey, 2016, 63-5).

The BC Treaty Process, launched in 1993, claimed to offer an innovative alternative to extinguishment: the "modification" of Title. The launch of this process was significant since aside from the pre-Confederation Douglas treaties that cover Vancouver island and a portion of Treaty 8 covering the north-east corner of the province, none of BC's land was covered by treaty, meaning that this land was unceded. For more than a century prior, the provincial government stubbornly asserted provincial autonomy by refusing to negotiate treaties (see Cole, 2003).

Concretely, "modification" meant that Aboriginal Title lands would be held in fee simple, the same legal classification as private property. The Nisga'a Treaty (1999) was the first modern treaty to take this approach. The Nisga'a Final Agreement reads "For greater certainty, the aboriginal title of the Nisga'a Nation anywhere that it existed in Canada before the effective date is modified and continues as the estates in fee simple," (Nisga'a Final Agreement, 1999, 20-1).

The Nisga'a Treaty was negotiated outside of the BC Treaty Process, but it was widely presented as a template for treaty making process. One BC negotiator on the Nisga'a Treaty said of the province's turn toward treaty making that "the fact of the matter is that there were a bunch of wars in the woods going on," and these highly publicized conflicts between loggers, environmentalists and Indigenous land defenders were leading to an "investor chill." He pointed to a Price Waterhouse study that estimated $1 billion per year of foreign investment was not coming into the province because of this uncertainty (quoted in Blackburn, 2005, 589; see also Gordon, 2010, 89). These wars in the woods created economic uncertainty that was driving away investors.

Another such "innovation" has been called the "Non-Assertion Technique," which was used in the Tlicho Land Claims and Self-Government agreement. In 2005, the federal government explained that "[w]ith this technique, the Tlicho nation does not surrender Aboriginal rights, rather they agree not to exercise or assert any land or natural resource rights other than the land and resource rights set out in the agreement," (Canada, 2005a quoted in Mackey, 2016, 64). Thus, as with modification, alternatives to extinguishment are meant to accomplish the same fundamental goals.

Progress in terms of actually concluding treaties has been very slow. Since 1975, Canada has signed 26 modern treaties with Indigenous nations in Canada, and this number has not changed since at least 2014. In that year, Aboriginal Affairs and Northern Development Canada estimated that there were "about a hundred" negotiating tables (Canada, 2014, quoted in Samson, 2016, 88). By the 1990s, many analysts and practitioners attributed impasses to fundamentally incompatible objectives of Indigenous treaty negotiators and the Canadian state (Asch & Zlotkin, 1997, 208-9). Broadly speaking, Indigenous nations tend approach negotiating tables as an avenue to secure a holistic framework for a relationship with the Canadian state based on mutual recognition, self-government, co-management of land and resources, and more. This goes a long way in explaining why intent to negotiate further issues in the future is included in the final settlement of land claims. The Canadian state, on the other hand, prioritizes "resolving" land claims to achieve the "certainty" through the effective extinguishment of Aboriginal title through the exhaustive, final delimitation of Aboriginal rights. 18 of these completed treaties contain self-government provisions or associated self-government agreements, and this reflects the fact that the Canadian state refused to negotiate self-government agreements as a part of the land claims process for the early years of modern treaty making (Kulchyski, 2005, 99).

The point of all of this is that although Indigenous nations have pursued modern treaties as a basis for recognition of rights and a nation-to-nation relationship, the Canadian state has quite consistently prioritized the pursuit of "certainty" to facilitate investment and natural resource extraction. In so doing, Canada has secured the effective extinguishment of Aboriginal title and accordingly strengthened its claim to sovereign control of land.

The basic problem here is that while left nationalists were arguing that the capitalist class was selling away Canadian sovereignty, the Canadian state was more than a decade into a large-scale process of securing and deepening its sovereignty at the expense of Indigenous sovereignty and with the overriding objective of providing "certainty" for capital.

The experience of modern treaties should give us pause in accepting the idea that the Canadian ruling class was "trading away its sovereignty" by pursuing free trade with the United-States. The state's continued pursuit of certainty demonstrates that the capitalist class continues to depend on the Canadian state's sovereign capacity to establish the conditions for capital accumulation. For the Canadian state, modern treaties have been a form of class-conscious state craft.

Organized business and associated right-wing think tanks have been increasingly vocal in their support for the goal of pursuing certainty. In the decades since *Calder*, such interests have grown increasingly frustrated with the lack of progress on achieving certainty (see for example Flanagan, 2015), and they have promoted a variety of assimilationist proposals aimed at facilitating the privatization of Indigenous land that are reminiscent of the myriad initiatives to privatize reserve land as early as the late nineteenth century (see Le Dressay, Alcantara & Flanagan, 2010; see Fabris, 2014 on the nineteenth century parallels; see also McCrossan, 2016 for a discussion of the roots of this trend in the Reform Party).

The transition to continental neoliberalism was not about selling away sovereignty. Here it is useful to recall Utsa and Prabhat Patnaik's (2021, 267) reminder that neoliberalism does not entail a retreat or withdrawal of the state, but instead a change in the nature of state intervention into the economy. Much the same can be said of sovereignty. The transition to neoliberalism is less a matter of declining sovereignty than of shifts in the functions of sovereign power. Following a period of prolonged economic crisis, the sovereign prerogative of the Canadian state was being refocused around the needs and interests of capital.

2.2 Ruling the Sovereign State

The last section argued that the settler colonial expansion manifest in Canada's negotiation of modern treaties undermines the claim that Canadian sovereignty was in decline throughout the transition to neoliberalism. The transition to neoliberalism is less a matter of declining sovereignty than of shifts in the functions of sovereign power. This section turns to look at the class forces driving these shifts.

This section argues that through the crisis of the 1970s and the struggles to shape the path forward, the Canadian capitalist class successfully reduced the relative autonomy of the state through new forms of political organization and advocacy. Through such organized political action, the Canadian capitalist class played the lead role in defeating Trudeau's nationalistic industrial policy and reorienting the Canadian state toward the priority of securing reliable market access through a continental free trade deal. Ultimately, capitalist class rule was strengthened through this process.

2.2.1. Organizing a class-for-itself

This section draws on an influential article by David Langille (1987, 70), who analyzes the Business Council on National Issues' role in "a successful capitalist offensive to reduce the autonomy of a state which appeared to be growing beyond their control" through the crisis of the 1970s. It will discuss the political, economic and factors of this offensive.

Formed in 1976, the BCNI was made up of the CEOs of the 150 largest corporations in Canada. In the face of an increasingly interventionist federal government, the primary objective of the BCNI was to forge consensus within the business community, and it was in a unique position to do that. Langille (1987, 50) argues that "[t]he BCNI is an alliance of monopoly capital under the leadership of the hegemonic fraction—finance capital led by the chartered banks" and joined by "companies active in resource extraction and primary manufacturing."

The BCNI's ability to form consensus was owed in large part to the fact that beyond these leading fractions, it included the dominant players from every sector of the economy: finance, insurance, oil and gas companies, manufactures, telecommunications, media and more (*ibid*, 42). Although groups like the Canadian Manufacturers Association (CMA) and the Canadian Chamber of Commerce had much larger memberships (3,000 and 170,000 respectively) and represented both big and small capital, such a wide-ranging membership was not necessarily conducive to forging strong consensus. The CMA also represented a sectoral interest, not a general business interest. Moreover, the BCNI membership included some of the dominant players within the CMA and the Chamber of commerce, and crucially it also included the elected heads of the CMA, the Chamber of Commerce and the Conseil du Patronat du Québec as *ex-officio* members (McBride, 2005, 55; Langille, 1987, 42). McBride argues (2005, 56) that with the emergence of the BCNI, the Canadian capitalist class organized itself into a serious political force.

Beyond political organization, the BCNI's power came down more fundamentally to the collective control their membership could exercise over the Canadian economy, and therefore the Canadian state. Moreover, its members were major players in the increasing corporate concentration within the Canadian economy. "The recessions of the 1970s and early 1980s had provoked massive centralization of capital as surplus funds were directed from new fixed capital investment to struggles for control of existing sites of valorization," (Carroll, 1993, 222)

Writing in 1987, Langille (42) writes that the BCNI administered more than $700 billion in assets, which annually produced more than $250 billion in revenue. By 1991, it was estimated that the BCNI's membership employed approximately 1.5 million people and controlled assets worth $750 billion, which was about seven times the book value of the federal government's own assets at the time (McBride, 2005, 56). Writing in 2005, Brownlee estimated that the BCNI employed still about 1.5 million people, but administered assets worth up upwards of $2.3 trillion (74). After forming then, the BCNI continued to increase its already substantial control of what we might call the commanding heights of the Canadian economy.

Thus, "[b]y dominating the market and exercising leverage through the financial institutions, BCNI members can already exert hegemony over both the business community and the state," (Langille, 1987, 51). For all of these reasons, the BCNI became "the organizational expression of mature Canadian finance capital," and it was effectively able to serve as an executive committee for the Canadian capitalist class (McBride, 2005, 55).

A third factor in the capitalist class offensive goes beyond the Business Council of Canada. Carroll & Shaw document the rise of a neoliberal policy bloc in Canada from 1976 to 1996. The BCNI was the leading force in this bloc. Within this bloc, there is a division of labour among different kinds of neoliberal policy groups. Neoliberal policy groups function as organizations or organic intellectuals, "deputies" or members of the capitalist class that work to shape the broader

social and political structures within which accumulation takes place. Think tanks, often funded by groups like the BCNI, in particular act as sites for the construction and proliferation of political discourses, which circulate in the form of various texts, and can influence not only business and government, but news media and popular culture (Carroll & Shaw, 2001, 196). They point to the Fraser Institute, which since its founding in 1974 has struggled to promote "free market" principles in the economic, political and social domains of Canadian policy. They also point to the C.D. Howe Institute, another policy think tank, which shifted to favouring neoliberal policy consistent with the interests of the BCNI by early 1980s. For Carroll & Shaw, the key is that these neoliberal policy groups are embedded within a larger social network of business activism within which they play discrete, complementary roles.

For all these reasons, the BCNI soon became the most effective interest group in Canada. Soon after its formation it formed a "Shadow Cabinet" to monitor and respond to legislative initiatives from different government departments. One of the first targets was Trudeau's National Energy Program (NEP). The NEP was a one of the most difficult issues to forge consensus on, since the BCNI faced divisions between oil, manufacturing and utilities companies within its membership. Through a series of meetings involving oil executives and the Alberta government, industrialists and the Ontario government, and bankers and the federal government, the BCNI helped create a new energy policy "that would virtually scrap the NEP, adopt world market prices, and involve substantial changes in taxation policies," (Langille, 1987, 62-3). In 1985, the BCNI produced a comprehensive 236-page report on competition. Released in 1985, the report was delivered to government, and it would serve as the foundation for Canada's monopoly law. In 1987, both the government and the BCNI hired the same person to construct a paper on Canadian defence policy. The Council's report closely resembled the government's own White Paper, likely

because the retired general who wrote the former reportedly simply gave the same paper written for the BCNI directly to the government (Brownlee, 2005, 78).

However, for the BCNI, "[t]he intention was not simply to respond to government initiatives, but also to shape those initiatives in the first place to advance the class-wide interests of capital," (Klassen, 2014, 51). It would go on to do just that in its drive for a free trade deal with the United-States.

McBride (2005, 51) explains that Canada's "mature, highly centralized, politically well-organized, and increasingly internationally oriented Canadian business community saw free trade with the. United States as in its interests for three commonly advanced reasons: security of access to the American market; improved competitiveness through an increased ability to achieve economies of scale and access to state-of-the-art technology; and as a spur to domestic reform"

Thus, following its leading role in dismantling the Trudeau-era interventionist crisis responses, it played the leading role in pushing for a second path out of Canada's economic crisis: continental neoliberalism. The overriding priority of this development strategy was to establish secure, reliable access to the American market through a free trade agreement. This, in turn, would subject the Canadian economy to the competitive pressures of a continental economy, thus putting downward pressure on Canadian wages, improve competitiveness through an increased ability to achieve economies of scale. More broadly, a continental free trade agreement would act as an external constitution for rationalizing the state in ways commensurate with neoliberalism (Klassen, 2014, 87).

The Business Council of Canada led in the drive to free trade – it made key submissions to the Macdonald Commission, approached the American Business Roundtable, the American government, and the Canadian state. None of these groups were immediately receptive, but became so through patient, dedicated work to bring each on board (Roman, & Arregui, 2015, 29). The

Mulroney government would come on board in the mid-1980s, and following his victory in the 1988 "free trade election," the path towards continental neoliberalism was paved. The next section contemplates its consequences.

2.3 Continental Neoliberalism and Canadian Capital's International Position

Prominent figures of the left nationalist opposition to free trade predicted that it would undermine Canada's international competitive position and bring about a regression to US control of the Canadian economy. In the years since, many prominent CPE accounts have emphasized the negative consequences of free trade for Canada's position in the world economy," (Kellogg, 2019, 70) emphasizing the close relationship with the United States. In their introduction to *The New Practical Guide to Canadian Political Economy*, editors Daniel Drache and Wallace Clement argued in 1985 that "[g]iven the Ottawa's commitment to free trade, there will be greater Americanization of the economy and culture, not less," (xvii, cited in Kellogg, 2015a, 79).

And indeed, following nearly two decades of decline (discussed in section 1.1.1.1. of the previous chapter), there was a slight increase in American control of the Canadian economy over a period of around 5 years beginning in 1992. American control of the Canadian economy had declined to control over 10% of assets by 1990 and 16.26% of operating revenue by 1991. By 1997, US control of assets had risen to just under 14%, and operating revenues to a little over 20%. In an exchange with Paul Kellogg, Mel Hurtig argued "that the decline in US control in 1998 and 1999 would prove to be an aberration," and that when 2000 and 2001 figures became available, we would be able to see that US control would increase once more. As discussed in section 1.1.1.1., this did

not happen. The slight uptick over 5 years was the aberration in a longer-term trend of declining American control.

Although US control did not increase, the years following free trade saw the rise of talk of the "hollowing out" of corporate Canada. Beginning with the proposed takeover of Alcan – one of the biggest multinationals in Canada – by US based aluminum giant Alacan, Canadian mainstream and corporate press began raising alarms about Canada's corporate network being "hollowed out" by non-resident takeovers.

However, this alarmist narrative, reminiscent of left nationalism's concern for the fate of Canada's bourgeoisie, was not supported by the data. Carroll and Klassen (2010) address the hollowing out thesis by looking at changes within the "C250" set of firms headquartered in Canada, which consists of the 200 largest nonfinancial corporations (ranked by total revenue) and the largest 50 financial institutions (ranked by total assets). They use the C250 in 1996 and in 2006, they set out to track three potential indicators of hollowing out. First, they look at whether there is evidence of a *narrowing accumulation base for a corporate community*, which could manifest in increasing foreign (especially US) control of Canada's top corporations or as the related conversion of Canadian subsidiaries firms directly integrated into the parents, thus corresponding with a loss of managerial control to corporate head offices abroad. Second, they evaluate whether there has been a *disarticulation of the national corporate network*, which would manifest in either weakened cohesion or increasingly extraverted (and especially continental) relations. Lastly, they look for evidence of *failing international competitiveness*.

They find that Canadian control of Canada's 200 largest industrial increased from 143 in 1996 to 158 in 2006. The same was true of Canadian control of the top 50 financial institutions, which rose from 36 to 39. In both categories, European control increased slightly, while American

and Japanese decreased. 130 firms in the 2006 C250 were also in the 1996 C250, meaning 120 firms lost their place within the C250 within this decade. They find that Canadian firms that fell from the C250 were more likely to be acquired by a non-resident interest than a non-resident controlled firm was to be acquired, a net trend toward hollowing out. However, of the 130 firms that were part of the C250 in 1996 and 2006, 80% were controlled in Canada at both times, meaning "the most institutionally stable component of the corporate elite's accumulation base" were "tenaciously controlled by Canadian interests," (13). Moreover, 76.6% of the 120 firms that emerged anew in the 2006 C250 were Canadian controlled. Their findings suggest that while the upper echelons of Canada's corporate community are transnational in orientation, there remains a stable base of Canadian control over the commanding heights of the economy.

The hollowing out-thesis is further undermined by data compiled in annual reports *Mergers and Acquisitions in Canada*, put out by investment banking services firm Crosbie & Company. Their annual reports show that the value of non-resident acquisitions of Canadian companies exceeded the value of Canadian acquisitions of non-resident companies between 2006 and 2009, which might explain why these concerns or hollowing-out emerged in 2007. However, longer term figures from 1993-2013 make it unequivocally clear that this was not the trend. In this 20-year period, Canadian acquisitions of non-resident companies outpaced non-resident acquisitions of Canadian companies. The database shows there were 6062 acquisitions of non-resident companies by Canadian companies, worth a total of $822 billion. This compared with 2572 non-resident acquisition of Canadian companies worth a total of $762 billion. With regard to the US specifically, there were 3,456 Canadian acquisitions worth a total of $528 billion, compared with 1,796 acquisitions of Canadian companies worth a total of $385 billion (Kellogg, 2015a, 88-94).

Thus, the long-term trend of declining US control of the Canadian economy was not reversed following the advent of continental free trade. Moreover, Canada's corporate network retained a clear national base, while increasing transnational linkages. For these reasons and more, Klassen argues that the Canada-US free trade zone has helped Canada secure a secondary position along the imperial chain. Within ten years of the free trade deal, Canada would reverse its historical investment deficit, and emerge as a net capital exporter in 1997. Although Canada's trade dependence on the United-States is often highlighted as a sign of Canadian weakness, Klassen argues that Canada and the United-States have a mature, bilateral trade relationship in which goods and services from all sectors of the economy flow from both ways across the border. Crucially, Canada runs systemic trade surpluses in industrial goods and in energy, automotive, forestry and agricultural products. Under free trade, these surpluses became so large that they compensate for the deficits in trade with Europe and Asia, from whom Canada imports advanced means of production and cheap consumer goods. "Understood in this way, the CUFTA zone has been the spatial system through which Canadian firms have accumulated capital for growth and expansion on a global scale," (Klassen, 2009, 176-7).

Conclusion

This chapter has argued that Canada's transition to continental neoliberalism did not entail the erosion of Canadian sovereignty, but instead entailed the reorientation of sovereign state power in the interests of capital. Through the struggles to shape the path forward form the crisis period of the 1970s, the Canadian ruling class reduced the relative autonomy of the Canadian state through new forms of political organization. In this context the capitalist class was the primary driving force in the transition toward continental neoliberalism via continental free trade agreements. In the years

since free trade, the Canadian capitalist class has enhanced its international position while maintaining cohesion of the national corporate community.

This chapter has not sought to reject the left nationalist accounts of this period outright, but it has aimed in part to provide an alternative reading of the transition to continental neoliberalism that diverges from left nationalism on key questions. In particular, it has aimed to complicate the notion of declining sovereignty. Although it is conceivable that Canadian sovereignty vis-à-vis Indigenous nations could be strengthened while Canadian sovereignty vis-à-vis the US could be declining, this chapter aims to complicate the notion of an absolute decline of Canadian sovereignty owing to the transition to continental neoliberalism. The Canadian state's continued quest for certainty suggests that capital still depends on the Canadian state's sovereign control over land.

Moreover, in contrast to left nationalists' anxieties around Canadian capitalism's international position, this chapter has emphasized that corporate Canada's international position has benefitted from free trade in important ways. In particular, this period of transition laid the foundations for changes in Canada's net investment position, which would generate further impetus to change within the Canadian state's international conduct. This is the subject of the next chapter.

3. Canada as an imperialist power

Following the critique of Canadian left nationalism developed over the last two chapters, this looks at Canada's role in the world as an imperialist power since the end of the Cold War. The critique of left nationalism drew heavily from the work of a loose group of scholars who are critical of Left Nationalism and propose an alternative view of Canada not as any sort of neocolonial dependency, but as an imperialist power in its own right. I refer to their work as the Canadian imperialism literature.

Drawing from the Canadian imperialism literature, this chapter argues that following the end of the Cold War, Canadian foreign policy became dedicated to the primary goal of opening up opportunities for the international expansion of Canadian capital through the pursuit of neoliberal transformation around the world.

This chapter proceeds in four sections. The first section is a broad review of the core works of the Canadian imperialism literature. The second section looks at the Canadian imperialism literature's accounts of Canada's international position from Confederation through the Cold War with a view to grasping what changed in the neoliberal era. The third section looks at three core processes discernable in the literature that drove the transition to new Canadian foreign policy after the Cold War. The last section draws on the Canadian imperialism literature to demonstrate Canadian foreign policy's commitment to the international expansion of Canadian capital through international neoliberal transformation and provides a broad overview of some of the major foreign policy initiatives undertaken to that end.

3.1. Situating the literature

We trace the emergence of the Canadian imperialism literature (CIL) to the publication of Todd Gordon's *Imperialist Canada* in 2010. While it is far from the first book to argue Canada is an imperialist power (see Moore & Wells, 1975; Carroll, 1986), it is the first in a series of scholarly books, articles and edited collections that work from a Marxist perspective and directly frame their positions as critiques of left nationalism.

This literature review looks at four books as the core of this literature.

Todd Gordon's *Imperialist Canada* (2010, 9) argues that "Canada is an imperialist country–not a superpower, but a power that nevertheless benefits from and actively participates in the global system of domination in which the wealth and resources of the Third World are systematically plundered by capital of the Global North." Further, Canadian foreign policy is driven by "the goal of creating the conditions for the successful international expansion of Canadian corporations, at the heart of which is forcibly opening up the new markets and resources of the Global South," (10). He argues that a strong, coherent Canadian capitalist class (Gordon, 2010, 19-21) saw international expansion as the solution to the profitability woes that had plagued the economy following the crisis of the 1970s (*ibid*, 11). As business leaders continued pressing this case, the Canadian state's foreign policy apparatus responded. Especially since the 1990s, the results have been an unprecedented expansion of Canadian capital into the Third World, with devastating social, economic and ecological consequences along the way.

In *Joining Empire: The Political Economy of the New Canadian Foreign Policy*, Jerome Klassen argues that the two decades following the end of the Cold War were witness to the emergence of a new Canadian foreign policy. He emphasizes the role of that transnationally integrated factions of the Canadian capitalist class in forging this new, imperialist foreign policy. In short, he argues, "Canada's new foreign policy is a class-based effort at joining empire," (2014, 6). For Klassen, "the key link between the internationalization of the Canadian economy and the reorganization of the state as a

military power in the new imperialism is the recomposition of Canada's capitalist class as a globalizing bloc of corporate power. This new social class is the agency through which economic interests are absorbed by the state and externalized in the form of diplomatic and military strategies," (2014, 30). The book is thorough in documenting the international expansion of Canadian capital following the crisis of the 1970s, the process through which the state internalized these prerogatives of Canadian capital, and the new international role Canada took on as a result.

Paul Kellogg's *Escape from the Staple Trap: Canadian Political Economy after Left Nationalism* (2015a) is the most comprehensive critique of left nationalist CPE to date. He argues that Canada is an advanced capitalist economy with its own national (as opposed to comprador) bourgeoisie (*ibid*, 176), which had developed a home market by the second half of the nineteenth century (*ibid*, 138). His primary aim is to use this alternative framework emphasizing the home market to explain why high levels of foreign direct investment and staple exports have not meant underdevelopment or poverty in Canada as it has with many countries in the Third World. Moreover, this framework is better suited to explain Canada's historical trajectory from a capital importer throughout its history to a net capital exporter by the end of the twentieth century, a key process in Canada's rise as an imperialist power in its own right.

Ultimately, he argues that the countries at the top of the very hierarchical capitalist world economy "benefit from, and aggressively work to sustain, the conditions that trap poor countries into a dependency on staples - and Canada is very much ensconced at the top of this hierarchy of nations, not at the bottom. It is one of the architects of the current world system, not one of its victims," (2015a, 10).

Tyler Shipley's 2020 *Canada in the World: Settler Capitalism and the Colonial Imagination* argues that Canada's role in the world is shaped by the political economy of settler capitalism and its ideological counterpart, which he calls the colonial imagination. He argues (2020, 1-2) that "Canada's

colonial project was driven by one fundamental material goal - the destruction of Indigenous political economic practices and their displacement by capitalism - and an equally important ideological foundation in the claim that Europeans were racially and culturally advanced, and thus that their conquest of Indigenous Peoples represented 'progress.'" He argues that Canada's relationship with Indigenous nations were in fact Canada's first international relations. Moreover, these formative international relations established the essential pillars of Canada's role in the world going forward. "When settlers arrived in what would eventually be called Canada, they arrived to make money and save souls; the former justified the latter, and the latter made possible by the former. These would ultimately become the twin pillars of Canadian foreign policy: settler capitalism and the colonial imagination," (*ibid*, 24).

Shipley's book is written to be an accessible introduction to Canada's role in the world from a Marxist and anti-imperialist perspective. His main contribution is to provide a fairly simple and straightforward framework for such an understanding. The crux of his argument is that Canada's role in the world is shaped on the one hand by the material foundation of Canada's capitalist political economy, which could only be brought into being through the colonization and expropriation of Indigenous nations, the dispossession of their land, and the elimination of their diverse political, economic and social orders, which were incompatible with a social order based on private property, generalized commodity production and capital accumulation. On the other hand, Canada's role in the world is shaped by the dominant ideology that emerged in this process. This dominant ideology, or colonial imagination, was characterized by the presumption of racial and civilizational superiority of Canada as an enlightened, European and Christian nation. Along with this assumption of superiority came a paternalistic sense of obligation to "save" and "civilize" Indigenous peoples through colonization.

Shipley begins by tracing the emergence of this dialectic between the material and ideological through the process of settler colonial expansion especially in the late nineteenth and early twentieth century, and then turns to Canada's role abroad. He argues that since its founding, Canadian foreign policy has been committed to protecting and promoting the interests of the British Empire and American imperialism because Canada understood that it could carve out space for its own ruling class's prosperity under that umbrella (2020, 404). He extensively documents Canada's role in imperialist campaigns over a century and a half and highlights how these campaigns have been widely understood and presented by media, cultural institutions and political leadership through the ideological lens of the colonial imagination by Canadians. He points to the role of the colonial imagination shaping Canadians' views in cases as diverse as sympathy for Imperial Japan's colonial expansion as a "civilizing enterprise," Canadian leaders admiration and support for European colonial powers and their conviction that Africans were not yet ready for nationhood 1950s-70s (*ibid*, 255), and the widespread view that "Afghan problems were a result of Afghan backwardness and that only the more modern Canadian presence could get the country back on track," during the occupation of Afghanistan from 2001-2014 (*ibid*, 400).

Taken together, these works form the core of the Canadian imperialism literature. These core works are part of a broader canon. Some of the authors above have also authored more focused regional studies on Canadian imperialism. In 2013, Jerome Klassen and Greg Albo edited *Empire's Ally*, a collection of essays on Canada's role in the War in Afghanistan that brought together academics, anti-war activists and other authors. This collection aimed to demonstrate how the nation building project in Afghanistan caused its descent into chaos by the late 2000s, and to explain and assess Canada's role in Afghanistan and the geopolitics of the West Asian theater more broadly (Klassen, 2013, 7).

Todd Gordon co-authored a book with Jefferey Webber on Canadian imperialism in Latin America in the neoliberal era. They argue (2016, 9) that "the strategic orientation of imperialist powers such as the U.S. and Canada vis-à-vis Latin America over the last fifteen years has been driven principally by an effort to assert control over access to the region's immense natural resource wealth." Moreover, "both the U.S. and Canada have been interested in containing through persuasion, and/or eliminating through coercion, the rising tide of popular social movements and left-leaning governments in the region."

Tyler Shipley's first monograph focused on Canada's role in supporting the 2009 coup against Honduran President Manuel Zelaya, and protecting the dictatorship that took power in its wake. Shipley argued (2017, 3) that "Canadian capital is now heavily invested in the world's poorest countries, where it takes advantage of weak states that cannot–or will not–protect their citizens from dispossession and exploitation. Honduras is paradigmatic of this development, and Canada's reaction to the 2009 coup d'état, in particular, is among the most compelling cases of the new Canadian imperialism."

Beyond these authors, many scholars, thinkers and activists have made important contributions to this literature. Yves Engler, for example, is not an academic, nor has he framed his work as a critique of left nationalist CPE. Nevertheless, he is frequently cited in the literature (especially Engler, 2009 and Engler & Fenton, 2005) and has collaborated with some of the authors (Klassen & Engler, 2017). Stephen McBride is another author whose work has been influential and important for this literature (especially McBride, 2005), but he breaks with some of its core positions when he argues that Canada never achieved a core position in the global economy, and that Canada has regressed toward a semi-peripheral position under neoliberalism (2020, 70-1).

Drawing clear lines of demarcation around this literature is not a straightforward exercise, but it is not necessary for this analysis. This chapter will take the four works surveyed above as the

primary points of reference, but it will draw on the Canadian imperialism literature broadly conceived. That is, it will also refer to the regional studies mentioned above, and also to works that are frequently cited within the literature. The aim here is to demonstrate that the Canadian imperialism literature provides a compelling alternative framework to left nationalism for understanding Canadian foreign policy.

3.2. Canada & Imperialism from Confederation to Cold War

This literature emphasizes the important shifts in Canadian foreign policy in the neoliberal while at the same time rooting Canadian foreign policy in a historical perspective. Grasping the distinctiveness of the neoliberal era requires some understanding of how these authors viewed Canada's role in the world in previous eras.

The literature locates the roots of Canada's imperialist international role in its history of settler colonialism. For Gordon (2010, 67-8), "any discussion of Canadian imperialism must begin at home" because "[t]he whole foundation of Canadian capitalism rests upon indigenous lands and resources. The growth of Canadian capitalism could only be achieved, then, by imperialist means. Canada's existence is premised on the forceful subjugation of Indigenous nations and their resources to its interests." Shipley builds on this insight in *Canada and the World* by arguing that Canada's relations with Indigenous nations constitute the country's first *international* relations, and that these colonial relations established the patterns that would shape Canada's relations with the rest of the world.

Beyond Canada's roots in settler colonial expansion, the literature is clear that Canadian capital "has always had an international orientation, and that the Canadian state "has always sought

to support [Canadian capital's] interests and reinforce the subordination of the Third World," (Gordon, 2010, 10). Shipley (2020, 404) argues that "Canada's foreign policy across a century and a half had been aimed at protecting and promoting the British and US empires, with a keen understanding that Canada could carve out space for its own ruling classes' prosperity under that umbrella." In that context, Canada worked to establish formal independence in its foreign policy during the interwar period, which it achieved in 1931 Statute of Westminster. As the Second World War revived Canada's depression-stricken economy and also the US-Canada trade relationship, Canada realigned its military and defence policy with that of the US (Klassen, 2014, 11-2)

During the Cold War, Canada "stayed true to its roots, working alongside the old colonial powers to maintain the capitalist world system, from which it benefitted handsomely," (Shipley, 2020, 204). This period is best known for Canada's "middle power" strategy favouring multilateral diplomacy (see Chapnick, 2000 for a critique of the "middle power" perspective), and in particular for Canada's commitment to UN peacekeeping. Paul Kellogg (2013, 181) argues that this period is best understood from "a political economy perspective that sees Canada as an independent 'military parasite'." As "an ally of the United States, Canadian capitalism benefited from the markets kept open by US military power, but as an independent state it has been able to resist US pressures to 'carry the burden' of high levels of arms spending," (*ibid*).

In this context, Canada played a leading role in the creation of NATO. Canada keenly promoted the idea of a north Atlantic alliance as a means to develop a collective security response to the Soviet Union beyond the UN, while preserving its own independence by balancing Europe against the US. Canada was the first Western nation to publicly advocate for the creation of a north atlantic alliance, and many analysts have suggested that Canadian diplomats helped push the United-States towards this option (Kellogg, 2013, 187-190)

Canada's commitment to the North Atlantic Treaty Organization (NATO) preceded its role as a peacekeeper. The latter is typically seen to begin with Canada's proposal of a UN peacekeeping force during the Suez Crisis. When Britain and France conspired with Israel to invade Egypt following its nationalization of the Suez Canal in 1956, most independent Third World governments were enraged. African and Asian nations demanded the belligerents' withdrawal. Crucially, so too did the United-States, and it was this "chasm opening between Britain and the United States [that had] alarmed the Canadian government and brought Canada into the Suez Crisis," (Carroll, 2009, 3 cited in Webster, 2016, 177) Canada's two key transatlantic allies were pitted against one another in this conflict, and Canada had a vital interest in resolving this dispute. Picking up on Prime Minister Anthony Eden's claim that Britain was only there to keep the peace, Lester Pearson famously proposed that the UN create and run a peacekeeping force. "The motivation, however, was to heal a rift between Canada's key North Atlantic allies, and to avoid a situation in which the Third World would be united against Britain and France," (Webster, 2016, 178). Canada's reputation as a peacekeeper, then, was forged in an attempt to keep the peace between its imperialist allies.

Following Suez, Canadians would participate in every UN peacekeeping mission over the next three decades. Peacekeeping operations from the 1950s through the 1980s were invariably closely connected to Western Cold War geopolitical interests. In that context, Canada used these operations to pursue its own aims in the conflict in question (Maloney, 2001, 61).

Shipley (2020, 201) argues that that Canadian peacekeeping and Cold War interventions fell into at least one of four patterns: 1) they slowed or undermined the decolonization process in countries breaking from European colonialism, 2) they lent legitimacy to campaigns that were substantively rooted in Cold War aggression or capitalist self-interest, 3) they worked to maintain the Euro-American alliances at the core of Canada's international strategy, and 4) they were imbued with colonial ideology and violence. Canada's intervention in Egypt arguably fell into all four, but it

especially fit patterns 2 and 3. Canada's peacekeeping operation in the Congo in 1960 also arguably falls into all four, but especially 1 and 4.

Canada was a significant arms provider to Belgium in the run-up to Congolese independence (Shipley, 2020, 262). Despite this, the Congo achieved independence from Belgium on 30 June 1960. Only four days later, the autonomous eastern province of Katanga seceded with the support of Belgium. In the process, the province invited greater Belgian economic cooperation and military personnel and training in the process. Amid fears that the newly liberated country might face dismemberment by pro-Belgian separatist forces, Congolese Prime Minister Patrice Lumumba called for a UN peacekeeping force.

Canada was one of the largest contributors to the Opération des Nations Unies au Congo (ONUC), with 1,900 Canadians participating in the peacekeeping force between 1960-4 (Canadian Foreign Policy Institute, no date). Canadian media coverage of the Congo at the time was imbued with colonial racism, playing to fears of attacks on Europeans in the Congo, cannibalism, violent rampages by "primitives" and other such savagery, with some stories bolstered by Canadian peacekeepers' own testimony to this effect (Shipley, 2020, 259-62). Lumumba was skeptical of Canada's presence and viewed it as just another imperialist power (*ibid*, 263), and indeed Canada worked to undermine Lumumba. For the Western powers, not only had Lumumba become too nationalistic, he began seeking aid from the communist bloc. By August of 1960, these Western powers, chiefly Belgium, the US, France and Britain worked together toward the shared goal of removing him from power (Guyard, 1999, 54).

Canada played an important role in removing Lumumba from power. While ONUC as a whole was divided on how it should relate to the different Congolese factions, Canada ultimately sided with Colonel Joseph Mobutu, then commander in chief of the Congolese National Armed Forces and Lumumba's main rival among aspiring Congolese leaders. Despite ONUC's strict and

specific orders not to intercede or track Lumumba's movements upon his escape from house arrest, Canadian Colonel J.A. Berthiaume gave Lumumba's location to Colonel Mobutu, whose forces arrested and soon assassinated him (Shipley, 2020, 264-5). Canada's ambassador to Germany was among the Canadian officials celebrating ONUC's role in Lumumba's overthrow, saying that "already the United Nations has demonstrated in the Congo that it can in Africa act as the executive agent of the free world," (quoted in Canadian Foreign Policy Institute, no date).

This overview of the Canadian imperialism literature's account of Canada's international history from Confederation through the Cold War makes three things clear. First, Canada's foreign relations have been imperial in nature since at least the settler colonial expansion immediately following Confederation. Second, Canada has been an important partner in British and American imperial campaigns around the world. Third, especially in the post-War period, Canada has worked to cement and strengthen the alliance between British and American imperialism precisely because this alliance has served the international interests of Canadian capital. Ultimately, Canadian capital achieved its position toward the top of the capitalist world economy through settler colonial expansion and cooperation with Anglo-American imperialism.

So, what changed in the neoliberal era?

3.3. The Driving forces of Change in Canadian Foreign Policy

The most important change of the neoliberal era is that the pursuit of neoliberal transformation around the world has increasingly become a core priority of Canadian foreign policy. In the neoliberal era, the Canadian state has become increasingly dedicated to maximizing economic

openness in the world economy in order to facilitate the international expansion of Canadian capital.

Although Canada generally tended to promote economic liberalization in the international political economy throughout much of the twentieth century, it was not consistent in this approach, and its most significant efforts to that end were limited to multilateral negotiation of international trade rules.

As Canadian capital has increasingly expanded to regions of the world outside of North America and Europe since the crisis of 1970s, the Canadian state has become unswervingly committed to economic liberalization as a means to establish the conditions for the international expansion of Canadian capital. Put another way, the pursuit of neoliberal transformation around the world aims to establish better investment climates and greater certainty for Canadian capital operating internationally. To borrow Desai's formulation (2023, 62), while Canada pursues economic openness through encouragement where possible, Canada has been increasingly inclined to resort to coercion where necessary, as will be discussed with reference to Haiti in Chapter 4. Through the 1990s and into the first decades of the 2000s, Canada's foreign policy apparatus has been reconfigured around the central priority of facilitating the international expansion of Canadian capital.

While the Canadian imperialism literature paints a detailed picture of the changes this has entailed, they make an equally important contribution in their accounts of *why* these changes took place. As such, this section will explore three core processes that drove these changes.

The first is that international expansion became a priority for Canadian capital following the profitability crisis of the 1970s. The second is that in this context, a well-organized Canadian capitalist class exercised decisive influence over the Canadians state. Third, anti-systemic forces were temporarily weakened with the collapse of the USSR, giving the imperialist bloc a period of relative

free reign to pursue more aggressive initiatives. Driven by the domestic imperatives of maintaining an expanding capitalist economy, Canada seized on the opportunities presented by this conjuncture in the international arena. Below we will examine each of these processes.

The first core process at the root of Canada's new foreign policy in the neoliberal era is that, following the profitability crisis of the 1970s, *Canadian capital became more definitively oriented towards international expansion and accumulation beyond Canada*. Canadian capitalism had reached a stage in which, owing to the lack of profitable investment opportunities at home, the international expansion of Canadian capital took a new importance for maintaining capitalism (and thus capitalist class rule) at home.

As Kellogg (2015a, 99) explains, "[b]ecause of its competitive, unplanned nature, capitalism involves a constant tendency towards overproduction. Mature capitalist economies, therefore, face the constant problem of having to find new markets for investment" or else risk economic crisis. Kellogg quotes Lenin to this effect: "As long as capitalism remains what it is, surplus capital will be utilized not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap" (Lenin, [1917] 1964, 264, quoted in Kellogg, 2015a, 101).

In this context, Canadian capital pursued international expansion on a scale that is unprecedented in Canadian history. The stock of Canadian FDI abroad increased from 9.5% of GDP in 1982 to 38.3% in 2002 (Ghosh & Wang, 2011, 469). The most significant indicator of this shift is that Canada reversed its historic international investment position as a capital importer. Figure 3.1 shows that in 1997, Canada became a net capital exporter in terms of direct investment. It

has maintained this position since, and the gap between inward and outward direct investment continued to grow.

Figure 3.1 Canada's international investment position, 1987-2022

Source: Statistics Canada. Table 36-10-0008-01. "International investment position, Canadian direct investment abroad and foreign direct investment in Canada, by country, annual (x 1,000,000)

Klassen (2014, 14) writes that the period since the 1990s, "has been characterized by the rapid expansion of Canadian firms abroad, most notably into the United States and Europe, but also into developing countries." Although the vast majority of Canada's direct investment abroad goes towards high income countries by World Bank standards (92% according to Yergeau, 2019), the Canadian imperialism literature has focused most on the massive and historically unprecedented surge in Canadian direct investment in the poorer countries of the world in the Global South. Gordon (2010, 11) finds that in 1980, profits from Canadian investments in the Third World totaled $3.7 billion, which increased by 535% to $23.6 billion in 2007.

One reason for this focus is that although the US and Europe account for a far larger share of Canadian FDI, this is not new. The advanced capitalist economies have always invested much more in one another's economies than they do in poor countries. Moreover, it is a far more

reciprocal investment relationship: Canada holds substantial investments in other advanced capitalist economies, and other advanced capitalist economies often hold even greater investments in Canada.

"In terms of Canada's relationship with the global South, however, the picture is unequivocal: there is a vast outpouring of direct investment, the export of capital, from Canada to the poorer countries of the world economy" (*ibid*). It is a "vast outpouring" not because it accounts for the majority of Canadian direct investment abroad, but because it has grown very rapidly, and it is not reciprocated at anywhere near equivalent levels.

Klassen writes (20140, 30) that "the largest firms in Canada are increasingly those that are engaged in transnational accumulation, and Canada's capitalist class has thus been recomposed as a 'globalizing bloc of corporate power.' Leading corporations in all sectors of the Canadian economy hold trade and investment stakes across the world economy, and thus have a vested interest in the neoliberal transformation around the world." In this context, "the Canadian state has been induced or impelled to develop a new international strategy, one that embodies and secures the political and economic interests of Canadian capital," (*ibid*, 6).

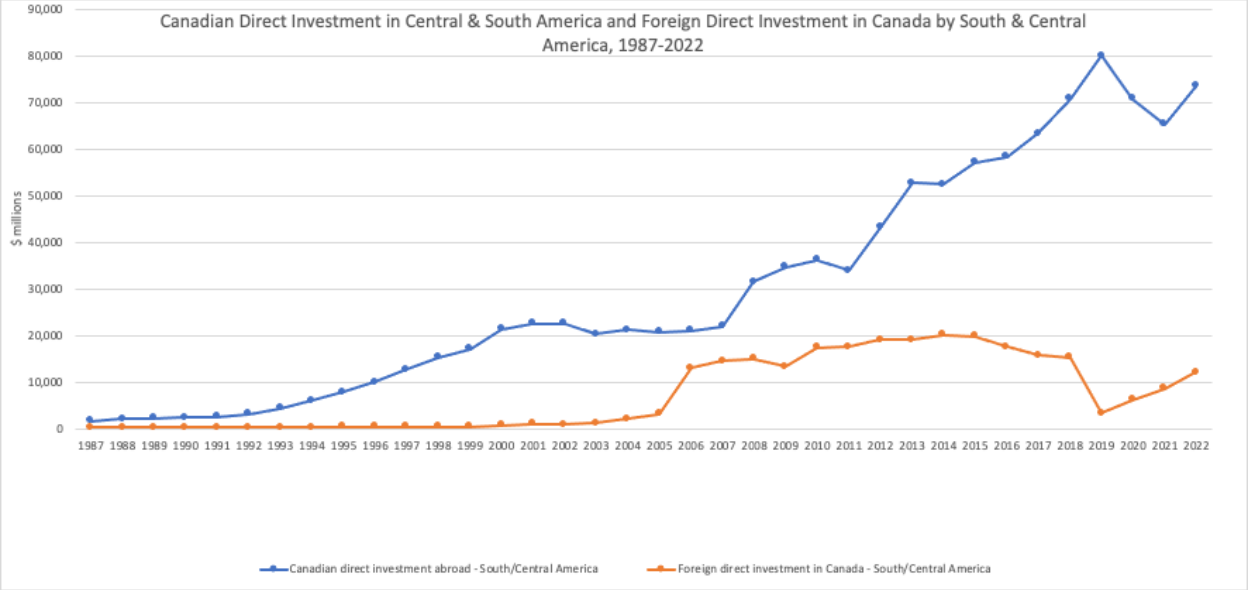
While Klassen is right that all sectors now have international trade and investment stakes, the composition of Canadian FDI toward the Global South is skewed toward certain sectors. Canadian FDI to the Global South goes overwhelmingly into the extractive and financial services sectors. In 2011, 44% of Canadian FDI in upper middle-income countries was in the extractive sector, and 17% was in financial services. By 2018, this had shifted to 36% and 23% respectively. Thus, the combined total for both sectors was 61% in 2011 and 59% in 2018. Upper middle-income countries accounted for 1.3% of the total stock of Canadian investment abroad, and the primary destinations were Mexico, Peru, Brazil and China.

In lower middle-income countries, 81% of Canadian FDI was in the extractive sector and 14% was in the financial sector in 2011. By 2018, these numbers had shifted to 63% and 24%, meaning the combined total was 95% in 2011 and 87% in 2018 (Yergeau, 2019).

Yergeau notes that compared to other G7 countries, Canada invests a large share of its foreign direct investment to Central and South America. And indeed, Canada's foreign investment in Latin American and the Caribbean has received the most attention in the Canadian imperialism literature. Gordon & Webber (2016, 15) document the phenomenal scale of expansion of Canadian FDI into Latin America in the 1990s, which followed on the heels of the liberalization of capital flows, the rewriting of natural resource and financial sector rules, the privatization of public assets, and other neoliberal measrues. In 1990, Canadian direct investment in the region stood at C$2.58 billion in stock. This increased to C$25.3 billion in 2000 and $59.4 billion by 2013, meaning there was a 2,198% increase in less than 25 years. The stock of US FDI into the region was much higher in absolute terms, but the rate of growth was much lower at only 555% over the same 22-year period.

Figure 3.2 demonstrates that Canadian direct investment in South and Central America has increased substantially since 1990, while the reverse has not occurred. There has been a massive surge of Canadian direct investment into the region since the 1990s, and this investment far outstrips any reciprocal direct investment into Canada.

Figure 3.2 Canadian Direct Investment in Central & South America and Foreign Direct investment in Canada by South & Central America, 1987-2022



Source: Statistics Canada. Table 36-10-0008-01. "International investment position, Canadian direct investment abroad and foreign direct investment in Canada, by country, annual (x 1,000,000)

There is a second key reason for the focus on the substantial growth in Canadian FDI in the Global South: such investment has been associated with the increase in power projection by the Canadian state in the service of ruling class interests in stable investment climates around the world. For the Canadian imperialism literature, the international expansion of Canadian capital is the core economic foundation for the new international orientation of the Canadian state.

Indeed, Gordon & Webber (2019, 81) argue that Canadian capital's expansion into Latin America depended on the steadfast support of the Canadian state: "Canadian state managers have prioritized new and aggressive engagement with states in the region, hoping to create the best possible conditions for the accumulation of profit." This often involves multiple departments collaborating "to develop a broad strategy to support Canadian investors, particularly in countries where there is strong social movement and public opposition to Canadian extractive investment."

Thus, the international expansion of Canadian capital has been made possible through the dialectical, mutually dependent relationship between Canadian capital and the Canadian state. While state conduct has been shaped by the economic power of Canadian capital, the latter has necessarily relied on the Canadian state to secure access to new markets and create favourable investment conditions therein.

This brings us to the second core process driving the post-Cold War shift in Canadian foreign policy: organized political action by the Canadian capitalist class. As seen in the previous chapter, the Business Council on National Issues, which rebranded to the Canadian Council of Chief Executives (CCCE) played the leading role in reducing the relative autonomy of the state and strengthening capitalist class rule. The last chapter demonstrated that the BCNI played a decisive role in Canada's turn toward continental neoliberalism.

Led again by the BCNI, Canadian monopoly finance capital acted as a decisive force in shaping Canadian foreign policy in the years ahead. Following 9/11, a new power bloc, combining the economic and political interests of the capitalist class and the defense lobby, developed a new grand strategy for the Canadian state.

Klassen provides the clearest, most theoretically informed and most thoroughly documented account of the role of organized Canadian business leading a coalition of social forces in shaping a new Canadian foreign policy between 2001 and 2014, and his account is worth reviewing at some length. "In the wake of 9/11," he argues (2014, 192-3):

> "the corporate community worked decisively to anchor a new power bloc of economic, political and military forces that was itself linked to similar networks of power in the United States and other advanced capitalist countries. This new power bloc brought together globalizing corporate interests, neoliberal think tanks, national

> security and defence lobby structures, business-minded politicians and parties, and a plexus of academic institutions and analysts. Together, this constellation of social forces developed a new grand strategy for the state, one that supported the economic project of transnational neoliberalism, the political project of US primacy and the "global war on terror." Through this new grand strategy, an imperial power bloc was formed in Canada."

In the days following 9/11, the US "moved to full inspections of all border crossers, opening every trunk and carefully reviewing all travel documents," (Wilson, 2015), and this effectively closed the border for several days and caused delays long after, with disastrous effect for the Canadian economy (Globerman & Storer, 2008).

On 3 October 2001, over 55 business associations and individual companies in Canada formed the Coalition for Secure and Trade-Efficient Borders. The Coalition "represent[ed] the vast majority of business activity in Canada," and on 1 November 2001, it issued an open letter to Prime Minister Jean Chrétien calling on him to recognize that security and trade are linked. It called on the Prime Minister to "take immediate action to present a comprehensive and integrated solution to security and borders," (CSTB, 2001, quoted in Klassen, 2014, 193). In the same month, the Report of the Standing Committee on Foreign Affairs and International Trade released a report with recommendations for "modernizing" Canada's border management. The report, titled *Towards a Secure and Trade-Efficient Border* (2001), received considerable input from industry groups, including the CSTB, and was framed by the economic impact of the delays at the border. Through meetings with federal and US officials, including cabinet ministers, "the Coalition was able to shape and direct the security arrangements that ensued, particularly the [joint Canada-US] 2001 Smart Border Declaration," (Klassen, 2014, 193).

In this context, "Canada's leading business think tanks began to envision a new grand strategy for US-Canada relations - and for Canada's role in the world more broadly," (Klassen, 2014, 194). This grand strategy sought to secure Canadian access to US markets and the broader structures of continental neoliberalism through deep integration with US structures of continental security, Wendy Dobson published an influential study for the C.D. Howe Institute arguing that Canada should pursue a series of initiatives "designed to meet the security interests of the United States in exchange for its agreement to some customs-union- and common-market-like arrangements." In this way, Canada could advance its interest "by preserving and enhancing access to the US market," (Dobson, 2002, 29).

The CCCE served once again "as hegemonic vehicle for synthesizing, and advancing, the corporate approach to the "global war on terror" and US primacy objectives" (Klassen, 2014, 195). In a speech to the House of Commons Standing Committee on Finance, President of the CCCE Thomas d'Aquino argued pressed for public spending on security and defence, and a strategy to "position [Canada] inside the American tent," which could allow Canada to gain "uninhibited access to the United States market," (d'Aquino, 2001 quoted in Klassen, 2014, 195).

Canada's defence lobby played a secondary role in this project in collaboration with the CCCE. Canada's defence lobby consists of "defence associations, retired military officers, university-based military and strategic studies programs, foreign policy institutes, defence industry associations, and hawkish parliamentarians," with many actors receiving funding from the Department of National Defence or by Canada's leading military hardware producers (Staples, 2007, 162, quoted in Klassen, 2014, 197).

The Conference of Defence Associations (CDA), made up of more than fifty defence associations from all regions in Canada and partially funded by the Department of National Defence, played an important role, arguing in 2002 "the decline of the Canadian Forces is putting

the entire nation at risk in terms of economic prosperity and well-being," (CDA, 2002, 1, quoted in Klassen, 2014, 198). They called for an end to "defence freeloading" and substantial reinvestment in Canadian armed forces and aligning with US security strategies. The aim was to guarantee that Canadian forces would be "combat capable; flexible and adaptable; deployable and sustainable; and self-sufficient and interoperable," (CDA, 2004, quoted in Klassen, 2014, 198).

The Canadian Defence and Foreign Affairs Institute released reports in this same period calling on Canada to realize that "all other Canadian international interests are far behind the importance of maintaining friendly and workable relations with the Americans," and to reinvest in the armed forces, foreign service and development assistance accordingly (Stairs et al., 2003, viii, quoted in Klassen, 2014, 199). These reports were co-authored by Denis Stairs some of the leading militarist academics in Canada (including historian J.L. Granatstein and political scientist Kim Richard Nossal), and at least one was commissioned directly by the CCCE (Bercuson et. al, 2003).

This constellation of social forces, led by organized Canadian business and including the defence lobby and each communities' respective think tanks and organic intellectuals, emerged as a new imperial power bloc that compelled the Canadian state to reorient its foreign policy. The Canadian state's response will be discussed in the next section.

In the fall out of the Cold War, anti-systemic forces were temporarily weakened with the collapse of the USSR, giving the imperialist powers a period of relative free rein to pursue more aggressive initiatives. This was the third core process setting the stage for Canada's emergence as an imperialist power in the post-Cold War era. Contrary to predictions of a "peace dividend" which was set to follow the conclusion of the Cold War, the US-led imperialist bloc became emboldened to project military power across the world. Driven by the domestic imperatives of maintaining an expanding capitalist economy, Canada seized on the opportunities presented by this conjuncture in the international arena.

This process is arguably under-analyzed in the literature since these authors are primarily concerned with demonstrating the role of domestic social forces in shaping Canada's international role. Still, they make clear that this was the essential context within which the new Canadian foreign policy was developed. Klassen (2009, 164) argues that the "collapse of the Soviet Union and the defeat of Third World nationalism allowed for the globalization of market forces under the leadership of a new American imperialism." Shipley argues that "[t]o the extent that the Cold War had placed limits on the expansionary trajectory of the Western capitalist powers, its end had opened up vast new spaces to which the West entitled," (2020, 482). Moreover, "[t]he Canadian ruling class understood itself to have helped win the Cold War and was excited to cash in on its spoils, but it also knew that it had a role to play in helping the United States police and maintain the now almost entirely capitalist world," (*ibid*, 345).

Although it is not foregrounded in the anti-imperialist literature, the absence of a significant counterforce in the world system following the fall of the USSR was a major part of what enabled the imperialist powers to so aggressively pursue neoliberal transformation around the world.

3.4. Canadian Imperialism in the Neoliberal Era

These three core processes compelled the Canadian state to reorient its foreign policy to increasingly prioritize and pursue neoliberal transformation across the world more aggressively in order to facilitate the international expansion of Canadian capital. Klassen (2014, 200-1) has argued that in the context of the war on terror, Canadian governments have pursued a "more class conscious statecraft" as "Liberal and Conservative governments have worked to synthesize and

advance the economic, political and military demands of the new imperial power bloc." Klassen distills this grand strategy into five key points:

1. *Neoliberal market enforcement*, or the commitment to global exploitation and appropriation under the hegemonic direction of Canadian capital;
2. *Continental securitization*, or the convergence of US and Canadian security policies as part of building a "Fortress North America" for unfettered accumulation;
3. *Cooperative specialization with US primacy*, or the search for niche functions within US-led security platforms, especially in North America but inclusive of forward-deployed structures, vehicles and missions;
4. *Stratified multilateralism*, or support for international regimes and institutions to the extent that they enable transnational neoliberalism, US primacy, and capitalist class interests in Canada; and:
5. *Disciplinary militarism*, or armed intervention in "failed" or "rogue" states to neutralize any perceived threats to capital, with a focus on counterinsurgency, asymmetric warfare, and interoperability with US and other North Atlantic Treaty Organization forces.

Although Klassen argues that this strategy was consolidated following 9/11, the roots of each pillar can be traced back at least to the beginning of the 1990s as continental neoliberalism was being established.

Klassen offers a wide-ranging account of how this 5-pronged grand strategy shaped Canada's foreign policy post-9/11. The remainder of this chapter will draw heavily from this account and make note of the major shifts in the pre- and post-9/11 periods that

documented by Klassen and others, but it will focus in on an analysis of the Canadian state's drive to open up opportunities for the international expansion of Canadian capital. Consistent with the focus of the CAI, this section will pay particular attention to Latin America.

This section will focus in on three major features of Canadian foreign policy in this respect. First, it will highlight how commitments to facilitating the international expansion of Canadian capital were expressed in strategy documents from successive federal governments. Second, it will demonstrate that the Canadian state acted on these commitments in multilateral and bilateral diplomacy. Third, it will demonstrate that the Canadian state has gradually restructured its foreign policy apparatus to assist Canadian firms expanding abroad. Crucially, this section will emphasize that the Canadian state pursued economic openness by encouraging neoliberal transformation where possible, and imposing it where necessary (Desai, 2023, 62).

3.4.1 From continental to transnational neoliberalism

The first phase of this new foreign policy, from the beginning of the 1990s until 2001, was dominated by economic concerns. In a political climate dominated by fiscal concerns and austerity, Canada's foreign policy apparatus was not spared from cuts and Canada's international strategy focused more on the economic and soft power tools. Following a comprehensive review of Canadian foreign policy, the federal government released *Canada in the World - Government Statement* (1995), which argued that "[w]hile military capacities and might will remain important factors in the international system of the future, international affairs will be rooted increasingly in economic and trade relations." The government's first key objective was the "promotion of prosperity and

employment," which was to be achieved through competition in international markets. To that end, the government committed to working to "build a supportive domestic economic framework."

As discussed in Chapter 2, this "supportive" framework was continental neoliberalism, and this strategy had as much to do with the ruling class's international ambitions as it did with the aim of subjecting Canada's domestic economy to the competitive pressure of a continental trade zone.

In this context of continental neoliberalism, a preoccupation with deficit reduction through cuts to government expenditure came to dominate Canadian politics throughout the 1990s (Lewis, 2003, 144). Under Chrétien and Martin governments, government expenditures were essentially cut across the board. Total federal government expenditure went from 23.1% of GDP in the 1992-3 fiscal year (just prior to Chrétien took office) to 14.4% by 2005-6 (McBride, 2005, 101).

Canada's foreign policy apparatus was not spared from these cuts. The federal government held that statement "until we get our own financial house in order, we will be seriously limited in our ability to act abroad to further Canadian objectives" (Canada, 1995, 8), and major spending cuts effectively gutted hallmark institutions associated with Canada's role as an ostensible "peacekeeper" or "middle power" and the major spending cuts effectively gutted the hallmark institutions associated with Canada's role as an ostensible peacekeeper or middle power (Klassen, 2014, 189).

The 1990s is widely known as the "decade of darkness" in Canadian military circles, because the Canadian military was being stretched thin with ongoing obligations and some new deployments amid significant budget cuts. The Canadian defence budget declined from two percent of GDP in 1989 to 1.1% in 1999 (Moen, 2008, 572). The cuts to Canada's overseas development assistance were even more severe: the ratio of official development assistance to GNP dropped from 0.49% in the 1991-92 fiscal year to 0.34 per cent by 1996-97 (Morrison, 1998, 369). Between the 1988-89 and 1997-98 fiscal years, official development assistance was cut by 33% in real terms, compared with 22% for defense and only 5% for all programs combined (Gordon, 2010, 148).

Beginning in the 1990s, Canadian participation in peacekeeping missions began a steep decline. In December 1992, Canada was still among the top contributors to UN peacekeeping missions with over 3,825 personnel deployed (Granatstein, 2006). In 2006, only 56 Canadians participated in UN peacekeeping operations, representing just 0.077% of total participants, which placed Canada 52nd out of 97 contributing nations (Gordon, 2010, 298).

The 1990s was thus witness to a relative retreat from traditional areas of focus for Canadian foreign policy occurred, setting the stage the shift toward a new foreign policy orientation, which would centre on the pursuit of neoliberal transformation throughout the world economy.

As part of its commitment to help Canadians realize the "tremendous opportunities" presented by international markets, the government pledged to "reinforce an open, fair and predictable set of rules governing international trade and investment; and to provide means to ensure that Canadian firms are able to take advantage of opportunities abroad," (Canada, 1995, ii).

Canada's bilateral and multilateral diplomacy began to prioritize economic liberalization throughout the world economy as early as the late 1980s. The merging of foreign affairs and international trade into the Department of Foreign Affairs and International Trade (DFAIT) in the early 1980s was emblematic of the impending shift toward a more narrowly commercial foreign policy (Klassen, 2014, 215).

Beginning in the late 1980s, the Canadian International Development Agency (CIDA), DFAIT and state institutions endorsed the structural adjustment policies of the International Monetary Fund and the World Bank (Gordon, 2010, 142). A 1990 report from the Standing Committee on External Affairs and International Trade, which incorporated the views of both business leaders and policy makers, argued that "debtor countries must adjust by adopting sound economic policies and … a significant degree of market liberalization is often appropriate and necessary," (SCEAIT, 1990, 20-21, cited in Gordon, 210, 143). Canada's support for structural

adjustment in Latin America was evident its participation in the region's key multilateral organizations, through its bilateral relations with individual countries, and through its direct support for Canadian corporations active in the region. By 1989, CIDA "came to regard support for structural adjustment as a first priority," (Pearson and Draimin, 1994, cited in Shamsie & Grinspun, 2010, 175)

That Canadian capital's international interests were advanced by structural adjustment becomes immediately clear when looking at its effects on mining sectors across the Global South. Prior to the proliferation of structural adjustment programs across the Global South in the 1980s, mining sectors were broadly characterized by high levels of state control, and foreign investment was circumscribed. Following the debt crisis of the 1980s, structural adjustment programs began compelling large-scale privatization and the introduction of liberalized investment measures (Blackwood & Stewart, 2012, 219).

Kellogg argues (2015a, 63) that by the 1990s, Canada occupied a position of leadership or at least considerable influence in leading multilateral forums promoting neoliberal transformation. Canada had been a member of the G7 since 1976. In 1999, then Finance Minister Paul Martin was involved in some of the initial discussion with soon-to-be US Treasury Secretary Lawrence Summers that led to the creation of the G20, which would soon replace the G7 as the "relevant body for the informal multilateral management of the world economy" after the 2008 financial crisis (Desai, 2013, 228).

Canada was also involved in early diplomatic initiatives that led to the creation of the World Trade Organization (WTO), and it played a major role in shaping its institutional development since it was founded in 1995 (see Ouelette, 2018). From1981 until 1999, the Quadrilateral Group of Trade Ministers (or the Quad) effectively played the role of "the chief organizing center for elite control of trade negotiations." Meetings to negotiate international trade deals would often be

structured according to the priorities established by the Quad, which was composed of four members: the United-States, the European Union, Japan and Canada (Kellogg, 2015a, 64).

As outflows of Canadian FDI increased in the 1990s, Canadian diplomacy became more increasingly concerned with securing the broadest possible protection for outward investment throughout the world economy (Smythe, 2015, 420). While the US was promoting a binding multilateral agreement on investment in the OECD, Canada opted to instead pursue such an agreement through the WTO, which offered broader coverage of countries where Canadian FDI was growing beyond the OECD, greater credentials as a trade negotiating forum, and strengthened dispute resolution capacity. Despite initial US opposition, Canada, the European Commission and Japan began working to build consensus to negotiate an investment for the first WTO ministerial meeting in December 1996. The final Singapore declaration established a working group to examine the relationship between trade and investment, and the European Commission, Japan and Canada tried to use the working group to build consensus on the need to include investment in the agenda of a future round of negotiations. While some developing countries and ex-socialist countries supported proponents of investment rules, an equally large number of developing countries opposed it, including China and Brazil, and the campaign failed in 2004 after 7 years. Outlining its experience with bilateral foreign investment promotion and protection agreements (FIPAs) and NAFTA, a Canadian submission to the working group argued that a WTO focus on "investment rights and obligations [to] deepen trade agreements" provided more consistent rules and protections than bilateral investment treaties. Elizabeth Smythe (2015, 422). points out, however, "At no time in the following six years did Canada outline any obligations of foreign investors in host countries beyond obeying domestic laws. Investor security was the priority."

Even as it pursued these goals, Canada was often frustrated with the rate of progress in multilateral trade negotiations and adopted a strategy of negotiating bilateral foreign investment

protection and promotion agreements (FIPA) and free trade agreements (FTASs). Canada signed 19 such agreements through the 1990s, plus NAFTA and the 4 multilateral agreements that created the World Trade Organization in 1995. Such bilateral agreements were a form of neoliberal market enforcement, since they served to establish and secure conditions for profit-making by Canadian capital in international markets (Gordon, 2010, 161-2). In Latin America, they served to institutionalize the changes brought about by structural adjustment by transforming them into enforceable international rules, thus laying the groundwork for deeper penetration of Canadian corporations in the region (Shamsie & Grinspin, 2010, 181).

Canada's support for the expansion of mining capital also went beyond investment treaties. Between 1997 and 2002, the Canadian international Development Agency (CIDA) funded the efforts the Canadian Energy Research Institute, a Calgary-based NGO, to work with the government of Colombia to establish the country's mining code. Established in 2001, the new code increased security for corporations seeking long-term guarantees form the Colombian state (Paley, 2014, 78) by facilitating the unilateral expropriation of land, weakening environmental standards (even permitting exploration without environmental authorization), limited labour rights and reduced the royalty rate for foreign mining corporations from 15 to 4%. In the years that followed, Colombia's economy was effectively restructured around foreign mining interests. Between 2005 and 2010, mining and oil exports as a share of total exports tripled to nearly 50%, private investment in mining exploration (almost entirely multinational capital) tripled, and the area of Colombian territory conceded for exploration or exploitation increased by four times. By 2011, Canadian companies accounted for 65% of all companies engaged in mining exploration, and more than 75 percent of all firms exploring for oil and gas (Gordon & Webber, 2016, 179).

Although the roots of Canada's disciplinary militarism could be seen in Canada's role in the Gulf War and NATO's Balkan wars throughout the 1990s, the Canadian government primarily

sought to achieve its international objectives through various soft power means, as will be discussed in Chapter 4. Canada's shift toward a more muscular foreign policy would kick into full gear after 2001.

3.4.2. Armoured neoliberalism and the war on terror

The second phase of Canada's new foreign policy emerged in the wake of 9/11, and Canada's new foreign policy was consolidated along the lines demanded by the new imperial power bloc (see section 3.3) in the years that followed. Canadian foreign policy was accordingly reconstituted around a strategy of "armoured neoliberalism: a fusion of the economic logic of global exploitation with the political logic of disciplinary militarism," (Klassen, 2014, 189).

Canada's commitment to disciplinary militarism was exhibited most clearly in its role in the invasion and occupation of Afghanistan. Lasting from 2001 until 2014, it was the longest war in Canada's history. In an influential essay, Alexander Moens (2008, 586) argues that the war in Afghanistan was the hallmark in a revolution in Canadian foreign policy, which began under Martin and kicked into full gear under Harper. Afghanistan engendered substantial reinvestments in Canadian defence capacities (ending the so-called "decade of darkness"), contributed to a stronger Canada-US relationship and saw Canada shift from emphasizing soft power and "human security" to taking up a role in the "hard security" challenges of the war on terror.

Canada's turn toward disciplinary militarism was also evident in Canadian special forces participation in a coup d'état against an anti-neoliberal government in Haiti in 2004, as will be discussed in Chapter 4.

Canada continued to pursue neoliberal transformation multilaterally and bilaterally. The federal government's 2005 *International Policy Statement* outlined a grand strategy for the state in 4

separate papers covering defence, diplomacy, development and commerce. The section on commerce continued to support the expansion of Canadian capital, reaffirmed the importance of the World Trade Organization and documented the supports given to Canadian firms through Export Development Canada and the Canadian Commercial Corporation. The section on diplomacy called for new forms of alignment with US foreign policy priorities, explicitly supporting the CCCE's Security and Prosperity Initiative, as well as Canada's place in the G8 and NATO (Klassen, 2014, 204). Thus, it committed to cooperative specialization and stratified multilateralism as part of a broader effort to support the international expansion of Canadian capital.

In the same year, the Senate Committee on Foreign Affairs and International Trade (SCFAIT) released *Elements of an Emerging Market Strategy*, which proposed that the Canadian state assist in Canadian corporate expansion into East Asia, South Asia and Latin America through trade missions and bilateral trade and investment-protection agreements (Klassen, 2014, 203).

The Harper government's 2008 *Canada First Defence Strategy* argued that "[a]s a trading nation in a highly globalized world, Canada's prosperity and security rely on stability abroad," (8, quoted in Klassen, 2014, 205-6). Such stability was to be achieved in large part through a "fully integrated, flexible, multi-role and combat-capable military," that would be interoperable with US forces," (Canada, 2008a, 206).

Harper's government also released two other major strategy documents committing to assist in the international expansion of Canadian companies: *Seizing Global Advantage: A Global Commerce Strategy for Securing Canada's Growth and Prosperity* (2008b) and later *Global Markets Action Plan* (2013). The former outlined a strategy for facilitating the international expansion of Canadian capital, primarily through bilateral FTAs and FIPPAs. The latter was developed in close collaboration with the CCCE and other corporate lobby groups and stated that "all Government of Canada assets [will be] harnessed to support the pursuit of commercial success by Canadian companies and investors in

key foreign markets," (Canada, 2013, 6, quoted in Klassen, 2014, 206). The strategy document "entrenches the concept of 'economic diplomacy' as the driving force behind the Government of Canada's activities through its international diplomatic network," (*ibid*, 11, quoted in Klassen, 2014, 206). To that end, it envisioned the "development of an extractive sector strategy to further the interests of Canadian companies abroad," the "launch of a defence procurement strategy with a clear, export-oriented component," and the further "alignment among Export Development Canada, the Business Development Bank of Canada and the Canadian Commercial Corporation to ensure effective financing support for Canadian businesses in priority markets," (*ibid*, 12, 15, quoted in Klassen, 2014, 206).

These stated intentions were consistent with the broad thrust of Canadian foreign policy under Harper. Between 2007 and 2014, Canada would begin negotiating 13 bilateral FIPPAs foreign investment and protection agreements and five bilateral FTAs, plus an FTA with the EU (Klassen, 2014, 216). Between 1990 and 2021, Canada has ratified 49 combined bilateral FIPAs and FTAs, spanning countries from every continent, on top of the 2017 Canada-European Union Comprehensive Economic and Trade Partnership (CETA), the 2018 United-States-Mexico-Canada agreement superseding NAFTA, among other multilateral agreements.

Canada had been The Harper government launched a new Americas Strategy in 2007, two years after the failure of the hemispheric Free Trade Area of the Americas agreement that Canada had long championed. The 2007 Strategy made the hemisphere a priority region for Canadian foreign policy and outlined three key objectives: 1) promoting economic prosperity, 2) ensuring security, freedom, democracy, human rights, and the rule of law, and 3) fostering lasting relationships. While the strategy was designed to signal a new level of engagement and a more coordinated, whole-of-government approach to the region, the strategy was widely criticized as being narrowly commercial in practice (Macdonald, 2016, 1). Shamsie & Grinspun argue (2010, 174)

that Canada's support for democracy, human rights and sustainable development was weakened by its persistent adherence to a neoliberal development agenda.

Commensurate with this strategy, the Harper government shifted Canadian official development assistance (ODA)'s focus on Africa under the previous government toward higher-income Latin American countries with larger markets. Blackwood & Stewart argue that especially under Harper, the Canadian state used ODA to provide extensive supports for Canadian mining capital.

Such supports range from "direct financial support from CIDA for [Corporate Social Responsibility Projects] and technical support to revise mining codes, to [Export Development Canada] financing, [Canadian Pension Plan] investment in the mining sector, lobbying initiatives on behalf of Canadian commercial interests, infrastructure support, and the promotion of liberalization more generally through involvement in [international financial institutions] and trade and investment agreements," (Blackwood & Stewart, 2012, 227). "As a result, CIDA is now engaged more than ever in neoliberal market enforcement as a means of internationalizing Canada's extractive sector," (Klassen, 2014, 215).

The premise for such support is that foreign investment in mining in developing countries can be a foundation for broader economic development. Blackwood & Stewart (2012, 221) outline several reasons that such results have broadly failed to materialize in the neoliberal era. For one thing, mining produces negligible income for host governments, especially as attracting foreign investment has been premised on reducing royalty and tax rates. For another, it does not lend itself substantial, permanent employment because it is highly capital- rather than labour-intensive. Mining infrastructure is also limited in its usefulness for anything other than mining. Foreign investment in mining also allows for feeble economic spillover effects and value-added production, especially since refining and processing frequently takes place outside the country of extraction.

Indeed, as Canadian investment to the region surged, securing the interests of Canadian mining capital became an overriding priority of the Canadian state, and Canadian ODA become a means to facilitate profit making by Canadian mining companies. In the 2011-2 fiscal year, Canadian ODA to Latin America totaled $187.7 million. In 2012, Canadian mining companies earned $19.3 billion, with 3 Canadian companies earning a combined net profit of $2.8 billion (Gordon & Webber, 2016, 24).

Canadian mining operations have gained notoriety worldwide for their environmental degradation and human rights violations. They have been enabled by the fact that for most of the post-1990s surge of Canadian investment in Latin America, Canada has had no regime for holding Canadian mining companies available for their actions abroad. Instead, Canada has urged mining companies to abide by voluntary Corporate Social Responsibility programs and standards (and CIDA has provided financing for companies to undertake such initiatives).

In Colombia, among the most dangerous countries in the world for trade union activists with 2,800 killed between 1986 and 2010, an estimated 42% of human rights violations against unionists take place in the mining-energy sector (Gordon & Webber, 2016, 153). In this context, former Canadian Ambassador to Colombia Tim Martin said in a 2013 conference that "in a conflict affected country like Colombia, the imperative for corporate social responsibility is very strong. Moreover, many resource projects are in areas that have suffered from conflict and the attendant social tensions can linger long. Fortunately, Canada has a strong policy that integrates business and human rights. The Voluntary Principles on Security and Human Rights is a key piece an the Embassy of Canada as well as leading Canadian companies are active members of the Colombian group promoting its implementation," (20).

To date, the Canadian state has not implemented any compulsory set of regulations or code of conduct regulating Canadian mining companies' activities' abroad. In 2019, the BC Court of

Appeal agreed to hear a case brought by a group of Guatemalan farmers led by Adolpho Augustin Garcia against Vancouver-based Tahoe Resources. At the Escobal mine in southeastern Guatemala, owned by Tahoe and operated by its subsidiary, private security personnel hired by the latter opened fire on protestors with rubber bullets as they fled, injuring 7 (Findlay, 2019). The case was significant in that it set the precedent that cases against Canadian mining companies for their activities abroad could be heard in Canadian courts, though no cases have yet been heard and gone through a trial (Saunders, 2022, 157n16)

Conclusion

This chapter has argued that following the end of the Cold War, Canadian foreign policy has come to prioritize the goal of opening up opportunities for the international expansion of Canadian capital. To this end, it has pursued neoliberal transformation around the world. As is clear from the review of the Canadian imperialism literature, this shift embodies both continuity and rupture with Canada's historical role within the trans-Atlantic imperialist bloc. The shift towards the steadfast pursuit of neoliberal transformation was driven fundamentally by Canada's emergence as a net capital exporter, the political work of a well-organized Canadian capitalist class and the temporary weakening of countersystemic forces around the world. In this conjuncture, the Canadian state pursued a more class-conscious statecraft which prioritized economic liberalization in bilateral and multilateral diplomacy. In this period, Canada successfully positioned itself "among the very small group of countries at the top of the [hierarchical international system] that shapes and implements the policies of the 'Washington Consensus'" (Kellogg, 2015a, 170).

In her engagement with the Canadian imperialism literature, Laura MacDonald has objected to the term "imperialist" to describe Canada's current engagement with Latin America. It is worth briefly responding to her arguments, as this can help further deepen the theoretical insights of the Canadian imperialism literature.

MacDonald argues that the imperialist designation ignores much of the "complexity of contemporary changes in the political economy of the Latin American region," such as "[t]he decline of US hegemony, the rise of China, and the emergence of a range of New Left regimes and regional organizations that are increasingly independent of Washington." Moreover, a closer analysis of the Americas Strategy "reveals the intermingling of commercial with narrow partisan and bureaucratic interests in the determination of state behaviour, in addition to important role played by shifts in hemispheric power relations." She counterposes this to an imperialist relationship. "In the larger picture, Canada is better described as increasingly irrelevant, despite its importance in the extractive sector." MacDonald also argues that Canadian conduct in the region is more ideologically motivated than the Canadian imperialism literature appreciates owing to its narrow emphasis on corporate interests in shaping Canada's regional engagement (Macdonald, 2016, 4)

Gordon & Webber replied (2019, 74-5) to some of these points by arguing that a decline in US power does not necessarily entail a decline in Canadian power, nor does it preclude the possibility that Canada could emerge as an imperialist power in the region. They also point out that the geopolitical shifts and ideological considerations she points to can be understood within the broader framework of imperialism.

Macdonald is right to point to the rise of independent governments and regional organizations as an indication the gradual decline of imperial power, but this does not entail an end to imperial relationships in the region. Canada could become a less relevant player while remaining

an imperialist power in Latin America in the same way that France could become a less relevant power in Africa while still remaining an imperialist power.

To this we can add that her raising of partisan differences obscures more than it reveals. The main partisan difference she points to is the Harper government's shifting ODA from the previous government's focus on poverty reduction in Africa, toward a focus on commercial ties in Latin America, which she claims was meant to differentiate his government from the previous Liberal governments. Designating Canada an imperialist power, however, does not preclude the existence of partisan differences. It suggests a fundamental unity around core objectives and issues. But there is no reason to imagine that there would not be differences within imperialist countries about *how* to pursue these objectives, and these differences may fall along partisan lines.

This is essentially Klassen's position on partisan differences (2014, 253):

> "[t]he Liberal and Conservative parties increasingly have formed a de facto coalition in Parliament. In fact, with few exceptions, both parties have forged agreement, if not coordination, on major issues of Canadian foreign policy, including the deployments to Afghanistan and Haiti, the free trade agreement with Colombia, the foreign investment protection treaty with China, the extraction and export of oil sands bitumen, the global expansion of Canadian mining capital, the deep integration of continental security platforms, support for the expansion of the North Atlantic Treaty Organization (NATO) "out of area," and the embrace of Israeli positions on the Middle East."

With Macdonald's critique in mind, the next two chapters consider the issues of partisan differences. As we will see, partisan differences exist within a fundamental unity around core premises.

4. Confronting Sovereignty in the South: Canada & Humanitarian Intervention

The last chapter reviewed the Canadian imperialism literature's account of the class forces and interests involved in reshaping Canadian foreign policy in the neoliberal era. This chapter builds on this analysis by analyzing a theme that is broached in the literature, but under-analyzed: Canada's role in the practice of humanitarian intervention following the Cold War, and its concomitant role in undermining international norms of state sovereignty during this period.

Sovereignty was a major theme in Canadian left nationalist literature. As discussed in Chapter 1, sovereignty was deployed in service of an image of Canada-as-threatened. As seen in Chapter 3, the Canadian imperialism literature emphasizes that Canada has been a colonizing power and an imperial actor throughout its history, lending credence to the image of Canada-as-threat advanced in this thesis.

Kellogg in particular develops a strong argument against left nationalist view of Canada as a less-than-sovereign state. Kellogg (2015a, 185-7) argues that Canada's high level of development "cannot but be a reflection of the existence of the real sovereignty of the Canadian elite, exercised by the Canadian state, over the territory now called Canada." Yet, "[t]he sovereignty that made Canada's imperialist and colonial project possible was acquired in a particular manner." That is, the British Empire made a tactical decision to grant sovereignty from above, "effectively subcontracting its rule in British North America to an elite that it presumed (correctly) would stay loyal." While Britain retained ultimate control of Canada's foreign relations, capital accumulation was left in the hands of the Canadian elite. The latter is what is truly central to exercising sovereignty in a capitalist world. This meant that in Canada, unlike in the colonies, "the sovereign national state could use its resources to create the conditions for the establishment of a home market, and therefore foreign

direct investment could stimulate local capital accumulation" (Kellogg, 2015a, 187). It is useful to recall here that following Confederation, Canada was allowed to set its own tariff policy (and even apply it to British goods), but India was not (see section 1.3.3).

Yet Kellogg scarcely brings up the concept of sovereignty in his discussions of Canada's international conduct. As with all authors in the Canadian imperialism canon, he points to imperial interventions that clearly contravene state sovereignty, but the violation of sovereignty itself is seldom raised explicitly. This neglect of the concept of sovereignty is unfortunate, since the concept was not only a major thematic focus of Canadian left nationalism, but also remains a core concern of anti-imperialist scholars and movements around the world.

This chapter attempts to begin filing this gap by looking at how Canadian foreign policy served to undermine international norms of sovereignty in the post-Cold War period. This chapter argues that Canada played a key role in developing the ideology of and normalizing the practice of humanitarian intervention. The human security agenda acted as a precursor to the Responsibility to Protect doctrine, which Canada played a leading role in developing and promoting in the United Nations. Most often associated with Libya, Canada also evoked the doctrine in justifying its intervention in Haiti. On Haiti, this chapter argues that Canada played a key role in laying the ideological foundations, planning and executing a coup d'état in Haiti in 2004. Government officials rationalized the intervention with reference to the Responsibility to Protect doctrine, which Canada was actively promoting internationally. The intervention in Haiti allowed Canada and its allies to security the continuity of neoliberalism by overriding Haitian popular and state sovereignty.

4.1 Sovereignty & Humanitarian Intervention

Canada's role in the practice of humanitarian intervention by the imperialist powers beginning in the 1990s offers a window into the analytic and political potential of recentering the notion of sovereignty from an anti-imperialist perspective.

Following Alex de Waal (1997), Alex Callinicos traces the origins of humanitarian intervention to the increasing involvement of non-governmental organizations (NGOs) in Third World in the post-War period. With neoliberal restructuring and the privatization of Western aid in the 1980s, NGOs used a succession of disasters, chiefly in Africa, to compete for public support. "[T]he need to show results in order to prove their worth to Western public and private donors led the NGOs to assert what came to be known as the 'Kouchner Doctrine', according to which their right of access to disaster areas overrode the sovereignty of the state in question, and to demand military protection for their activities." (Callinicos, 2000, 181).

In the 1990s, Western powers began to take up this idea. Callinicos argues that the Western imperialist powers actualized the practice of humanitarian intervention in its major armed interventions throughout the 1990s. The Gulf War of 1990-1 was framed in large part through moralistic terms of human rights, justice and law. Yet the Western powers did not yet go so far as to explicitly place these concerns above concern for national sovereignty, since the war against Iraq was officially waged in defense of Kuwaiti sovereignty. With NATO's interventions in the Balkans throughout the 1990s, and especially during the Kosovo war, humanitarian concerns around the safety and political rights of Kosovo Albanians were mobilized to justify straightforwardly overriding Yugoslav sovereignty. Thus is the genesis of the practice of humanitarian intervention in the 1990s (*ibid*, 175).

Canada would go on to play a leading role in the practice of humanitarian intervention by the imperialist powers. It played a leading role in the ideological work necessary to legitimize the practice of overriding state sovereignty on humanitarian grounds. Moreover, Canada increasingly

came to play a leadership role in carrying out the interventions rationalized in whole or in part on humanitarian grounds, which were themselves often precursors to neoliberal transformation.

4.1.1. From Human Security to Responsibility to Protect

This legitimizing role can be traced back to Canada's promotion and development of the concept of "human security" beginning in the early 1990s. Canadian Secretary of State for Foreign Affairs Lloyd Axworthy, was the leading proponent of the concept in Canada. In an influential 1997 article, Axworthy explained that human security is much more than the absence of a military threat. At minimum, "human security requires that basic needs are met, but it also acknowledges that sustained economic development, human rights and fundamental freedoms, the rule of law, good governance, sustainable development and social equity are as important to global peace as arms control and disarmament," (Axworthy, 1997, 184).

The human security agenda was highly compatible with the neoliberal turn in Canadian foreign policy (see Neufeld, 2004, 116-20). The concept was often framed as a response to ostensibly new security challenges that had came with globalization, such as international crime, ethnic conflict, environmental degradation and the widening gap between rich and poor countries (see McRae, 2001, 14). In Canada as elsewhere, globalization discourses served to rationalize neoliberal restructuring favoured by powerful economic interests at both the national and international levels.

The early expressions of what would become Canada's human security agenda held that sustained economic development and poverty reduction were necessary to ensure human security. Axworthy (1997, 190-91), argued that the promotion of a "rules based" multilateral trading order constituted one way in which Canada was contributing to human security around the world. In this

context, he took care to point out that "Canada has been and will continue to be active in securing new markets for Canadian goods and services and will remain a strong advocate for progress on global issues in support of economic development." Further, he argued that while Canada accepts that economic development is a right and the only path out of poverty, "Canada should be careful to reject disingenuous arguments that use the 'right to development' as a pretext for ignoring other human rights or environmental commitments. Economic development and respect for human rights and the environment complement, rather than oppose, one another."

In making a clear commitment to continue promoting the international interests of Canadian capital through the human security agenda, Axworthy essentially preserved grounds for Canada to potentially reject nations' right to development if it were exercised in ways that did not conform a simple and vague conception of the relationship between economic development, human rights and the environment. Thus "even when underdevelopment and poverty were prominently located on the Canadian human security agenda, the stress placed on a rules-based (or free-trade) trading system as the ultimate solution played directly into Canadian interests and indirectly to the interests of its allies," (Grayson, 2004, 56)

In any case, as Canada's human security agenda developed, practitioners sought to refine earlier conceptions of the concept which were essentially seen as too broad to be an effective policy instrument. In this context, the focus on economic sources of insecurity, such as poverty, was largely abandoned. Canada emphasized "freedom from fear" issues, rather than "freedom from want," especially as international politics came to be increasingly shaped by the War on Terror. "Although human development continued to be conceptualized as a complementary objective for human security, it was de-prioritized within both the Canadian human security and economic agendas," (*ibid*, 45).

Axworthy closed his seminal article by explaining how the human security agenda could allow Canada to achieve greater influence in world affairs: "I believe that Canada has the potential to be one of a group of influential countries that will steer the course of future events. However, to secure this position, Canada must effectively cultivate and wield what has come to be called 'soft power,'" which he defined as "the art of disseminating information in such a way that desirable outcomes are achieved through persuasion rather than coercion." Canada began the 1990s "well-placed to succeed as a leader in a world where soft power is increasingly important," but to secure maximum benefit from this position, "Canada must consider how to promote its values and culture more widely abroad through a more comprehensive international information programme." With this in mind, "[e]mphasis will be placed on fostering greater integration and co-ordination across government and, most importantly, between the private and public sectors. Through a partnership with the private sector and NGOs, we can reach foreign audiences more effectively and more economically," (Axworthy, 1997, 192-4)

Under the human security agenda, Canada played a leading role in pushing for the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (more commonly known as the Ottawa Treaty), and for the creation of the International Criminal Court. These are typically seen as two of the agenda's most important achievements. In both cases, Canada's leadership was distinguished by its heavy reliance on a close partnership with NGOs, who were seen as effective agents of soft power and narrative development (Gionet, 2012, 63-5). However, human security is arguably best known for being the precursor to the Responsibility to Protect doctrine (R2P) (Adelman, 2012, 178).

The R2P doctrine was first put forward by the International Commission on Intervention and State Sovereignty (CISS) in its 2001 final report, *Responsibility to Protect*. The doctrine held that state sovereignty entails a responsibility to protect the people in the state's territory. If a state is

unable or unwilling to protect its people, the international community has a responsibility to intervene to protect the population in question, with or without the authorization of the sovereign state. The doctrine was proposed amid fierce international debates around the "right to intervene" and its implications for state sovereignty. These debates began with after the Rwandan genocide went on for weeks without meaningful international action. Debates intensified following NATO's humanitarian intervention in Kosovo. In the context of these debates, the CISS and proponents of R2P sought to sidestep the question of the "right to intervene" by reframing the debate as a matter of the responsibility of the international community to protect civilian populations.

Canada played a leadership role in the development of R2P. Canada sponsored the creation of the CISS with the encouragement of UN General Secretary Kofi Annan (Axworthy, 2003, 191). Jean Chrétien announced its creation in a speech to the UN General Assembly. Canada ensured its continued influence over the commission "by having Minister Axworthy chair the board and including Canadian academics Michael Ignatieff and Gisèle Côté-Harper as commissioners," (Gionet, 2012, 65).

If human security's liberal cosmopolitanism opened the door to curtailing state sovereignty as one moment in a longer project of rationalizing humanitarian intervention, Canada's leading role in promoting R2P made it an even more important player "in the effort to reshape international law and practice surrounding the principle of sovereignty," as R2P promoted "a significant shift in thinking on the principle of nation-state sovereignty" (Gordon, 2010, 302).

While some analysts have attempted to downplay the shift on sovereignty implicit in the R2P doctrine by arguing that state sovereignty has always come with certain mutually understood responsibilities (see Glanville, 2014), proponents of the doctrine themselves concede that R2P *does* entail a significant rethinking of sovereignty (Axworthy & Rock, 2012, 182), and that this was precisely one of the grounds for concern and opposition among states in the Global South.

Axworthy (2003, 190) wrote that when R2P was being proposed and debated, "[m]any Southern countries, especially in Asia, had legitimate concerns about big powers using humanitarian intervention as a cover for a new form of imperialism."

Fenton (2005) and Gordon (2010, 303) both quote the late President of Venezuela Hugo Chávez on R2P, who remarked that "this is very suspicious … Tomorrow or some time in the future, someone in Washington will say that the Venezuelan people need to be protected from the tyrant Chávez, who is a threat … They are trying to legitimize imperialism within the United Nations." China and Russia met R2P with extreme skepticism upon its proposal. Following the R2P intervention in Libya, skepticism towards R2P has increased among all the BRICS countries (Nuruzzaman, 2022). Hence China and Russia's role in preventing an R2P intervention in Syria (Zheng, 2016, 693). "Beijing's strategy of limiting R2P's implementation has exerted significant influence on the norm's development and shaped it in a more conservative direction," (*ibid*, 689), with the chief concern that R2P not be allowed to serve as a means of regime change.

Mohammed Ayoob (2002, 84) points toward one of the major reasons R2P has been met with skepticism and even hostility by so many former colonies: "[w]ithout denying the considerable moral force of the 'sovereignty as responsibility' approach, one cannot help but notice echoes of the 'standard of civilisation' argument in this proposition." The standard of civilization idea was prevailing wisdom among the European colonial powers until the end of the nineteenth century, and it held that only countries that had attained a certain standard of civilized behaviour had the right to sovereign status and mutual recognition of sovereignty. Razack similarly points out that while military intervention into the affairs of states seems not easily defensible from a liberal paradigm stressing freedom, autonomy and state sovereignty, liberal imperialists have historically resolved this dilemma by maintaining that such concepts are simply not applicable to 'barbarians.' No less than thinkers like John Stuart Mill and statesmen like Winston Churchill articulated such positions

(Razack, 2004, 40). The discourses surrounding humanitarian interventions were at least in part a modern-day rearticulation of this line of thinking.

The above discussion has shown that Canada played a leading role in such a rearticulation. What's more, these discourses served to legitimize another pillar of the new Canadian foreign policy: what Jerome Klassen (2014, 200) calls "disciplinary militarism" toward the Third World, described as "armed intervention in 'failed' or 'rogue' states to neutralize any perceived threats to capital, with a focus on counterinsurgency, asymmetric warfare, and interoperability with US and other North Atlantic Treaty Organization (NATO) forces." Beyond developing the ideological framework, however, Canada would play a lead role in putting this framework in to practice. Canada's participation in the 2004 coup d'état in Haiti would be the first Canadian intervention rationalized with reference to R2P.

4.2. Canada's Humanitarian Intervention in Haiti

The open violation of Yugoslav sovereignty during NATO's so-called humanitarian interventions triggered serious debates around the world. Canada's most important contributions to these international debates was to lead in the development of the human security agenda and the R2P doctrine. We have so far argued that with these contributions, Canada played a significant role in undermining international norms of state sovereignty.

However, Canada played more than an ideological role in undermining state sovereignty. Canada also played a leading role in interventions that were rationalized using the R2P doctrine. The first such intervention was the 2004 coup d'état in Haiti. Although this intervention took place before R2P was adopted at the UN General Assembly in 2005, Canadian officials rationalized

Canada's role in the overthrow of Haiti's democratically elected government with reference to R2P. This section looks at how Canada played a lead role in instrumentalizing R2P to overthrow sovereign governments.

Canada's intervention in Haiti has been analyzed in depth in the Canadian imperialism literature. As such, this section will rely primarily on these accounts. With regard to Haiti review will also underscore that the continuity of neoliberalism in Haiti was achieved "at the expense of popular sovereignty," (Burron, 2016, 69).

4.2.1. Responsibility to Protect? Imposing Neoliberalism in Haiti

The 1991 US-backed military coup in Haiti set the stage for Canada's increased involvement in the country. In 1986, widespread popular mobilizations consisting of near daily street protests and strikes, forced the overthrow of the US-backed military dictatorship of Jean-Claude "Baby Doc" Duvalier (Barry-Shaw & Oja Jay, 2012, 113).

The resistance that forced his overthrow was organized largely under the umbrella of the "Lavalas" movement. Lavalas (meaning "flood" or "avalanche" in Creole) formed in the 1970s and grew out of grassroots religious communities. The movement was inspired by liberation theology, "and saw the role of the church as helping the poor to organize and struggle against social and political injustice," (*ibid*). The Lavalas base was in the urban poor and the peasantry (Burron, 2016, 70). Lavalas had coalesced around Jean-Baptiste Aristide, a popular young priest who had studied liberation theology, put it into practice in the poorer neighbourhoods of Port-au-Prince. He earned a certain credibility as one of the only church figures to have spoken out against Baby Doc's brutality.

Following Duvalier's departure, the US created a National Governing Council (NGC), which would be controlled by the Forces armées d'Haiti (Armed Forces of Haiti; FADH), headed by

Lieutenant Henry Namphy. The FADH would go on to severely repress the popular movement led by Lavalas: between Duvalier's departure in 1986 and the first elections organized by the NGC in 1988, the FADH killed more people than Baby Doc had killed in the previous 15 years. Turnout was very low for the 1988 election organized by the NGC, as Lavalas and Aristide called for a boycott (Podur, 2012, 16-7).

Both Duvalier and the military governments had established a stable business climate by "dutifully [applying] the neoliberal recipe to Haiti's economy," for which both regimes governments "approval and financial support from the U.S., Canada and other Western donors." Neoliberalism in Haiti fostered the growth of a low-wage, union-free, unregulated and hyper-exploitative subcontracted sweatshop industry, producing textiles, sporting goods and the like for foreign multinationals."

In the context of widespread repression by the FADH, Lieutenant Namphy won the election. Despite continued widespread repression, Namphy was not able to consolidate his power and stabilize the country, and new elections were called in 1990. This time, Lavalas decided to contest the election with Aristide as its candidate. Aristide was elected President in a landslide.

He moved quickly against the pillars of neoliberalism in Haiti by increasing taxes on the rich, opening investigations into human rights abuses, raising the minimum wage, increasing subsidies for basic commodities consumed by the poor, and dismantling parts of Haiti's repressive apparatus. In this context, popular organizations were growing stronger and advancing more radical demands, union organizers were making inroads in the factories, and peasant land occupations were increasingly bold. Aristide was removed by a military coup in 1991 financed by the country's business elite and carried out by Raoul Cedras, who along with some of his supporting officers had been on the CIA's payroll for years. (Barry-Shaw & Oja Jay, 2012, 113-5)

Mass repression by the military once again followed and over 5,000 Lavalas supporters were killed in the next three years. Still, the military government was again unable to defeat the Lavalas movement and consolidate stable rule. By 1994, the Clinton administration sought to reinstate Aristide through a UN mediated, multilateral process. His reinstatement came with onerous conditions. Namely, he had to accept the neoliberal Emergency Economic Recovery Program formulated by the World Bank, the IMF, the Inter-American Development Bank and USAID with the support of the Canadian International Development Agency (CIDA) (Burron, 2016, 70-1). "The IMF cure for Haiti's desperate poverty involved further reductions in wages that had already sunk to starvation levels, privatization of the state sector, reorientation of domestic production in favour of cash crops popular in North American supermarkets and the elimination of import tariffs. Aristide was required to grant amnesty to the coup-makers, in effect pardoning the murder of thousands of his supporters. He also had to agree to his term ending in 1995, as if he had served a full term (Hallward, 2004, 30-1). Aristide formally accepted these conditions, but refused to privatize many SOEs, increased taxes on the wealthy, continued with land reform, re-established ties with Cuba, funded literacy campaigns and established a truth commission on human rights and dismantled the FADH (Klassen, 2014, 236-7).

The Canadian military had assisted in the process of returning Aristide to power on these conditions. Aristide's return in 1994 marked the beginning of a wave of American and Canadian NGOs flooding into Haiti. With the failure of mass repression to stem the tide of the Lavalas movement, the US and Canada shifted toward exercising influence in pursuit of their objectives through a strategy of funding NGO projects. The number of registered NGOs in Haiti doubled between 1994 and 2004. "Though the major beneficiaries of the post-1994 NGO boom continued to be NGOs linked to Haiti's business elite and figures associated with the *ancien regime*, significant funds also were directed at co-opting elements of popular movements to build a "left" opposition to

Aristide and the anti-neoliberal political movement he represented" (Barry-Shaw & Oja Jay, 2012, 117). "Canada and the US tended to support different groups "in the overall interest of creating a larger hegemonic bloc … led by transnationalized factions but also [including] elite social groups and NGOs critical of neoliberalism." (Burron, 2016, 75-6) The US used NGOs to coordinate elite opposition to Lavalas (*ibid*), while Canadian funding targeted "small organizations and coalitions that represented Haiti's small middle class, including some which were nominally on the left but opposed to the popular movement," (*ibid*, 79).

Aristide stepped aside from the 1995 elections was succeeded by his Prime Minister, Rene Préval, who less resistant in carrying out the structural adjustment program. This acquiescence led to a split within the Lavalas movement. Politicians critical of Aristide's top-down leadership and more amenable to the international donors' neoliberal programme broke from Lavalas to form a more "moderate" faction, which would be called the Organisation du Peuple en Lutte (OPL). From 1996, Aristide began organizing a more cohesive party of his supporters, which would become the Fanmi Lavalas party (FN).

In 2000, Aristide was re-elected President and FL won control of the legislative and local levels of government. As Aristide and Fanmi Lavalas won their strongest mandate yet, opposition to Lavalas intensified with the formation of Convergence Démocratique (CD). The head of the International Republican Institute, an American NGO and one of the main recipients of a $12.6 million USAID programme in Haiti, "played an instrumental role in uniting the disparate factions that formed the new political opposition to Aristide and formed Convergence Démocratique," (Burron, 2016, 76). This new anti-Lavalas coalition aimed to annul the election results and bar Aristide from running in future elections (Podur, 2012, 4).

The opposition disputed the election results on the basis of a minor technical complaint raised by the Organization of American States over the methodology used by Haiti's Provisional

Electoral Council (CEP). Rather than including all of the least popular candidates in its calculation of voting percentages, the CEP only counted the votes cast for the top four candidates in each race The OAS had helped develop this methodology, which the CEP insisted had been used in past elections (Hallward, 2004, 38). While neither the US nor the OAS had objected to this methodology prior to the election, this minor technical detail and similarly spurious claims of violence by Lavalas were used as a pretext for launching a destabilization campaign against the government by the US and Canada.

The US suspended all bilateral aid to Haiti following the disputed elections. Under US pressure and with Canadian support (Podur, 2012, 36), the Inter-American Developmental bank canceled the release of $145 million in previous agreed upon loans. The Bank also froze another $470 million scheduled for the following years.

Canada cut its bilateral aid to half of what it had been the previous years, and most of the $18 million in aid that Canada did provide was redirected from the state and went to NGOs (*ibid*). In the year leading up to the coup, Canada delivered $67.3 million to a network of NGOs linked to the Group of 184 (Klassen, 2014, 243), another opposition coalition formed in 2002. The Group of 184 was comprised of capitalists in control of Haiti's media, sweated industries in the export processing zones, right wing politicians, ex-army offices involved in pre-Aristide dictatorships and NGOs, and it also included some members of CD (Gordon, 2010, 330). Andy Apaid, the leading figure in the coalition, was not only the owner of Haiti's largest sweatshop chain, but also a long-time opponent of Aristide, who had financially supported the 1991 coup and forced his workers to attend anti-Aristide protests. Incidentally, Montreal-based Gildan Activewear, one of the most active Canadian companies in subcontracting production to Haiti's export processing zones, had subcontracted production to a company owned by Apaid (Shipley, 2020, 426-7). In these ways worked to isolate

the Haitian state from international financial network while providing material support for opposition forces in the country (Klassen, 2014, 243).

Beyond that, Canada played an active role in planning the coup. Not long before the elections in 2000, Lloyd Axworthy travelled to Washington for a "Friends of Haiti" meeting organized by Madeleine Albright, which resulted in the US decision to withdraw assistance for Haiti's November presidential elections (Engler & Fenton, 2005, 30-1). In 2003, following another round of contested legislative elections, Denis Paradis hosted the "Ottawa Initiative on Haiti," wherein leaders from Canada, the US and France met in Meech Lake, Quebec to discuss the future of Haiti. No Haitians were present. Montreal-based newspaper *l'Actualité* reported at the time that the participants discussed the need to remove Aristide and place Haiti under the control of the UN (Gordon, 2010, 329). Following the meeting, Denis Paradis explained following the meeting that "Aristide should go" and that "the international community wouldn't wait for the five-year mandate of President Aristide to run its course through to 2005," (quoted in Shipley, 2020, 427).

By 2003, Haiti was experiencing a full-fledged political and economic crisis. In 1995, the Haitian government had received almost $600 million in aid. By 2003, the total government budget had fallen to $300 million. GDP had fallen from $4 billion in 1999 to $2.9 billion in 2003 (Hallward, 2004, 39). With the government starved of resources, foreign-backed NGOs were delivering the bulk of living requirements, and former military and death squad members were launching attacks from the Dominican Republic. This would turn into a full-scale invasion by these forces on 5 February 2004 (Klassen, 2014, 238).

Klassen argues that "Although the capital was surrounded by the end of February, the insurgency had little capacity to capture the city or to hold the towns and villages it had overrun previously. It lacked support among the poor majority and failed to spark an insurrection in the capital. For these reasons, the militaries of the United-States, France, and Canada were impelled to

invade Haiti. Indeed, it was only through the invasion of the UN-sanctioned and US-led Multilateral Interim Force that the government was toppled, and the coup secured," (Klassen, 2014, 238).

On the 29 February 2004, US forces kidnapped Aristide and flew him out of the country to exile in the Central African Republic (CAR). Canada sent members of its Joint Task Force 2 to Port-au-Prince, who secured the airport for Aristide's removal (Shipley, 2020, 428). Canada and the US claimed that Aristide left the country on his own accord. Gordon (2010, 335) finds this claim implausible on four grounds. First, testimony from Aristide and his close allies shows that up until the night he was taken out of the country, he had no intention of leaving. Second, if Aristide left of his own accord, why would he choose to go to the Central African Republic (a close French ally), rather than to a neighbouring ally like Cuba or Venezuela. Third, the Americans claimed they were surprised by Aristide's supposed request, but they were able to send reinforcements to Haiti on the same day (with Canadian soldiers not far behind). Lastly, if Aristide left of his own accord, why was he was kept on virtual house and kept from speaking to international media for several days upon arriving in the CAR?

Following the removal of Aristide, a "Council of the Wise" chosen by officials from Canada, the US and France appointed an interim government, choosing Gerard Latortue, a neoliberal economist and Miami radio show host that had lived in Florida for two decades prior. The coup was unsurprisingly followed by mass protests by Lavalas supporters demanding Aristide's return. They were met with mass repression by state and paramilitary forces, often with the Canadian and American backing. It is estimated that up to 1000 people were murdered in the weeks following the coup. Canada sent more than 500 troops to help quell the uprising of Lavalas supporters. Beyond taking part in the repression, Canada sent 100 RCMP officers to Haiti to train and provide "operational planning and implementation" focused on crowd control and intelligence gathering (Shipley, 2020, 428).

In the years that followed, Canada would increase its aid to the Haitian state dramatically, and it primarily went to Haiti's repressive forces. It sent a total of $200 million between 2004 and 2006, $20 million of which went to the Haitian police. This made Canada the second largest bilateral donor to Haiti. Moreover, it spent $39 million to keep Haiti in line with the conditionalities for the structural adjustment program adopted following the coup. It paid down arrears to external donors and assisted external donors on the condition that Haiti agree to neoliberal restructuring. Canada would also send an additional $520 million in bilateral aid from 2006 to 2011, making clear the bipartisan support for Canada's role in Haiti (Gordon, 2010, 338). Under structural adjustment and effective occupation by foreign forces, neoliberal restructuring following the coup would include the privatization of electricity, water, telecommunications and port facilities, reductions to minimum wage and subsidies for poor farmers, dismantling many existing social programs and more (Shipley, 2020, 428).

In sum, Canada was able to play a key role in securing the continuity of neoliberalism in Haiti. In order to do so, it was necessary to override popular and state sovereignty in Haiti to remove Aristide, and then play a major role in helping to "stabilize" the country by providing financial, training and logistical assistance to Haiti's repressive forces as they presided over the consolidation of the coup through waves of counterrevolutionary violence, making Canada "a direct partner and participant in the most horrific period of bloodshed Haiti had experienced since the days of miliary rule," (Shipley, 2020, 428). Podur's conclusion is sound: "R2P offered a pretext for overthrowing an elected government in Haiti and replacing it with an internationally constituted dictatorship."

Conclusion

This chapter has argued that Canadian foreign policy played in important role in undermining international norms of state sovereignty first through the cosmopolitanism of its human security agenda and then in its leading role in developing the R2P doctrine. Beyond its role in providing an ideological basis for the practice of humanitarian intervention, it played a key role in putting the doctrine into practice in the coup d'état against Haiti's Jean-Baptiste Aristide. Canada helped lay the groundwork for the coup by establishing a soft power presence via NGOs, which would play a key strategic role in narrative construction in the years leading up to the coup. It also reoriented its aid away from the state and toward "civil society," which meant Aristide's political opposition in practice. Both strategies were perfectly in line with its human security agenda. It then played a key role in planning and executing the coup along with the US and France and remained deeply involved in the country in the years that followed. Although Haiti has yet to recover from this intervention in many ways, it was successful in securing the continuity of neoliberalism in Haiti.

In light of widespread concerns over state sovereignty and the possibility that R2P would merely serve as cover for a new form of imperialism, proponents of R2P have frequently reiterated that the doctrine is not primarily about the responsibility to intervene. Evans and Sahnoun write that R2P includes not just the "responsibility to react," but the responsibility to prevent and the responsibility to rebuild as well (2002, 101). Axworthy and Rock remind us that "R2P stresses the international community's duty to support and assist the state in meeting its own responsibility," (2012, 181).

Yet in Haiti, one of the earliest deployments of the R2P doctrine, Canada and its allies did precisely the opposite. They severely undermined the Haitian state's ability to meet the needs of its citizens by drastically reducing the development assistance going to the Haitian state. In a 2004 review of its activities in Haiti, CIDA essentially acknowledged that this was the case, writing that the focus on working with non-government actors "contributed to the establishment of parallel

systems of service delivery, *eroding legitimacy, capacity and will of the state to deliver key services*," (12, quoted in Klassen, 2014, 43). It is implausible to write this off as a mistake or a miscalculation in light of this statement.

Only once the Lavalas Party was removed from power and barred from running in elections did Canada resume its aid to the Haitian state, focusing primarily on bolstering Haiti's repressive forces amid a large-scale process of counterrevolutionary violence.

5. Canadian Imperialism and the People's Republic of China

This thesis has drawn on the Canadian imperialism literature to analyze the political economic drivers of Canada's foreign relations. The imperialism framework emphasizes the role of domestic social and class forces in driving Canadian foreign policy, in contrast to approaches that stress external factors such as US hegemony. The literature demonstrates the decisive role played by a well-organized Canadian bourgeoisie with increasing international operations in shaping the trajectory of Canadian foreign policy. As ownership within the Canadian economy has become increasingly concentrated and centralized under the control of a national bloc of Canadian finance capital, this bloc has effectively come to control the commanding heights of the Canadian economy. At the same time, this bloc of Canadian finance capital has led the process of political organization and action by the Canadian capitalist class in the neoliberal era. Finally, Canadian finance capital has become increasingly internationally oriented, and in the process has developed a vested material interest in an open world economy.

For all the strengths of the Canadian imperialism literature, it suffers from some important shortcomings. Since they are responding to left nationalist presentations of Canada as a neo-colonial or satellite state, the Canadian imperialism literature has tended to play up the power of the Canadian state and the Canadian ruling class. While this has been an important intervention in the context of Canadian debates over Canada's role in the world, it can also obscure the position of the world by focusing primarily on Canada's rank among imperialist countries or focusing on Canada's relationship with the poorest countries in the world, as many authors have framed it.

In her engagement with the Canadian imperialism literature, Radhika Desai (2017) has argued that Canada will likely seek to act more openly and independently to enforce its interests abroad. "However, in doing this, it will come up against the very forces that have worked to

diminish US power: the spread of productive and political power that … have made the world progressively more multipolar since Britain first lost her productive supremacy to a bevy of contender power in the 1870s."

This recalls Laura MacDonald's critique of the Canadian imperialism literature discussed in the conclusion of Chapter 3. Macdonald argues that the Canadian imperialism literature takes insufficient account of the forces of multipolarity as described by Desai, namely the rise of left governments, their role in leading initiatives promoting regional integration along non-neoliberal lines, and also China's increasingly important role in the region (MacDonald, 2016).

Paul Kellogg offers one of the more compelling contributions to the Canadian imperialism literature's conception of multipolarity and China's role in it. In a contribution to *Theoretical Engagements with Geopolitical Economy* (2015b, 260), he proposes an approach to tracing the rise of multipolarity. He uses uneven and combined development as a framework to analyze the "steady long-term decline as the dominant center of capital accumulation, and concomitant emergence of new centers of capital accumulation, with a focus on China." He argues that China has leapt ahead through combined development, and this can be seen in China's rapid emergence as the world's leading center of manufacturing, as one of three key players in high-tech (along with the US and Europe), and more. At the same time, he suggests that other measures, such as China's per capita income, demonstrates that there is still tremendous unevenness to be overcome. For comparison, he points out that in 1990, the countries categorized as Heavily Indebted Poor Countries by the World Bank had a national per capita income that was only 3.9% of the U.S. per capita income. By 2013, this figure had slightly declined to 3.4%. On the other hand, China's per capita national income in 1990 was only 4% percent that of the U.S. By 2013, however, this had increased to 22%. Despite a very significant increase, the gap between the US and China remains enormous.

Still, Kellogg demonstrates that China's rise is concomitant with a relative decline of US economic dominance. In the same 23-year period, the US national per capita income only grew 39%, an average of just under 1.7% per year.

This chapter makes a modest attempt to begin grappling with the conundrum of Canada's rise as an imperialist power in a context of relative decline in the power of US-led, collective Western imperialism concomitant with the rise of multipolarity. It does so by focusing on Canada's bilateral relations with China.

This chapter argues that China represents a challenge to Canadian imperialism. This is so in two main respects. First, Canadian capital's relationship with China is contradictory: while the Chinese market presents opportunities too important for any bourgeoisie to ignore, the Chinese state imposes onerous conditions on foreign capital and has steadfastly refused to liberalize to the extent that Canada and allies' have pressed for. Second, since Canada's recognition of the PRC in 1970, there has been a political consensus that Canada should seek to change China through engagement. However, since it was founded in 1949, the PRC has prioritized building the state capacity and economic self-sufficiency necessary to resist foreign imperialist powers' attempts to change or destabilize China's sovereign political system. In this context, there has been profound disagreement among influential social and political forces within Canada over *how* to go about changing China, and the Canadian state has struggled to navigate these contradictions.

Fundamentally, China's *sovereign* development through what it has come to call a socialist market economy is the challenge to Canadian imperialism's project of neoliberal transformation around the world. China has built the capacity to relate to other states on its own terms, which has enabled it to resist pressure from Canada and allies to adopt a liberal democratic capitalist system. Without a clear path to change China or achieve its desired level of economic openness, Canada's

approach to bilateral relations have ranged from inconsistent to incoherent, and the Canadian state has struggled to achieve its goals in China.

This chapter proceeds in three sections. The first section reviews what little the Canadian imperialism literature has had to say about China, and then turns to review some of the key trends within the mainstream political science literature. The second section provides an overview of Canada-China relations from the mid-nineteenth century up until recognition of the PRC in 1970. The historical section highlights that Canada's relationship with China was shaped by imperialism. The last section analyzes how the PRC represents a challenge to Canadian imperialism's pursuit of neoliberal transformation around the world.

5.1. Reviewing the literature

5.1.1. The Canadian imperialism literature on China

Canada-China relations have been seriously neglected in the Canadian imperialism literature. Gordon's *Imperialist Canada*, Klassen's *Joining Empire* and Shipley's *Canada in the World* each only make occasional mention of China. Their discussion of China is mostly limited to superficial remarks about China's political economic development, China's rise as a competitor to the US under global capitalism, and very limited comments on Canada's relations with China.

The most direct comments on China's development in Gordon's *Imperialist Canada* comes in response to "apologists for global neoliberalism" who often point to China and India as success stories (*ibid*, 44-5). Against this tendency, he argues that "[t]he simple truth is, the lives of the majority of people in both these countries have since worsened, not improved." He argues that China's rapid economic growth has been based on displacement of people in rural areas, incredibly

high rates of exploitation and terrible working conditions, which together have produced some of the highest rates of inequality in the world. He notes that "the growth China has experienced has in fact been based on state intervention in the economy to direct that growth in specific regions and industries, and not on the strict reliance on market forces," but he moves on without elaborating on this point.

Klassen largely refers to China only insofar as it has come to represent a potential challenge to US primacy as it has been incorporated into an increasingly global capitalist system.

Shipley is the most glib about China's recent development, writing that the dissolution of the Soviet Union "loosely coincided with the shift of the Chinese Communist Party into a state-capitalist dictatorship that was communist in name only," (2020, 345) and identifying China one of America's "capitalist competitors" in West Asia (*ibid*, 404).

The authors' comments on Canada-China relations have been fewer still, and collectively they create a very skewed and partial impression of Canada's relationship with China.

Despite his crude characterization of the PRC post-1990s, Shipley presents the most historical context for Canada-China relations. When China's civil war between Chiang Kai Shek's nationalists and the communists led by Mao Zedong resumed in full force after World War II, Canada sent $60 million to the nationalists in order to finance the purchase of Canadian munitions and consumer goods (McKay & Swift, 2012, 125) and 170 war planes (Shipley, 2020, 215). Canada also sent a destroyer in 1949 to menace the coastline as nationalists awaited defeat in Nanjing (*ibid*).

Klassen argues that the growth in trade between Canada and China represents an important diversification of economic relations (2014, 36), although he does not discuss its significance in much detail. In the conclusion of *Joining Empire*, he argues that "Canada's defence lobby has begun to focus on the future threat that China might pose to the US-led structure of empire," and points out that calls for a "Pacific pivot" have gained traction. In this context, he points to "partial and

cautious" initiatives by Canadian armed forces to enter the Asia Pacific theatre. These include participation by Canada's armed forces in the biannual, multilateral Rim of the Pacific Exercise (RIMPAC) hosted by the US Navy off Hawaii, a Royal Canadian Air Forces officer posted to US Pacific Command in 2013, Canada hosting a working group of naval officials from Australia, Malaysia, Japan and the Philippines, and more.

Gordon's most substantive engagement with Canada-China relations comes in a 2021 article co-authored with Geoffrey McCormack, who at the time was an Associate Professor in the Center for Canadian Studies at Guangdong University of Foreign Studies in China. They argue that post-2008, amid the flagging profitability throughout the Canadian economy, the Alberta tar sands have become the most profitable center of capital accumulation in Canada and central to the Canadian state's economic strategy. Moreover, they argue (2021, 27) that "the gradual shift of the global centre of capital accumulation towards East Asia, and especially China, makes developing trade and investment relations between these countries an important priority for the Canadian state." In particular, "the oil industry, with the help of the Canadian state, has pivoted towards China, the new global centre of capital accumulation." While the US will continue to remain Canada's most important trading partner, it has become oil-self-sufficient and, like the other advanced capitalist countries (Canada's main trading partners) have experienced stagnant growth since 2008. This is likely to continue. Thus, "the push in the next several years will be to expand oil and gas infrastructure to get products to the coast of British Columbia for export to China," (*ibid*, 41).

Overall, the Canadian imperialism literature's account of China has been very limited, and reductionist. The glib comments by Gordon (2010) and Shipley (2020) totally obscure the profoundly transformative and historically unprecedented course of Chinese development since the 1949 revolution, and especially since Reform and Opening Up began under Deng Xiaoping. Moreover, it is certainly true that the Canadian state has sought to expand oil and gas infrastructure

to get Canadian energy resources to Chinese and Asian markets, and they have run up against resistance from Indigenous land defenders and climate justice activists in the process. However, this is only one part of the Canada-China relationship.

Gordon calls China an "emerging great power" and points to concerns expressed in US intelligence reports that China might threaten the balance of power in the Asia-Pacific (2010, 52-3). In his discussion of the war in Afghanistan, Shipley (2020, 404) points out that the country's strategic location for the transportation of fossil fuels meant that it "could have easily fallen under the sway of America's capitalist competitors - like Iran, Russia or China." Klassen (2014, 82) argues that Chinese economic development had begun to erode US economic leadership by the end of the 2000s, while its military modernization aimed to "limit or degrade US primacy in Asia." He also argues that the US Pivot to Asia was "[d]esigned to block China's rise as a regional hegemon or future peer-competitor," (2014, 85).

These glib comments stand in stark contrast to the authors' appreciation for the complex, protracted and contradictory process of building powerful left movements capable of resisting neoliberalism and imperialism when it comes to countries like Haiti or Honduras.

5.1.2. Bourgeois literature on China

Since the Canadian imperialism literature and Canadian Political Economy more broadly has taken little interest in China, the task of making sense of Canada-China relations has fallen mostly on bourgeois scholars. The mainstream literature on Canada-China relations can be characterized as bourgeois in two senses. First, much of the political science literature is essentially framed by the interests of Canadian business. Charles Burton (2015a) argues that many scholars "identify with and speak for Canada's business and 'centrist' political interests," with such interests being represented by the Liberal Party and moderate elements within the Conservative Party. For over a decade,

During the Harper years especially, the lack of a strategic vision for Canada-China relations was the overriding concern for such scholars (see Jiang, 2009; Dobson, 2014; Paltiel, 2016). In this context, calls for greater strategic vision in Canada-China relations typically take deepening business ties as one of or the primary goals of a strategic orientation. Moreover, the Business Council of Canada and other business groups frequently commissions studies and reports calling on Canadian policy makers to enhance economic ties with China (see for example Dobson, 2011; Hart, 2012; Dawson & Ciuriak, 2016). Such reports are then frequently cited throughout mainstream scholarship. This is in part because they consist of high-quality research geared towards the most immediately relevant questions in Canada-China relations. But more than that, these industry-sponsored reports relate directly to the questions academics are studying in the first place.

The literature is also bourgeois in the second sense that it tends to be framed by fundamentally liberal assumptions and approaches. As one might expect given the prominent role of business interests in framing much of the literature, there is little mention and no critique of capitalism. Human rights are generally discussed from a liberal point of view emphasizing civil, political and cultural rights, while economic rights are not afforded the same consideration. This reflects a political bias that is not always made explicit. Moreover, while China's system is frequently and casually criticized from a liberal perspective emphasizing authoritarianism and a particular conception of human rights (see Burton, 2015a), scholars almost never use Canada-China relations as a venue for critically reflecting on Canada's own settler capitalist system.

Especially since Tiananmen Square in 1989, the mainstream literature on Canada-China relations has been gripped by the question of how Canada can balance its trade interests with the promotion of human rights in relations with China. Differences within the literature often revolve around how scholars propose to address these competing priorities (see the exchanges between Burton, 2009a and Paltiel, 2008; Evans, 2008 and Gilley, 2008). The cleavage in the literature reflects

a real cleavage between social and political forces that support deepening engagement primarily in pursuit of commercial ends and those are skeptical of closer relations, whether over concerns around human rights or national security.

Those who favour proactive engagement and deepening economic ties are far and away the most prominent. Authors like Paul Evans, B. Michael Frolic, Wendy Dobson, Wenran Jiang, and Jeremy Paltiel are some of the most prominent names in the literature, and they all favour proactive engagement. They tend to emphasize the potential prosperity laden in deepening economic relations with China, and as a result their writing foreground the interests of Canadian capital. Especially throughout the Harper years, the main problem they focused on was Canada's lack of a strategic approach to China and the Asia Pacific more broadly (Jiang, 2009; Paltiel, 2016), which was seen to undermine Canada's competitive position and commercial interests in the region (Dobson, 2011). These authors tend to downplay the importance of purported national security threats presented by deeper relations with China relative to the threats to Canada's future prosperity should it fail to capitalize on the economic opportunities laden in relations with China.

There are other scholars, however, who adopt a skeptical disposition toward deeper relations with China. They tend to emphasize the fundamentally conflicting political systems in Canada and China and the tensions, suspicions, and disagreements that permeate the bilateral relationship. Compared to the proactive engagement scholars, they tend to play up the promotion of Canadian values and to amplify concerns that China represents a threat to Canada's national security and international ambitions.

The leading voice of this more skeptical tendency is Charles Burton, who argues (2015a, 171) that "China is a very significant rising power that challenges Canada's national interests in international relations across economic, political, and strategic security aspects." He and other skeptical scholars are openly anti-communist and assume the superiority of Canada's liberal

democratic system. Burton emphasizes "regime incompatibility" between "Canada's liberal democratic system" and "China's one-party authoritarian regime" (*ibid*, 174).

Bruce Gilley takes these same tendencies further. Gilley (2008, 121) argues that while "Canada is a country that likes to think of itself as having a foreign policy driven by the high ideals of liberal internationalism," in the case of China, "our relationship has more often failed those high ideals" Further, "Canada's rejection of close relations with Mao's China was wholly in the spirit of liberal internationalism, while our embrace of it was a stark betrayal of that spirit," (*ibid*, 123). The national chauvinism underlying his positioning Canada as an enlightened country with a duty to save other peoples comes out most clearly in his discussion of Tibet and Xinjiang, where he asks "[h]ow can *a country like ours that is so sensitive to the needs of its own indigenous peoples* turn a blind eye to the repression and destruction of these indigenous cultures in China?" (*ibid*, 125, italics added).

Moreover, he argues that the power asymmetry between Canada and China has been wildly exaggerated. In reality, China in 2008 is a "fragile and confused poor country struggling with an internal governance crisis," and further that "China needs Canada for international respectability," (*ibid*). With such leverage, he argues that Canada should be bolder in its policy with China. He argues that "Canada's overall relations with China should be citizen-centered not regime centered. We must talk to the regime as necessary, but we should feel free to talk past it to the people of China," (*ibid*, 124) He implores that "Canada can and should be doing much more to promote democracy and human rights in China," (*ibid*, 125) He points to CIDA as "a crucial resource for the promotion of human rights" and also to the possibility that a hypothetical agency dedicated specifically to democracy promotion "could channel funding to groups that the CCP does not choose to receive such support." At the same time, he quite openly advocates destabilizing the Chinese state: "Canada should keep the [CPC]'s feet to the fire on Tibet, which remains one of the greatest threats to China's long-term stability" (*ibid*, 125).

Gilley's piece is fairly unique in the academic literature on Canada-China relations for the extent of its moralizing, its brazen antipathy toward the Chinese government, and its less-than-subtle calls to destabilize the state and undermine its leadership. While Gilley comes off somewhat fanatical in the broader canon on Canada-China relations, Paul Evans' rebuttal provides some clarity around the contours of these debates. Beyond disputing many of the discrete and specific claims throughout the piece, he identifies (2008, 136) his core objections to Gilley's proposals is that they are "unworkable" because "the Chinese state is sufficiently sophisticated and strong to stop the kind of interference" prescribed in Gilley's call for a shift from a "regime-centered" to a "people-centered" Moreover, this would undermine Canadian interests in China and "limit or eliminate our capacity to be active inside China."

Thus, the basic premise that Canada should aim to change China is not challenged. This is typical of his work. Although he offers a nuanced and sober view of China's political system and will sometimes urge some level of humility in Canadian efforts to change China, he does not contest this pillar of Canadian foreign policy. He does not frontally challenge the idea that Canada is in a position to rightfully change China. It is possible that this is tactical on his part, but even if this were the case, he helps set the parameters of academic debate by at least implicitly accepting that Canada will try to change China and struggling instead over how Canada should go about doing so.

The consensus that Canada has a duty or at least a right to try to change China reflects an imperial mindset. While it does not necessarily preclude the view that Canada might also be able to learn from China's system, this notion is scarcely entertained in the literature. Not all expressions of a desire to change China are inherently imperialist, but the widespread consensus in Canada cannot be separated from what Shipley calls the colonial imagination. The historical roots of this consensus are to be found in an imperial history that begins following China's dismemberment. This is the subject of the next section.

5.2. Some Historical Context for Canada-China Relations

Although the Canadian imperialism literature's accounts of Canada-China relations have suffered from various weaknesses, Shipley's framework of settler capitalism and the colonial imagination provides a useful framework for making sense of Canada-China relations in historical perspective. It offers a helpful framework for analyzing trade vs. human rights debate discussed above and its historical roots.

Historian David Webster has argued that there are two main threads in Canada's relations with the PRC: 1) the drive to *engage* China primarily to promote Canadian economic interests and 2) the drive to *change* China, "to help its people through the promotion of values embraced rhetorically in Canada and described as universal," (Webster, 2013, 217). He calls these Canada's commercial impulse and its missionary impulse respectively. As the term suggests, Webster holds that historically, Canadian Christian missionaries have most clearly embodied Canada's drive to change China.

Shipley's framework is helpful for understanding the commercial and missionary impulses as manifestations of Canada's settler capitalist political economy and its corresponding dominant ideology, which assumes racial and/or civilizational superiority and a corresponding responsibility to "save" less fortunate peoples around the world. It is thus helpful for placing the history of Canada-China relations in the wider context of Canada's historical relationship with imperialism.

Canada's commercial and missionary impulses are best understood dialectically. These impulses both oppose and shape one another. The social forces embodying each impulse work

synergistically in some instances, and at cross-purposes in others. The interplay between the two shapes Canada's foreign policy toward China, just as the dialectical interplay between settler capitalism and the colonial imagination shapes Canadian foreign policy more broadly. For Evans, "it is not that Canadian thinking and policy have swung between moralism and realism; it is that moralism and realism have been inextricably interconnected in one package."

Webster, Evans and others have argued that the missionary impulse is embodied today in Canadians' fixation on their presumed responsibility to change China through the promotion of a particular conception of human rights. Scholars have focused on the ways in which this fixation has undermined trade relations between Canada and the PRC, especially since the 1990s. This contemporary connection will be addressed in section 5.3.2, but this basic idea provides a jumping off point for discussing Canada-China relations in historical perspective.

In this context of intense violence, instability and widespread poverty that gripped China during its Century of Humiliation by foreign powers (more on this below), many Chinese people migrated abroad. As is well-known, many of these migrants came to Canada (and did so primarily through British controlled Hong Kong). The history of intense exploitation and social and political exclusion of Chinese migrants to Canada beginning in the late nineteenth century was what primarily shaped Canadians' view of China and Chinese people. This history shaped Canadian popular consciousness around Chinese people and China and oriented the Canadian state's early engagement with China.

Historian John Price (2011, 13) argues that the process of racializing Chinese and Asian immigrants as the "Oriental other" beginning in the mid-to-late nineteenth century was fundamental to Canadian state formation, the social construction of whiteness in Canada and the construction of Anglo-Saxon unity in international affairs.

Mass Chinese migration to Canada began in the 1850s. By Confederation, there was already a growing Chinese population in what would become Canada's Western provinces, namely British Columbia. Peter Ward (1990, 12) estimates that there were about 4,000 Chinese people in British Columbia by 1860, and this rose to 23,533 by 1921 (*ibid*, 171).

Low-paid Chinese migrants performed the most dangerous jobs in the construction of the Canadian Pacific Railway. Angry white workers and small business owners considered Chinese migrants to be unfair competition, and large movements for the exclusion of Asian immigrants began to gain momentum. Canada's nascent working-class organizations by-and-large adopted this framing and were active in the movement to prohibit Chinese immigration (Goutor, 2007). The government of British Columbia denied Chinese migrants the right to vote and began to lobby for their deportation in the 1880s. In response, the Canadian government imposed a $50 head tax on Chinese immigrants, which was doubled to $100 in 1901 and then raised to $500 in 1904. This was roughly equivalent to a year's wages for steady work (Finkel & Conrad, 1993, 119)

Canada had two Royal Commissions on Chinese Immigration in 1885 and again in 1902, with the latter addressing both Chinese and Japanese immigration. The 1902 A Royal Commission purported to confirm the already widely held belief that Chinese migrants could not be assimilated, and recommended a prohibition on Chinese immigration (Price, 2011, 17). The movement for exclusion arguably reached its height in the 1907 Vancouver Race Riot. In July 1907, as Vancouver's urban press was pumping out stories about an "invasion," The Vancouver Trades and Labour Council formed the Asiatic Exclusion League to promote social agitation. The latter organized an anti-Asiatic parade for September 7, and the city's fifty-eight trade unions all promised their support. The parade would culminate in violent riots by thousands of marchers through Chinatown and Japanese neighborhoods (Ward, 1990, 67-9). In the years that followed, the Canadian government would work to restrict Japanese, Chinese and Indian immigration, and the Chinese Immigration Act

of 1923 would officially prohibit Chinese immigration, with an exception for merchants and students, until its repeal in 1947.

The histories of resistance, communal self-defence and political contestation by Chinese, Japanese and Sikh communities is unfortunately less well-known, but it was ever-present through Canada's early decades (see Price, 2011, chapter 1). Such resistance also occasionally garnered some support from white Canadians, but the balance of power was very much in favour of the exclusionists.

Settler capitalist exploitation and exclusion fundamentally underpinned the racialization of Chinese and Asian migrants in Canada. These material processes of racialization, along with settler capitalist dispossession of Indigenous nations, gave shape to Canada's dominant colonial ideology of racial and civilizational supremacy.

China's place in this colonial imagination was simultaneously shaped by Canada's external relations. When Canadians began to establish a relationship with China in the mid-nineteenth century, the two countries were on divergent historical paths. As we have seen, Canadian imperialism was on the ascendant in the mid-to-late nineteenth century. Following Confederation in 1867, Canada would immediately begin to rapidly expand its territory to the West and to the North at the expense of Indigenous nations. The numbered treaties signed with Indigenous nations upon said expansion were used as a pretext to effectively claim unilateral sovereignty over the land. By contrast, China was descending into what would come to be known as the Century of Humiliation, which began with the First Opium War against Britain in 1838, and lasted until the Chinese Revolution of 1949. In this period, China was effectively partitioned by a series of offensive wars and the unequal treaties that followed as the imperialist powers competed to carve up China into their own spheres of influence. In this context, China went from being a premier world economic power to one of the poorest countries in the world, and it lost effective sovereignty.

This is the world-historical context for the birth of Canada-China relations. B. Michael Frolic, one of the most prominent scholars on Canada-China relations and First Secretary in the Canadian Embassy in China in the 1970s, wrote that Canada's establishment of diplomatic relations with the PRC in 1970 was facilitated by the fact that "Canada has no imperialist history in China," (2022, 20). It is certainly true that China and the Asia Pacific generally had never been diplomatic, economic or geopolitical priorities for Canada until the 1970s, and Canada's presence in the region was marginal. Yet Frolic's contention obscures the fact that to the extent that Canada's presence in China beginning in the nineteenth century, marginal though it may be, was enabled by imperialism.

From the late nineteenth century until the Revolution in 1949, Canadian presence in China consisted primarily of Christian missionaries, secondarily of capitalists and lastly of diplomatic personnel. Canada's missionary presence in China was substantial. "From the late 1880s through much of the early twentieth century, the Canadian missionary community in China was Canada's most organized overseas presence with the exception of wartime military expedition," (Mitchell, 1991, 17). Between 1888 and until the 1950s, there were more Christian missionaries in China from Canada than from any other country on a per capita basis (Evans, 2014a, 17). Canadian missionaries in China were an important source of information on developments in China for Canadians communities, media and even political leadership.

The main base of Canadian missionaries' operations in China (and much of Asia) was Shanghai. Here, Canada's presence "took the form of missionaries, traders, and government officials who worked through the British imperial network to accomplish their aims. Following the lead of shipping, resource and insurance firms, Ottawa opened a trade office in Shanghai in 1906," (Meehan, 2011, 8).

Canadian missionary presence ended in the years that followed the Chinese Revolution. As late as 1949, missionaries still made up the majority of the 849 Canadians remaining in China

(Mitchell, 1991, 31). Webster (2013, 218) quips that Canadian churches "felt the 'loss of China' as keenly as American Republican politicians."

As one might glean from the fact that it ended almost immediately following China's assertion of sovereignty through its anti-colonial revolution, Canada's missionary presence was a very much a product of imperialism. Canada's missionary presence began in the mid-nineteenth century, not long after Shanghai became one of international treaty port cities opened up to foreign trade by the Treaty of Nanjing. This treaty was signed by China after its 1842 defeat by Britain in the Opium War, which inaugurated the Century of Humiliation.

Beyond missionaries, Canada's presence in pre-revolutionary China was marginal. There were some limited Canadian business activities, primarily in financial and insurance services (see Meehan, 2009). Like the missionary presence, Canadian business was mostly based out of Shanghai and also Hong Kong, which had also been taken as a British colony in the Treaty of Nanjing. The Canadian government's presence was marginal and its role was essentially limited to attempting to bolster Canada's economic presence. The government appointed a commercial agent to Shanghai in 1906, who was promoted to a trade commissioner three years later. Another trade office was established in Hong Kong in 1926 (Mitchell, 1991, 19)

Pre-World War II, Shipley points out that Canada was rather supportive and accommodating toward Japan's imperial expansion into China and Korea. Diplomats to Japan regularly claimed that it was the most "civilized" country in East Asia and that this justified its expansion, and such lines of thought were well-represented within Canadian media at the time. Ahead of Japan's Nanjing Massacre, the *Toronto Star Daily* favourably compared Japanese conquest of China to Canadian conquest of the Indigenous Nations (Shipley, 2020, 200). Following the massacre, Canadian envoy to Japan Randolph Bruce claimed the massacre was "simply an attempt to put her neighbour

country in better shape, as [Japan] had already done in Manchuria," (Meehan, 2004, 40, quoted in Shipley, 2020, 212).

Curiously, despite attempting for decades to negotiate with the Chinese government to limit Chinese immigration to Canada, Canada only formally established diplomatic relations with the Republic of China (ROC) at the end of 1943. This was nearly a full two years after Canada began effectively fighting alongside China in World War II. Canada's foray into the Pacific theatre of World War II began with its miserable failure to defend Hong Kong from the Japanese in December 1941. Despite Canadian cooperation with China through coordination between the Allies, and despite the fact that China had begun to establish consulates in Canada in the early 1930s, Canada was not inclined to reciprocate (Macri, 2012, 511). Canada signed a treaty ending extraterritoriality for Canadian citizens in China in 1944 (Price, 2011, 82).

As China's civil war resumed in full force following the defeat of Japan, Canada provided support to the Kuommintang (KMT) during the Civil War against the Communists despite repeated claims of neutrality. Support took the form of a $60 million credit to purchase Canadian munitions and consumer goods. Stephen Endicott, the founder of Canadian Peace Congress and Canadian missionary in China, pointed out at the time that this was the first post-war loan given to China by any country. By 1948, 150 Canadian Mosquito planes were bombing northern Chinese villages (McKay & Swift, 2012, 125). Following the Communists' victory and the retreat of the defeated KMT to Taiwan, Canada somewhat reluctantly followed the lead of the Americans and did not recognize the newly formed PRC, instead maintaining relations with ROC, now headquartered in Taipei and controlling a few other small islands off the mainland's coasts. Canada had essentially no relationship with mainland China until the advent of wheat sales during the famines of the Great Leap Forward.

Some scholars have stressed the skepticism of many Canadian political elites towards the US policy of isolating Red China. Indeed, various Canadian political coalitions initiated four attempts to recognize the PRC between 1949 and 1968 but backed off each time. The Canadian government moved to recognize the PRC under Trudeau in 1968, but recognition only took effect in 1970 in large part because Canada wanted to find a way around cutting relations with Taiwan. In the end, Canada's One China Policy would neither challenge nor endorse China's claim to Taiwan. Instead, the joint communique between Canada and the PRC holds that Canada "takes note" of China's position on Taiwan (Frolic, 2022, 50-1).

Whatever reluctance Canadian politicians and diplomats felt toward America's isolation policy, Canadian actions and inaction in the two decades between the revolution and recognition had the unambiguously contributed to cementing the separation between China and Taiwan, itself a relic of Japanese colonization of Taiwan during the Century of Humiliation and a basic Cold War aim of the US.

This historical overview should make a few points clear. First, the foundations of Canada's relationship with China were rooted in imperialism. The persistence of anti-Asian racism and the geopolitical tensions between Canada and China in the present day cannot be understood absent this essential context in both its domestic and international manifestations. Secondly, Canadian missionaries and their impulse to "save" or change China (by promoting conversion to Christianity) were the leading force in establishing Canada's external relationship with China. Such missionaries embodied Canada's colonial imagination insofar as their ambition to "save" China assumed the superiority of a Christian civilization, thus positioning Canada and Canadian as a saviour. Lastly, and most importantly, Canada's missionary impulse and its commercial impulse worked quite synergistically in early relations with China. Canadian business followed Canadian missionaries to China, and Canada's diplomatic presence would eventually follow. Thus, when China was a

weakened, fragmented and occupied by imperialist powers, the missionary impulse and commercial impulse complemented one another.

Now that China has re-emerged as a strong, sovereign and fast developing country capable of dealing with foreign powers on its own terms, Canada's missionary impulse to change China would soon begin to undermine. In the face of a strong and sovereign China, the contradictions between Canada's commercial impulse and its missionary impulse come to the fore.

5.3. China as a Challenge to Canadian Imperialism

This section argues that China represents a challenge to Canadian imperialism as it has developed since the 1990s. The previous chapters have argued that since the end of the Cold War, Canadian foreign policy has been dedicated to pursuing neoliberal transformation around the world, while also serving to undermine international norms of state sovereignty. The Canadian state promotes neoliberal transformation around the world in order to facilitate the international expansion of Canadian capital. Canada has been fairly successful in promoting and spreading neoliberal transformation internationally, and does so by encouragement and cooperation where possible and through coercion where necessary. Canada has played a lead role in the development and promotion of key concepts in the ideology of humanitarian intervention, and it has undermining international norms of sovereignty in the process. With the Responsibility to Protect doctrine, an outgrowth of Canada's human security agenda, Canada played a key role in reconceptualizing sovereignty in the international system, which led to regime change operations in Haiti and Libya. Canada also played a leading role in both interventions, which secured neoliberal continuity in Haiti and defeated a long-time adversary of the imperialist countries in North Africa.

With regard to China, we have seen that the mainstream literature has stressed two essential forces shaping Canada's relationship with China: the commercial impulse and the missionary impulse, which can be understood as outgrowths of the dialectic between settler capitalism and the colonial imagination, which shapes Canada's role in the world more broadly. The dialectical interplay between the commercial and missionary impulse produces essentially two broad ambitions in Canada's relations with China. The first is to engage China with an eye to maximizing business ties, the second is to change China.

While Canada has been fairly successful in promoting neoliberal transformation and undermining international norms of state sovereignty, it has basically failed to maximize economic ties and to change China. Canadian capital has worked diligently to expand into China, and the Canadian state has persistently pressed for greater opening and market access for Canadian capital in China. Yet, China has refused to open to the extent that Canadian capital and the state have pressed for, and in this context Canadian capital been frustrated in its ambitions in China.

Moreover, beyond attempting to push China closer to the capitalist road, Canada has failed in its attempts to change China's practices around human rights. Since Canada recognized the PRC in 1970 and especially since the Tiannanmen Square incident in 1989, there has been considerable pressure on the Canadian state to try to change China's practices around human rights.

The ambition to change China itself reflects an imperialist mind-set that assumes it is Canada's rightful place to change China in its own image. Such an assumption is downstream from the Canadian colonial imagination's assumption of Canada's civilizational enlightenment, superiority and obligation vis-a-vis the rest of the world. This chapter highlights that Canada's ambition to change China was most successful when China was poor, divided and lacked effective sovereignty. In the context of China's Century of Humiliation, Canadian missionaries and business flourished

based out of British and French concessions in Shanghai and British Hong Kong. In this period, the commercial and missionary impulses worked rather synergistically.

In the post-recognition period, however, China has maintained a hard line on sovereignty, non-interference and territorial integrity, and it has developed the state capacity to enforce these hard lines. As a result, humanitarian intervention or any sort of regime change operation in the style of Aristide or Gaddafi is off the table in China. In this context, the commercial and missionary impulse begin to work at cross purposes, and there is a constant struggle over how to "balance" trade interests and human rights concerns. The Canadian state has essentially failed to navigate these competing demands from powerful social forces whose interests have typically aligned around Canada's liberal imperialism foreign policy. Where the business community, the security establishment and human rights organizations worked quite synergistically in Canada's relations with weaker countries of the Third World, the contradictions between them come to the fore in relations with China. In this context, the Canadian state has failed to produce a coherent strategic approach to China, and Canadian capital has thus been frustrated in its attempts to expand.

5.3.1. The Contradictory Position of Canadian Capital in China

This section looks at how China's political economic system represents a challenge to Canadian capital and Canadian foreign policy. To the extent that it is possible, it will attempt to isolate challenges in the economic relationship from the challenges arising from Canada's missionary impulse, which will be discussed in section 5.2.2. To the extent possible, it will also focus on Canada's external relations with China. Of course, the external relation cannot (and should not) be separated from the dynamics of Canada's internal relationship with China (whether in the form of

Chinese migrants, citizens or capital in Canada). Consistent with the emphasis in this thesis on Canada's export of capital and its external foreign relations, however, this thesis will focus primarily on the external relationship. The internal relationship will be discussed insofar as it is necessary for a well-rounded understanding of Canada's external relationship with China.

5.3.1.1. Another View of China

Appreciating the contradictory nature of Canadian capital's position in China requires some basic points of clarification on the nature of China's political economy post-revolution, and especially following the initiation of Reform and Opening Up. Reform and Opening Up refers to the process initiated under Deng Xiaoping which, beginning in 1978, gradually and unevenly opened China's economy to market forces and allowed for the development of a private sector. Proponents of neoliberalism tend to explain China's economic miracle as an outcome of its embrace of market reforms and its transition away from a centrally planned economy (see Naughton, 1996). On the other hand, the dominant view among socialists in the West has seen Reform and Opening Up as initiating the restoration of some version of capitalism in China. The stress in these accounts is the dramatic increase in inequality, the return of foreign domination of Chinese workers and the widespread poverty and poor working conditions amid high economic growth (Meisner, 1999; Hart-Landsberg & Burkett, 2005 were influential exponents of this view).

Despite the warm embrace of reform in China by the Western powers, there were always strains of skepticism toward China's commitment to market reform within Western elite opinion. After all, China has never been considered a non-market economy within the World Trade Organization (Hošman, 2021, 2). Such skepticism has only increased in the era of Xi Jinping, and headlines fretting over President Xi's ambitions to "change China" by "returning to socialism"

abound (see for example McDonnell, 2021; Yew, 2021). But should the Chinese President's expressed socialist convictions really come as a surprise?

Of course, the Communist Party of China (CPC) still rules China and officially aims to "basically realize socialist modernization" from 2020 through 2035, and then "build China into a great modern socialist country" by the middle of the century (Yang & Zhang, 2022). Marxism-Leninism remains the state's official ideology, and "Socialism with Chinese Characteristics" has been the standard term used to describe China's system throughout the decades of Reform and Opening Up. Since 1992, China's constitution has called China's system a socialist market economy (Naughton, 2017, 3). Although some may be inclined to dismiss official rhetoric, we suggest that the CPC's stated and oft repeated commitment to building socialism is worth taking seriously.

Since it would be impossible to capture the full scope of debates over the socialist or capitalist character of China's system, this subsection will limit itself to discussing three basic points that illustrate why this is the case.

First, the state and the CPC have never relinquished their leading role in the economy. Central planning is still foundational to Chinese economic development (Heilmann & Melton, 2013), the state retains control of the strategic industries Lenin called the "commanding heights of the economy," (Cheng, 2020, 693) Control of such strategic sectors, especially finance, empowers the state to continue setting the parameters of Chinese economic development, in particular by regulating investment levels throughout the economy. The market forces and private sector that have been allowed to flourish have done so on terms set and enforced by the CPC. The relationship between the state's leading role in economic management and the market economy must be understood dialectically and in historical perspective.

By the 1970s, China was running up against the limits of the developmental potential from industries introduced through Sino-Soviet cooperation and technology transfer in the 1950s. With

the advent of the Sino-Soviet Split beginning in the 1960s, virtually all Sino-Eastern bloc joint ventures had closed by the early 1970s, leaving essentially no foreign investment in China (Enright, 2019, 24). At the same time, more countries than ever recognized the PRC, including almost all of the advanced capitalist countries. In this context, China pursued market reforms as a strategic compromise to access foreign trade, investment and technology from the most advanced economies in the world (Cheng, 2020, 694).

Reform and Opening Up has been pursued quite cautiously over several decades - there was no abrupt large-scale reorganization of the Chinese political economy. Although 1978 is often seen as the beginning of the process, this year was only the beginning of local experiments with market forces in a small number of special economic zones mainly in Guangdong province. The Decision on Reform of the Economic Structure, adopted in 1984, was the first blueprint of a comprehensive programme of reform. The decision was based on "a *series of experimental trials* from 1978 to 1983," (italics added). Wei-Wei Zhang (1996, 9) argues that the period between 1978 and 1992 consisted of four cycles of reform, and "each cycle begins with reformist values, initiatives, and experimental implementation to be followed by ideological criticism and readjustment." The government passed another wave of reform of state-owned enterprises based on the philosophy "grab the large, let go of the small" in 1995, but this came after *strengthening* the central government's position with a fiscal recentralisation reform in 1994 (Cheng, 2023, 13-5).

The 1990s arguably represents the height of China's opening to market forces. Boer draws on Zan Jiansen (2015, 43, quoted in Boer, 2021, 93) to summarize the situation in China's "wild '90s": the leading role of the public economy through SOEs began to be weakened, labour conditions worsened, and this engendered major labour unrest, income inequality rose rapidly, and the emphasis on economic growth began to have disastrous effects on the health of land, water and air.

These push and pull dynamics between the market and state sectors continue into the present. Barry Naughton, who once famously argued that China was "growing out of the plan" (1996), assessed the situation quite differently a couple of decades later. By 2017, Naughton analyzed the state's growing importance in the Chinese economy since the 1990s. Using an expanded concept of government revenues that includes budgetary revenues, social insurance premiums, land revenues and net income from state owned enterprise, he shows that the government's control of national income tripled from around 13% of GDP in 1996 to about 39% in 2013 (Naugthon, 2017, 5). Government ownership remains substantial and concentrated in strategic, large-scale, and capital-intensive sectors of the economy - what has commonly been called the "commanding heights of the economy." Using 2014 data, Naughton (*ibid*, 5-8) writes that "[t]he government controls at least 85 percent of banking sector assets; the entire telecommunications and transport network; and essentially all education and scientific and technological services." Because state ownership is concentrated in capital-intensive sectors, the state owned a substantial 39 percent of industrial assets in the country.

Sam-Kee Cheng (2023) argues that China is best considered a transitional economy where the law of primitive socialist accumulation and the law of value are in competition. Primitive socialist accumulation refers to the proletarian regime's constant competition with the domestic and international capitalist sectors, which are governed by the law of value. Competition with persisting capitalist forces could only ultimately end with the displacement of the bourgeoisie on a world scale. (*ibid*, 11). He draws on Soviet economist Yevgeni Preobrazhensky (1965, 139, quoted in Cheng, 2020, 710), who argued that "if state industry is developing and becoming consolidated in opposition to the operation of the law of value, this can only be because some other law is counteracting the law of value, so that it is modified, caused to deviate or even partially suppressed." Cheng (2020) further distinguishes China from capitalist developmental states, which

also have strong states guiding economic development. In developmental states, "state intervention created large private monopolist concerns that dominate the economy," whereas "the commanding heights of China's economy have always been dominated by the state sector and the largest banks are still state-owned; the phenomenal emergence of a dynamic private sector after 1979 has not only not ousted the state from the economy as some expected, the persisting institutional set up means that a good portion of its surplus is being absorbed into the state sector."

Thus, it is not only the case that a strong state sector has maintained its place alongside a market sector, but these sectors oppose and shape one another. Although the market's effects on SOEs tend to receive the most attention, the state and the Communist Party play a profound role in shaping the conduct of private market actors in China. One last example of this dynamic is China's requirements that each enterprise employing three or more Party members must establish a Party branch, elect a secretary and engage in Party building (Boer, 2021, 133). The Party organizations do not interfere with management decisions, but they ensure that the company adheres to 'social responsibility.' They usually take the lead on producing social responsibility reports, which all enterprises are required to produce annually, and which focus on things like enterprises' contribution to social benefits, poverty alleviation, environmental improvement, education, core socialist values, Party building and more. Drawing on Mao's contradiction analysis (1937), Cheng writes that post-Reform, "a unity of opposites between capitalist and non-capitalist elements" is "the driver of [China's] social formation."

With this essential dialectic in mind, we can move on to the second reason it is worth taking seriously China's claim to socialism: the results of the reform process. Above we mentioned that market reforms were embraced as a "strategic compromise" within a socialist system. To serve socialism, Chinese leadership and many Chinese Marxists emphasized that market reforms had to deliver three essential benefits: 1) developing the productive forces of a socialist society, in order to

2) contribute to the comprehensive strength of a socialist country and 3) deliver improvements to people's standards of living. Given China' historical experience of semi-colonization by the imperialist powers and the ongoing experience of economic blockades, military aggression, external sponsoring of internal destabilization efforts by the imperialist powers, which is common to all socialist projects around the world (including China), comprehensive national strength is necessary to defend the PRC. (Boer, 2021, 124-5, more on this below). The goal of increasing living standards essentially flowed from the leadership's understanding that the CPC's legitimacy depended on it. This conviction was only strengthened with the demise of the Soviet Union, which Deng and others attributed precisely to the USSR's failure to maintain rising living standards in its final decades (Martinez, 2020, 190). Market reforms aimed to develop China's productive forces to a level where both of these goals could be achieved.

If market reforms did not deliver these three benefits, a case could be made that this government rhetoric is divorced from the concrete reality of Chinese development. However, Chinese reform has delivered these three benefits in spades.

The story of China's economic growth post-Reform is well-known and need only be briefly discussed here. From 1978 to 2014, China's average annual rate of GDP growth was 9.8% (Ross, 2021, 9). Although China's growth rate began slowing to an average closer to 5-6% in the 2010s, this was still substantially higher growth than in the advanced capitalist countries. Between 1980 and 2017, China's average annual per capita growth rate was 8.6%, meaning China's GDP per capita has doubled every 8.4 years in this period (Scarffe, 2019, 2). Especially in the first three decades of reform, China focused on the manufacturing sector as the main engine of growth. In this context, China's manufacturing output (in 1990 prices) increased from $47 billion in 1980 to $882 billion by 2005, a ninteenfold increase in 25 years (Matthews, 2016, 617). This has allowed China to climb up the global value chain, and Chinese companies now compete with the advanced capitalist countries

in high-technology sectors. In 1985 China accounted for just 3% of high-tech manufacturing in the world economy. By 2012, China's share had increased to 23.9% (Kellogg, 2015b, 273-4).

Crucially, this growth has reflected the development of China's productive forces. Although much of China's share of high-tech production in 2012 was a product of Western multinationals offshoring parts of the production process, such offshoring has allowed China to acquire and build on technology and production methods involved in this offshoring. Today, China is a leader in high-tech sectors like 5G infrastructure.

Moreover, this growth and development has contributed to rising living standards for the Chinese people. Gordon's claim (2010, 44-5) that the lives of the majority of people in China have worsened rather than improved under Reform is categorically false. Although the scale of the economic inequalities that have been introduced is a serious problem, "practically all Chinese people are substantially better off than they were 40 years ago in terms of nutrition, housing, clothing, access to services, and ability to travel," (Martinez, 2020, 191).

By 2022, just four decades after the beginning of Reform, China had lifted nearly 800 million people out of poverty as measured by the World Bank. For a sense of scale, this is more than the combined population of Latin America and the Caribbean. Moreover, China eliminated extreme poverty across the entire country in 2021 according to China's own standards, which are more ambitious than those of the World Bank.

China's targeted poverty alleviation programme, officially launched in 2015, sought to eliminate poverty multi-dimensionally, meaning it accounted for more than just income. The programme aimed to provide one income, two assurances and three guarantees. China's poverty line was set to 2,300 yuan per year in 2011, which worked out to US$2.30 per day when adjusted for purchasing power parity. This exceeded the World Bank's threshold at the time, which was US$1.90 adjusted for PPP. Beyond income, however, China's targeted poverty alleviation programme aimed

to provide two assurances of access to food and clothing, and the three guarantees of access to basic medical services, safe housing with drinking water and electricity, and free and compulsory education.

This programme focused on regions in which extreme poverty still persisted after decades of reform, mainly in rural areas. Officially launched in 2015, serious preparation for the programme began in 2014, when 800,000 Party cadres were organized to visit and survey every household across the country, and more than two million people were tasked with verifying the data.

To Gordon's point that "apologists for global neoliberalism" inappropriately point to China as a neoliberal success story, China's poverty reduction is estimated to account for nearly 75% of global poverty reduction in the neoliberal period (World Bank & Development Research Center of the State Council, xiii), and this is precisely because of the leading role of the state and the Communist Party, not the sort of laissez-faire reliance on market forces advocated by neoliberalism.

In light of these achievements, we can mention one last reason to take China's commitment to socialism seriously: Chinese Marxism is a vibrant tradition that has produced no shortage of compelling Marxist accounts Reform and Opening Up. Of course, the bulk of theoretical debate in China has taken place in Chinese and thus difficult to access for much of the non-Chinese world. Roland Boer's recent *Socialism with Chinese Characteristics: A Guide for Foreigners* (2021) makes an important contribution to English-language accounts, as he draws almost entirely from Chinese-language Marxist theory and scholarship. He thus provides important insight into many of the debates taking place between Chinese Marxists.

Boer's account of debates and contributions of Chinese Marxism are wide-ranging and extensively sourced. Of particular relevance here is his account of Chinese Marxism's debates on the relationship between planning, markets and socialism. Deng Xiaoping was the leading theoretician of Reform and Opening up, and he grounded his understanding of this process in Marxism, and he

challenged the widely held view that socialism entailed planning while markets were the domain of capitalism. Instead, he highlighted the basic point that "We cannot say that market economy exists only under capitalism. Market economy was in its embryonic stages as early as feudalist society," (Deng, 1979, 236, quoted in Boer, 2021, 117). This line of thinking and Deng's thought in general laid the foundation for widespread debates among Marists in China about how to understand markets as distinct from capitalism historically. Such debates entailed a return to Marx and Engels many discussions of how markets have historically differed across different socio-economic systems. Such thinking would eventually lead many Chinese Marxists to the "dialectical transcendence" of the planned and market economies. Such a dialectical transcendence entailed giving "full play to the role of the law of value in optimising the allocation of resources and regulating the circulation of commodities," (Zhang & Zhuang, 1994, 5 quoted in Boer, 2021, 130) but seeking to confine the operation of the law of value to the market, which was only one component of the broader socialist system. Boer explains that the majority position within Chinese Marxism coming out of the 1990s was that the law of value "does not apply to the basic socialist system as a whole, let alone to other components such as culture, politics and law, which are determined by the 'three benefits' (see above) that constitute the domain of planning," (Boer, 2021, 131).

This is only a small window into wide-ranging debates that took place among Chinese Marxists in the 1990s. The basic point of this brief detour is that there is an abundance of Chinese Marxist literature on the subject of Reform and Opening Up and the theoretical question raised by this process. Engaging this literature does not require anyone to accept the conclusions of Chinese Marxists, but there is no case to be made that our understanding of Chinese conditions is deepened by refusing to engage with analyses by Chinese Marxists. For Western Marxists to casually dismiss the socialist character of the PRC post-reform without engaging with or even acknowledging the wide variety of views among Chinese Marxists is simply chauvinistic.

5.3.1.2 Canadian Capital & the People's Republic

The previous subsection challenged the notions that China can be considered simply a capitalist economy and that the PRC can be treated as merely a generic competitor under global capitalism. Working from the alternative understanding that views China as a socialist market economy helps frame the challenges that Canadian capital and the Canadian state face in relations with China. This subsection argues that owing to the socialist state's leading role in China's economic development, Canadian capital's position in China is contradictory. On the one hand, China's economy presents opportunities that are too important for any bourgeoisie to ignore. On the other hand, China's state severely restricts market access for foreign investors, and often requires significant concessions as a condition of entry, such as technology transfers or the establishment of joint ventures with Chinese partners. These are only some of the many perceived risks of doing business in China that are commonly identified by Canadian capitalists, their political representatives, and their organic intellectuals (see for example Kutulakos, Dobson, Hejazi & Stratulativ, 2017, 18-20).

In this context, Canada's capitalist class has been eager to pursue the opportunities of China's market. The Canadian state, in turn, has made promotion of such interests the core priority in bilateral relations with China. Canada's commercial relationship with the PRC began in 1961 with the large grain exports to China amid the famines of the Great Leap Forward, and diplomatic relations were established in 1970. Canadian capitalists' interests in China have shifted overtime. From 1970 until the 1990s, the priority was to promote increases in trade - which consisted mainly of Canadian exports to China. As China developed into the 1990s, imports from China, namely consumer goods and industrial inputs, became increasingly important in Canada-China bilateral relations.

Canada's economic relationship with China really begins to take off following the latter's accession to the World Trade Organization in 2001. Since that time, bilateral goods trade has increased at an average of 11% per year and trade in services grew at an average of 12% per year. Trade with China accounted for 1% of Canada's total trade in 2000 and accounted for 6% in 2019, making China Canada's second largest trading partner behind the United-States (or third largest if the EU is taken as a whole) (Scarffe, 2019, 3).

The investment relationship also began to take off post-2001, and especially post-2008. Canada's stock of direct investment in China grew from $560 million in 2000 to $12.7 billion in 2018. Meanwhile, China's stock of direct investment in Canada has grown from $190 million in 2000 to $17 billion in 2018 (Scarffe, 2019, 6-7).

The picture changes somewhat, however, when portfolio investment is taken into account. The stock of Canadian portfolio investment in China was at $34 billion in 2018, nearly 3 times the amount of Canada's direct investment. Comparable statistics for Chinese portfolio investment in Canada are not available, since Statistics Canada does not track inward portfolio investments from any country other than the United-States (*ibid*). However, China's State Administration of Foreign Exchange (2019) records that China held portfolio investment assets worth $US5.13 billion in portfolio investment assets in Canada in 2018. The average annual exchange rate with the US dollar was $1.2957, meaning approximately 1.29 Canadian dollars for every US dollar. Thus, China's portfolio investment assets in 2018 amounted to about CAD$6.64 billion.

Thus, Canada's total stock of investment in China in 2018 was worth $46.7 billion, while China's total investment in Canada was a little over $23.6 billion, meaning Canada was the net capital exporter in that year if portfolio investments are taken into account. Although it is impossible to

draw general conclusions based on one year, the preponderance of portfolio investment in Canada's total investment in China in 2018 is still suggestive and interesting for a few reasons.

Using Statistics Canada data on Canada's portfolio investment abroad (2021) and direct investment abroad (2023), we see that between 1997 and 2020, Canada's portfolio investment abroad tended to outstrip direct investment abroad. Total annual Canadian direct investment abroad in this period amounted to an average of 81.1% of total annual portfolio investment abroad, and the former actually outstripped the latter in 2002 and 2008. In the highly developed regional economies of Europe and North America, Canada's main trade and investment partners, annual Canadian direct investment amounted to an average of 83.67% and 86.28% of annual portfolio investment respectively. In South & Central America, the main destination of Canadian investment in the Global South and a region made up entirely of mostly upper and lower middle-income countries, Canadian direct investment far outstripped portfolio investment, with the former amounting to 323.38% of the latter. In Asia, Canadian direct investment amounted to an average of 52.35% of portfolio investment. This reflects the fact that Canadian direct investment in Asia is relatively low, which many of the scholars above often point to as a sign that Canada is missing out on the opportunities of Asian and Chinese markets.

Writing for Canada's Office of the Chief Economist, Colin Scarffe points out that in 2018, Canada's stock of portfolio investment in China was worth nearly 3 times that of direct investment (see above). This ratio of direct to portfolio investment is atypical of Canada's international investment profile. In the same year, the Canadian direct investment abroad amounted to 64.6% of portfolio investment, and the figure was 77.86% for Europe, 65.12% in North America and 40.08% in Asia and Oceania. In China, Canada's total direct investment in China amounted to only 37.4% of portfolio investment in China. Although it is impossible to draw hard conclusions about the

investment relationship based on one year, the fact that Canada's ratio of direct to portfolio investment was so low in China compared with its broader investment profile is suggestive.

While it is in line with the relatively low levels of direct investment in Asia and Oceania in general and likely reflects to some extent the development of regional capital markets, it seems highly likely that this low level of direct investment also reflects the highly restrictive climate for foreign investment in China's socialist market economy.

As discussed above, China took a gradual, uneven and instrumental approach to liberalization. Opening to foreign investment has embodied the same sort of push and pull dynamics between market forces and the state in the context of the overriding goal of protecting the state's control of the commanding heights of the economy. China's foreign investment regime is liberal relative to the 1960s, but it remains much more closed than most large economies (Enright, 2019, 23).

China's entry into the World Trade Organization inaugurated a wave of liberalizing measures as additional industries were opened to foreign investment and many regulations of foreign enterprise were removed or modified. Yet such economic opening did not entail a gradual decline in the role of the state. China's 2007 Anti-Monopoly Law, for example, is supposed to be equally applied to foreign and domestic firms, but it specifically exempts state-owned enterprises, as the law aims to "promote the healthy development of a socialist market economy" and requires enforcement agencies to take industrial policy considerations into account (Enright, 2019, 25).

Since 2002, the Catalogue for the Guidance of Foreign Investment Industries has divided sectors into 'encouraged', 'permitted', 'restricted' and 'prohibited' categories. Changes in this Catalogue offer a window into the shift toward relative liberalization and the reassertion of also the continued role of the state in setting the terms on which foreign enterprises can operate in China. In 2015, the Catalogue removed restrictions on inward foreign direct investment in several

manufacturing actors, and made limited revisions in services, agriculture and infrastructure. In 2015, the Catalogue lowered the number of 'restricted' industries from 79 to 38, the number of sectors in which Chinese-controlled joint ventures are required from 44 to 35, and the number of industries requiring joint ventures with Chinese partners, but allowing foreign control, from 43 to 15 (Enright, 2019, 26).

"The gradual approach allowed the Chinese government to experiment, to learn how to deal with [foreign investing enterprises], and to channel that investment into desired sectors and locations." In this context, foreign enterprises' approach to investment in China has been shaped by the "constant tension … between the desire to benefit from investments in China while limiting the risks associated with operating in the Chinese environment," (Enright, 2019, 28).

This last point is as true for Canadian enterprises as for any other foreign enterprises in China. Of particular relevance is that mining and financial services sectors, the leading sectors of Canadian FDI, have *not* been significantly opened up to foreign investment in China (Ghosh & Wang, 2011, 506), and even less so to controlling investment Canadian direct investment in extractive industries usually entails. In stark contrast with its relative free-reign and impunity enjoyed across much of the Global South, Canadian mining capital has only been able to make inroads insofar as it serves China's developmental goals. Just prior to China's accession into the World Trade Organization, the Canadian Mining Journal Staff (2001) wrote about significant risks Canadian and other foreign mining companies face in China owing to the fact that "China's legal system is still in the early stages of development" and "the country's laws still do not have the element of predictability found in the Canadian and other legal systems." In the 1990s, Canadian mining companies responded positively to the Chinese government's first steps toward the partial opening of the mining sector. They were particularly interested in China's gold deposits, but China maintained a highly restrictive policy on foreign participation in gold exploration and mining,

essentially only allowing foreign investment in marginal gold deposits (low grade and difficult to mine) subject to the approval of a variety of central government departments. Vancouver-based Asia Minerals was the only Canadian mining company to win a contract in this early phase. Like others, it was required to establish a joint venture with a Chinese partner, which was terminated shortly after it commenced operations. McKenzie explains the burdens foreign mining companies faced in this period: "parties were required to establish and fund a separate entity, with a stipulated amount of capital, at a stage when the parties could not know with any certainty the extent of the mineral resources involved."

In the 2000s, Canadian mining capital was an active player in the nascent mining industry of Tibet. "Canadian companies were among the first to gain access to the copper, gold, lead and zing under its peaks-making Canada, for a time, a major foreign investor in Tibet," (Dhatsenpa, 2023) Over the last decade and a half, Canadian companies played a major role in mining, exploration and the construction of infrastructure, but the original dozen or so Canadian companies involved have sold off their projects. "With the sale of their projects and technology transfer to the Chinese government, Canadian companies served as a surrogate helping Beijing create an industry, they could not themselves have birthed." The author frames this primarily as Canadian mining capital's complicity in Chinese dispossession in the "Chinese-occupied nation" of Tibet. From this perspective, the story of Canadian mining capital in China embodies it serves as an important example of the way the PRC is able to entice foreign capital to develop China's own productive forces, and then shed foreign control.

Long-time Canadian ambassador to the PRC David Mulroney (2015, 77, italics in original) explained that "[i]n the space of my own career, I have watched the rise and fall of the Canadian mining sector in China. Canadian mining firms originally made inroads in China because they have the technology China needs to extract its resources safely and efficiently. But over time, Canadian

firms …. Have been squeezed out of the projects they largely developed. Typically, after spending a lot of their own money to discover a deposit of some mineral, the Canadian firm finds itself blocked. … Often, this coincides with the emergence of a new Chinese partner, a firm closely linked to the local authorities or, this being China, a firm that is actually *owned* by them."

Canadian mining capital is also far from alone in being caught between the immense opportunities and the severe restrictions of operating in China. The Canada-China Business Council regularly surveys Canadian businesses about the myriad of risks associated with doing business in China, and the regulatory environment tend to be prominent concerns (see Hejazi, Stratulativ & Kutulakos, 2021, 23-4). In a report written to alert Canadian technology companies to the challenges and risks of operating in China, Margaret McCuaig-Johnston (2020, 1-2) cautions that as part of its effort to reduce dependence on foreign technology, China is increasingly requiring technology companies to establish joint ventures with Chinese partners. Reflecting on the experience of Canadian technology companies in Chinese joint ventures, she notes that ownership is typically not equal in such partnerships and in some cases Canadian ownership is as low as 10% when the technology employed is 100% Canadian. She also points out that most joint ventures require technology transfer, involve pressure on the Canadian firm to reduce its shares, sell key technology to a Chinese company or else lose out on other opportunities and to brand in the name of the Chinese partner, among other things.

In this context, it is no surprise that Canadian business leaders have consistently maintained that China should open up its economy more. Although the drive to change China tends to be associated with Canadian missionaries and human rights activists, this goal has always been shared by pro-engagement politicians and by Canadian business, which has an obvious interest in the further economic liberalization of China.

Thomas d'Aquino, long-time President of the Business Council of Canada (then the CCCE) and a relentless advocate for closer ties with China, makes clear the business community's simultaneous desire to deepen economic ties with China and also to change China. In his 2023 memoir, he writes:

> "I believed that Canada and other Western countries needed to encourage Chinese economic development and engagement in the global economy. Better to have a China that had adopted the rule of law in international trade than a rogue power operating outside established norms. *It was for this reason that the Business Council supported China's entry into the World Trade Organization*. I never had any illusions that China would in the foreseeable future embrace democratic values, but my hope was that an increasingly economically empowered Chinese citizenry, with hundreds of millions drawn out of poverty, would become a powerful force for change, leading to a softening of the country's autocratic rule," (d'Aquino, 2023, 174, italics added)

This underscores the consensus between the most enthusiastic advocates of deepening China and the most vociferous China hawks that Canada should try to change China. d'Aquino is effectively outlining what China views as an imperialist strategy of "peaceful evolution." China broadly understands peaceful evolution as a strategy which "aims to transform the Chinese political system by encouraging the introduction of private ownership, free-markets, human rights and liberal democracy, all of which would eventually lead to the erosion of Marxism-Leninism as an official ideology as well as the end of the [CPC]'s political monopoly," (Ong, 2007, 718). As will be

discussed in the next section, the PRC has worked to build the institutional capacity to guard against such a strategy since 1949.

The Canadian state's most important attempt to improve market access for Canadian companies in China came in the form of the Canada-China Foreign Investment Protection and Promotion Agreement (FIPA). Negotiations for the FIPA began in 1993, negotiations concluded in 2012 and the agreement entered into force in 2014. While Canada's bilateral investment treaties have mostly attracted very little public interest, the Canada-China FIPA "stirred a debate within Canada of intensity unseen since the Canada-United States Free Trade Agreement in the late 1980s," (Gagné, 2019, 366) The secrecy of the negotiations were a point of contention for critics of the deal, and relatively little is known about the contents of the negotiations. This has led some scholars attempting to compare the historical evolution of Canada and China's approaches to bilateral investment treaty in an attempt to deduce the sources of disagreement that presumably underlie the two-decades long negotiations (see Carter, 2009).

The primary point of contention, however, was that the deal was unfair in the sense that it was non-reciprocal in China's favour. The deal locked-in the already existing state of affairs, whereby Chinese investors are afforded far greater access to Canada's markets than Canadian investors are afforded in China's markets. The reciprocity issue had long been a point of contention for Canadian investors, and it was hoped that the FIPA could help overcome the present state of things. In 2011, for example, former President and CEO of the Business Council of Canada called for reciprocal opening of the Chinese market stated that "[China's] lack of openness is an obvious source of frustration for Canadian investors, particularly given the recent dramatic increase in Chinese investment in Canada." As such, he calls for reciprocity: "It goes without saying that Canadian investors ought to be afforded the same access to China that Chinese investors are afforded today. Unfortunately, this is not the case today," (Business Council of Canada, 2011)

This line of critique was also prominent on Canada's centre left. Gus Van Harten, a specialist in international investment law and the leading proponent of the reciprocity critique, made his case that the deal favoured China on two main grounds. First, the FIPA's provisions prohibiting discrimination against foreign investors applies only to new regulations introduced after the deal enters into force. All of Canada and China's pre-existing discriminatory measures are grandfathered in and are not affected retroactively prohibited. But China has a far more restrictive investment climate and far more existing discriminatory measures than Canada. "Therefore, while the FIPA looks like it applies equally to Canada and China in this respect, in fact, it favours China," (Van Harten, 2015, 14-5).

Secondly, the FIPA's provisions on national treatment and most favoured nation treatment also favour China. This is because the FIPA's national treatment does not apply to the pre-establishment stage of investment, meaning neither Canada nor China are required to afford national treatment to each other's investors before an investment is made. National treatment only comes into play after an initial investment, meaning national treatment is applied to expansion, management, conduct, operation and sale. Thus, the national treatment provision does not provide any market access to new Canadian investors.

However, the FIPA also affords each country most favoured nation treatment (MFN), which requires that each country give each other's investors no less favourable treatment than investors from other third countries with which they have investment treaties. Crucially, unlike national treatment, MFN *does* extend to the pre-establishment stage of investment. Thus, the MFN provision affords prospective Chinese investors the most favourable access to Canadian markets as has been afforded to any other country through investment treaty, and the same is true of prospective Canadian investors in China. But again, since China has a far more restrictive investment climate than Canada, has made economic liberalization a political priority for three decades of

neoliberalism, MFN status means that Chinese investors benefit from far greater market access in Canada than is true of Canadian investors in China. Van Harten explains: "Canada has given market access rights to foreign investors from other countries in other FIPAs and China has not; Canada has done so by including a national treatment rule in some of its other FIPAs which extends to the pre-establishment stage, while China has never done that the same in any of its investment treaties," (Van Harten, 2015, 38-40).

Van Harten notes that this is Canada's only FIPA that extends MFN to the pre-establishment stage without doing the same for national treatment. His best guess as to why Canada would make such a concession seems plausible enough: Stephen Harper's government was desperate to attract Chinese investment into Canada's energy sector at all costs as part of his ambition of making Canada an "energy superpower," (*ibid*, 7-8).

Regardless of the reasons, a few things can be said about the discourses of unfairness and non-reciprocity in China's favour, that permeated public discourse around the FIPA and Canada-China commercial ties in general. First, the Canadian government made a sovereign decision to open up to China without requiring China to do the same. There is no sign that China coerced Canada or forced its hand. While it is certainly conceivable that China put pressure on the Canada lock-in non-reciprocal market access, Canada's markets are more open to Chinese investors because of decades of neoliberalism and economic opening via trade and investment agreements. MFN opens up Canada's economy to Chinese investors because of decades of neoliberal bilateral investment treaties that provide generous market access to foreign investors.

Much was made of the fact that Chinese companies could sue the Canadian government under the FIPA. While this is undoubtedly concerning for democracy, this is not a new phenomenon, this arrangement is not at all unique to the Canada-China FIPA. Binding investor state-dispute settlement mechanisms have been part of Canada's bilateral investment treaty model

since NAFTA. Again, the power Canada has afforded to Chinese investors is consistent with the power it has afforded to foreign investors from countries around the world.

Secondly, the public outrage over Canada's FIPA with China and the ire directed toward China in this context cannot be separated from the widespread anxiety, fears and suspicions that permeate Canadian society in the face of China's rise. Although this partially reflects the fact that China is a much more powerful actor than any of Canada's other FIPA partners in the Global South, the prominence of such suspicions across Canadian society can be traced back to the historical processes of racialization of Chinese people in Canada's colonial imagination discussed in section 5.2. None of Canada's other bilateral FIPAs have generated anywhere near the same level of sustained and organized push back. At some level this might reflect the lack of awareness around FIPAs, but it also seems to reflect a sense of entitlement to market access anywhere in the world among Canadian capitalists, their organic intellectuals and their political representatives.

This sense of entitlement leads to the third and final point, which concerns the notion of "fairness" as it figures into discussions of Canada-China relations. Long-time Canadian ambassador to the PRC David Mulroney explains (2015, 52) that one form of government support to Canadian business in China consists of "senior Canadian officials helping to secure fair treatment for Canadian firms who have been unfairly disadvantaged in their efforts to enter the market or are being held back by some impediment that arose after they got in." He clarifies that this is not about seeking favours, but instead "it is about leveling the playing field so that foreign firms have the chance to compete fairly, according to their merits and according to the rules."

The working conception of "fairness" here flows from fundamentally liberal assumptions about the appropriate role of the state in the economy. As we have seen, these are assumptions China simply does not share. Having spent much of the last couple decades in China, Mulroney is clearly aware of the profound ideological and political differences between Canada and China, but

when it comes to Canadian companies' rights to operate in China, he frames this as some question of a depoliticized "fairness."

But "fairness" in this context, much like "reciprocity," are deeply political concepts. Is it fair that a developing country like China should be expected to open up its economy to the same extent as highly developed countries in the name of "reciprocity"? No mutually satisfying resolution can be achieved by ignoring the deeply political implications of this question.

Understanding that Canadian capital occupies a fundamentally contradictory position in China's political economy a useful starting point for thinking about Sino-Canadian relations. For Canadian capital, China is both a land of unparalleled opportunities and unique risk owing to its socialist market economy. Canadian strategists and analysts are not helped by treating China as if it is a capitalist economy or on its way to becoming one. Such a conviction lends itself to missing essential political differences underlying any negotiations. "Fairness" does not mean the same thing in a socialist society as in a capitalist society. Ignoring these underlying differences can only lead to confusion.

5.3.2. Capital and Countervailing Forces

This section outlines a second challenge China poses to Canada's imperialist foreign policy. Since the 1970, there has been a political consensus in Canada that it should seek to change China through engagement. However, as is clear from the exchange between Gilley and Evans reviewed in section 5.1.2., the question of how Canada should go about changing China is polarizing. Fundamentally, this division persists because the PRC has prioritized building the state capacity and economic self-sufficiency necessary to resist foreign attempts to change or destabilize China's sovereign political system since its founding.

5.3.2.1. Conflicting Impulses

Section 5.1.2 discussed the trade vs. human rights debate that had gripped Canada-China scholars for the better part of the 1990s and 2000s. The conflicting tendencies within the literature reflect the conflicting agendas of some of the most powerful social and political forces in Canada. Burton (2015a, 127) summarizes the essential cleavage as it has existed from the 1990s rather well. While business interests and centrist politicians work to promote economic ties with China, "public advocacy organizations such as Amnesty International, Chinese-Canadian expatriate pro-democracy groups, the Falun Gong, and Tibetan and Uyghur diaspora organizations in Canada urge that the government of Canada engage the government of China more vigorously on human rights concerns." Moreover, these same groups demand more active pursuit of allegations that Chinese diplomats and cyber-hackers illegally harass expatriate Chinese citizens in Canada.

Burton makes three important points worth expanding upon. First, despite Canadian capital's contradictory position in China, Canada's capitalist class, in particular its multinational fraction, has overall been quite consistently supportive of deepening ties with China. The Business Council of Canada has consistently advocated for deepening ties with China. They regularly commission reports and strategic proposals for the Canadian government and Canadian business (see for example McKinsey & Company, 2014). Centrist politicians and business-oriented academics tend to prioritize these interests. In so doing, they tend to elevate the goal of deepening economic relations over the goal of changing China, and advocate attempting the latter discretely and in ways that will not risk compromising economic ties.

Secondly, he names public advocacy organizations that urge the Canadian government to engage the Chinese government more vigorously on human rights concerns. He names a number of the most prominent organizations involved in such efforts, but more organizations have been

involved through the post-Cold War period. The public advocacy organizations urging for Canada to press China on human rights concerns is more of a loose network, with many groups and coalitions being formed on an ad hoc basis. The Canadian Coalition for Human Rights is a coalition of Canada-based civil society organizations that focuses on the place of human rights in Canada's foreign policy with China. Founded in 1993, the group consisted of 15 organizations in 2017, including organizations of each group named by Burton. It also included Canadian Journalists for Free Expression, Federation for a Democratic China, Toronto Association for Democracy in China and more.

The individual groups and personalities of the Coalition and informal networks themselves are not the primary concern here. Rather, the primary concern is to assess the collective impact of their advocacy on Canada-China relations.

These groups tend to call for the Canadian government to make clearer and more actionable commitments to press China on human rights through open letters, reports, quotes to Canadian media and other forms of public advocacy. In an open letter to the newly elected Stephen Harper, the Coalition criticized the vague, non-committal goals of the Chrétien/Martin governments' bilateral human rights dialogues, which were the pillar of what they called "quiet diplomacy" on human rights issues in China (Canadian Coalition on Human Rights in China, 2006). In the same letter, they call for strengthening the human rights dialogues by better integrating self-selecting civil society organizations with established expertise on China issues and specify that diaspora NGOs should not be excluded from the dialogue.

Here we have the basic contours of the dialectic of Canada's commercial and missionary impulses. While the capitalist class and their organic intellectuals most often call for focusing on deepening ties, human rights organizations tend to advocate making the prospect of deepening ties essentially contingent on China acceding to more onerous Canadian demands around human rights.

Third, Burton points out that public advocacy organizations also demand more active pursuit of alleged harassment and intimidation of members of diaspora communities or Chinese dissidents by the Chinese government. Indeed, the Coalition and Amnesty International Canada (2020) wrote a report detailing such alleged cases. They called for Canada to urgently investigate such claims, and to consider sanctioning Chinese officials in response.

This angle establishes a connecting thread to what we might call the national security community in Canada. Canada's intelligence agencies, particularly CSIS, have also raised concerns about intimidation and interference by Chinese state actors in Canada for decades. While the public advocacy groups tend to approach this issue as a matter of rights violations, the national security community sounds the alarm from a national security perspective.

The specter of national security risks laden in deepening ties with China have been another countervailing force to the unmitigated pursuit of international business interests. CSIS has long publicly expressed concerns about Chinese intelligence gathering, espionage activities, political interference in Canada. In 2005, former CSIS official Michel Juneau-Katsuya claimed that China attracted the largest proportion of CSIS resources devoted to combatting industrial espionage (Manicom, 2012, 289). CSIS has since continued to express concerns about Chinese investments in Canada. As will be discussed in the next section, CSIS also regularly voices concern about the security risks involved in Chinese investments in Canada. In a 2018 report, CSIS explains that whether a partner company is state-owned or private, it will have close ties to the CPC, and that if it is allowed to, "Beijing will use its commercial position to gain access to businesses, technologies and infrastructure that can be exploited for intelligence objectives, or to potentially compromise a partner's security."

As will be discussed in the next section, in the context of China's emergence as a competitor in high technology sectors and a more assertive geopolitical power in the era of Xi Jinping, national security concerns have increasingly gained currency in public and state discourses.

Concerns over human rights and national security have the effect of acting as impediments to deepening Canada-China relations in general and business ties in particular. Human rights organizations and CSIS have both called for making benchmarks contingent on human rights or national security guarantees. For example, CSIS (2018) wrote that any trade agreements must be vetted for national security concerns. In 2017, the Coalition also argued that "Any possible trade deal with China must be subject to comprehensive, independent human rights impact assessments before entering into force and at regular intervals thereafter."

Both exhibit a generally more critical, skeptical and confrontational posture towards China as well. For groups in Canada concerned about human rights in China, the implicit assumption is that Canadians have a responsibility to press the Chinese governments to better respect civil and political rights of its citizens. Such groups have generally exhibited little interest in the fact that China's leadership and Chinese Marxism has a distinct conception of human rights (more on this below). CSIS increasingly regards China's rise as a quest for global dominance (2018, 7) and a potential threat that needs to be prepared for. In 2017 and 2020, for example, they called on the Canadian government to consider sanctioning Chinese officials in response to alleged harassment, intimidation and interference of critics of the Chinese government or diaspora communities in Canada (Canadian Coalition on Human Rights in China & Amnesty International Canada, 2020).

Thus, the Canadian state faces contradictory pressures from important constituencies pursuing divergent agendas. The Canadian ruling class may make occasional nods to the need to balance trade with human rights and national security concerns, but their priority is to unambiguously and consistently pursue deeper ties to facilitate business opportunities. While CSIS

and human rights organizations acknowledge the economic imperatives of the relationship, their priority is to make deepening economic relations conditional on addressing human rights and national security concerns.

The contradictions between Canada's commercial and missionary impulse emerged in full force in the fallout of the Tiananmen Square incident in 1989. Since then, Canada's approach to relations with China has been inconsistent and at times incoherent. The incoherence arguably reached a high point with the ascendancy of national security concerns in the Trudeau and Trump years.

The next section outlines how these dynamics have shaped Canada's bilateral relationship with China. This section examines how the dialectic of Canada's commercial and missionary impulse shaped Canada's approach to China, and how the state has failed to craft a coherent strategic approach amid conflicting pressures since Tiananmen. As one would expect in a capitalist country, the commercial impulse embodied by Canada's ruling class has been the most important and dominant force in setting the agenda. While these interests have dominated overall, the countervailing missionary impulse has had a significant impact at different moments. The national security community has also had an impact that dovetails with that of the missionary impulse in the sense that it introduced competing priorities to those of the ruling class. The latter actors bolstered the consensus that Canada should work to change China and prepare to confront it if necessary.

5.3.2.1. The evolution of Canada-PRC Relations

Pierre Trudeau's decision to recognize the PRC was premised on the view that isolation was an unviable policy: China was a massive and important country, and international cooperation could only achieve so much when isolating nearly a fifth of the world's population. Moreover, isolation had failed to change Red China' behaviour on the world stage, and there was a better chance of

accomplishing this through engagement (Evans, 2014a, 23-4). Thus, changing China had been one of the goals of engagement from the beginning, although the focus was more on China's international role than its domestic politics. In practice, this was also very much a secondary objective in bilateral relations for the first twenty years of engagement. Facilitating diplomatic cooperation and deepening trade ties were the main priorities through Trudeau and through most of Mulroney's time in office. This was the beginning of the long-held Liberal conviction that the best way to change China was to build ties of trust through sustained engagement instead of loud, public condemnations. This would allow the Canadian government to prioritize preserving the growing economic relationship, and it was also seen to be the more effective route to gradually changing China.

The Canadian government responded enthusiastically to the beginning of Reform and saw many opportunities for trade and cooperation to help pursue Reform. CIDA began its program in China in 1982 and broadly understood its mandate as assisting China along the road of reform through things like legal and technical training, supporting democratization through the integration of NGOs and civil society into policy processes, and generally bolstering China's institutional capacity to pursue reforms (CIDA, 2005). However, CIDA was part of a larger Canadian strategy emerging under Brian Mulroney, which prioritized deepening trade ties (Frolic, 2011, 53).

Mulroney first raised human rights concerns with Chinese Premier Zhao Ziyang in 1986, but this would not be a major concern until after June 4, 1989, when a 7-week occupation of Tiananmen Square ended in tragedy with violent clashes and killings as the square was dispersed. The Canadian public was outraged, and this marked the end of the period of "special relations" that had prioritized trade between Canada and China. Within two weeks, Canada recalled its ambassador (Frolic, 2022, 190). The government formed a three-person crisis management group to formulate an official response, and the groups began consulting widely with government ministries and departments

involved in bilateral relations, the business community, representatives from ethnic Chinese communities, human rights activists, academics and more. The response would include sanctions, suspension or cancellation of export financing arrangements, an indefinite halt to official high-level visits, and the cancellation of projects supporting the Chinese military. Canada's public criticism of China's human rights record became more forceful and at times provocative (Frolic, 2022, 164).

Canada's measures were widely criticized as being too weak and tentative to have had much of an effect on China (see Gecelovsky & Keenleyside, 1995). By the end of 1990, the sanctions had essentially failed to make an impact on Canada-China relations, meanwhile the business community complained that it was losing market share. Relations began to thaw as the government began loosening sanctions and high-level official contacts resumed in 1991 in the face of vocal opposition from members of Cabinet, hardliners in the Prime Minister's Office, human rights activists and Canadian media (Frolic, 2022, 200).

This brief interruption to the steady pursuit of business ties above all else changed Canada-China relations. Undoubtedly, the tentativeness and short lifespan of sanctions reflected Canadian business's dominance in the formation of Canada-China policy. However, this episode signaled just how quickly Canada's basic policy orientation could radically change. Moreover, this represents the first time Canada's missionary impulse came to prominence in bilateral relations. The missionary impulse would remain a fixture of Canadian strategy going forward, even if a subordinate one. It would also remain a source of some irritation in bilateral relations, as when a group of MPs went to Beijing to protest the human rights situation in China. After unauthorized visits with the families of dissidents, Chinese security forces ended their visit, took them to the airport and put them on a plane to Hong Kong (*ibid*, 201).

This incident caused a diplomatic crisis, but it was very short lived. Upon forming government in 1993, Jean Chretien would preside over what is probably the most consistent, clear

and strategically coherent China policy of the last 50 years, perhaps aside from the Trudeau years. The Chretien/Martin governments' approach can best be described as business liberalism. Although the Liberal opposition did not hesitate to criticize Mulroney for putting trade above human rights concerns, upon taking government, deepening economic ties emerged as the unambiguous, central priority in these years and human rights concerns were clearly subordinated. The pillar of Chretien's strategy to promote trade ties with China was to organize "Team Canada" delegation to promote Canadian business in China. The first delegation in 1994 included the Prime Minister, two cabinet ministers, nine premiers, two territorial leaders, four hundred business leaders, and 1,400 guests for a banquet in the Great Hall of the People. The combined value of contracts and statements of intent signed between Canadian businesses and Chinese partners on this delegation totaled $8.5 billion (Frolic, 2022, 279). Such delegations would take place annually until 2001, although the Prime Minister would only be present for two of the delegations after 1994 (Evans, 2014a, 43).

Chretien made clear that these were trade delegations and not forums for discussing human rights. He promoted the view that increased trade and engagement would enable Canada to build the sort of relationship that would enable Canada to gradually affect change on China's human rights record. This approach was widely criticized in Canadian media, by opposition parties and by NGO activists, which broadly favoured a more activist and at times confrontational approach (Frolic, 2022, 244).

Under Chretien, the goal of changing China's human rights records was relegated to biannual bilateral human rights dialogues, which began in 1997 and lasted until 2005. Each dialogue aimed to study specific human rights issues in both Canada and China in depth. Formal discussions were held over two days and included both government and non-government participants from each side.

These dialogues were widely criticized as essentially being overall ineffective and lacking clear goals (Canadian Coalition for Human Rights in China, 2006). Many participants in the dialogue themselves were unimpressed (Evans, 2014a, 46). Charles Burton was commissioned by the government to assess the dialogues, and he noted frustration and underwhelm from Canadian and Chinese participants. In particular, one Chinese participant told Burton that Canadians have a "missionary attitude," and complained that they asked the Chinese participants to comment on "some unrepresentative case they have read about in a tabloid."

These bilateral human rights dialogues were also supplemented by CIDA programming that "aimed to promote human rights, good governance and democratic development in China through support for legal aid, training of judges, activities of China's civil society non-governmental organizations, etc," (Burton, 2006, 5-6). Still, it is quite clear that human rights considerations were subordinate to business interests under Chretien. The bilateral human rights dialogues were essentially a sideshow. There was next to no clear or specific objectives, much less significant tangible achievements. China's Ministry of Foreign Affairs regarded the dialogues as being of essentially no interest to policymakers, and no reports on the dialogue made to higher levels of government (Burton, 2009b, 2).

However, Liberal engagement did produce some tangible outcomes for Canadian business. In Two-way trade between Canada and China totalled $3.1 billion in 1990, and this grew steadily to $8 billion in 1995, $15 billion in 2000 and $37 billion by 2005. Still, there was concern around Canada's competitive position in China, as its market share was declining relative to other advanced capitalist countries like Australia, the UK, France and the US. This was surely expected to change following the declaration of a strategic partnership at the of Canada and China in 2005, but things went south as the missionary impulse returned in full force with the election of Stephen Harper.

After a decade of sustained engagement and deepening ties, Harper all but abandoned engagement for the first three years of his time as Prime Minister, and Canada-China relations were far from a priority. Minister for Foreign Affairs Peter Mackay did not respond to the Chinese ambassador's request for a meeting for months (Jiang, 2009, 898), and Harper did not visit China until 2009. Beyond neglect, Harper abandoned "quiet diplomacy" and began regularly publicly criticizing China's human rights record and making moves that would obviously be seen as provocation. The government granted honorary Canadian citizenship to the Dalai Lama. Conservative MPs also attended Taiwan government functions in Ottawa. MacKay also began publicly floating national security concerns, pointing to Chinese state espionage and condemning large-scale theft of Canadian industrial and high-technology secrets (Burton, 2015b, 48).

The case of Husein Celil was also at the government and media's human rights agenda at this time. Celil was a Uyghur from Xinjiang Autonomous Region that was granted refugee status and then Canadian citizenship after he had escaped a Chinese prison in 2000. Wanted in China on charges of terrorism and separatism charges, he was apprehended in Uzbekistan in 2005 and extradited to China. China refused to recognize his where he faced trial and was sentenced to life in prison. On his way to board a plane to the 2006 APEC summit in Hanoi, where he had requested a meeting with Chinese President Hu Jintao, Harper commented on his China policy saying that "I think Canadians want us to promote our trade relations worldwide, and we do that, but I don't think Canadians want us to sell out important Canadian values. They don't want us to sell out to the almighty dollar," (quoted in *ibid*, 49).

This may well be one of the reasons that Hu refused to meet with Harper, and only granted him a 15-minute sideline meeting. Wenran Jiang (2009, 899-900) explains that China's position on the matter reflected its deep concern not to offer any compromises that could potentially weaken its control of Xinjiang. Moreover, such a statement by the Canadian Prime Minister in the context of

Celil's case from Harper was likely to be interpreted by Beijing as some level of support for the separatist movement in Xinjiang.

This period has been described as a period of "cool politics, warm economics." The brash and provocative approach of Harper reflected splits within the Conservative Party over how to balance trade and human rights, with hardliners initially having the upper hand. However, the government began pursuing some limited forms of engagement as early as 2007, and Harper's first visit to China came in 2009.

While this turn was widely celebrated by human rights activists, it was cause for concern for Canadian business. In 2007, former President of the Business Council of Canada Thomas d'Aquino wrote a letter to Harper explaining that:

> "we in the business community are deeply worried that Canada's legacy of trust is being eroded, with serious long-term consequences for both our country's economic interests and its aspiration for leadership in spreading democratic values and respect for human rights …. Canada's effectiveness as an advocate for democratic principles and human rights in China depends on how we engage the Chinese people on the ground over the long haul and not on the volume of our public criticism of the Chinese government," (*ibid*, 174-5).

Upon achieving a majority government in 2011, a second phase of Harper's China policy had dawned, this one characterized by far less provocation on human rights and a focus on facilitating economic ties, particularly Chinese investment into Canada's energy industry. The oil and gas sector were one of the most solidly profitable and growing industries in Canada through the 2008 financial crisis. Moreover, as discussed in chapter 3, Harper was determined to make Canada

an "energy superpower," and Chinese investment in Canadian energy were seen as a way to facilitate this. Beyond what we have already seen, there were two points of controversy with this turn toward warmer politics and hotter economics.

The first was the controversy surrounding the purchase of Nexen Incorporated, Canada's tenth largest oil company, by China's third largest state-owned energy corporation, the China National Offshore Oil Company (CNOOC) in 2012. CNOOC's offer of $15.1 was well over the threshold to trigger a review under the Canada Investment Act (Chin, 2018, 412), and CNOOC public anxiety over the prospect of a foreign takeover by a Chinese SOE in Canada's prized natural resource sector was palpable. CNOOC went to considerable lengths to satisfy the terms of the Investment Canada Act (Burton, 2015b, 51), and after months of heated public debate and opposition on economic nationalist and national security grounds, the government approved the purchase but stated that future takeovers by state owned enterprises in the energy sector would not be welcome.

The Nexen affair gave national security concerns around Chinese SOEs' operations to a new staying power in Canadian public discourse, and these would become only more important under Trudeau Jr.

Justin Trudeau came into office optimistic about building on Canada-China ties. On the campaign trail, he echoed his father in pointing to China as a potential economic partnership that could help Canada diversify its trading partners and reduce trade dependence on the US. He quickly moved to initiate discussions with China about a free trade agreement but talks lagged and the deal never came to fruition. Some have attributed this to China's rejection of the Canadian government's insistence that the deal should include provisions on gender and the environment under its "progressive" trade agenda. In his account, Greg Chin (2022, 248) refers to Daneil Schwawen of the C.D. Howe Institute, who noted that it "may have puzzled China" that a country of 35 million

people and a smaller economy was trying to deal with China's domestic concerns. Chin, however, argues that more was at play. He points to the fact that the Trudeau government was more concerned with the negotiation of the Comprehensive Economic and Trade Agreement with the European Union, and then with the renegotiation of NAFTA. He argues that an additional factor at play was the concern among some members of the Trudeau cabinet began to worry that any further moves towards a free trade agreement with China could run the risk of backlash from Donald Trump, potentially undermining Canada's negotiating position in in the NAFTA re-negotiations.

If this stalled progress on the free trade agreement, it was all but abandoned when Canada detained Huawei CFO Meng Wanzhou at US request. China then detained Michael Spavor and Micahel Kovrig, and Canada-China relations fell to their lowest point since recognition in 1970, from which they have yet to recover.

Conclusion

This chapter has argued that the PRC represents a challenge to Canada's imperialist project of promoting neoliberal transformation around the world and undermining international norms of sovereignty. This is so for two reasons. First, while the opportunities of its socialist market economy are too important for the Canadian ruling class to ignore, they are forced to operate on the terms set by the Chinese state, which often involve onerous obligations and perceived risks. Second, since Canada's recognition of the PRC in 1970, there has been a political consensus that Canada should seek to change China through engagement. However, China's strength and sovereign development constrains Canada's ability to do so. In this context, there has been profound disagreement among influential social and political forces within Canada over *how* to go about changing China. Broadly,

the capitalist class has championed the view that the best way to change China is to engage, build trust, and promote gradual change. Human rights organizations, however, have urged the Canadian state to pursue the goal of changing China's human rights practices more vigorously, even if this must come at the expense of deepening economic ties. Canada's national security establishment has also become increasingly focused on emphasizing the potential risks of deepening economic ties. In this context, the Canadian state has struggled to manage the contradictions that emerged between the Canadian capitalist class on one hand, and many civil society organizations and much of the security and defense community over how to handle Canada-China relations. As a result, in the post-Cold War period, Canada's approach to bilateral relations with China have ranged from inconsistent to incoherent.

This chapter identified important weaknesses in the Canadian imperialism's assessments of China. It also found that the mainstream literature in large part revolves around debates over how Canada should go about changing China, without much critical assessment of this goal. However, Shipley's concepts of settler capitalism and the colonial imagination provide a helpful framework for making sense of Canada's relationship with China in historical perspective. Where mainstream literature has identified competing missionary and commercial impulses driving Canada's engagement with China, Shipley's framework allows us to connect these impulses Canada's larger historical role in the world.

Two points can be made by way of conclusion.

The first concerns the question of partisan differences in Canada-China relations. This chapter has focused on competing approaches for relations with China. However, there is a fundamental underlying unity between those who advocate changing China gradually by establishing bonds of trust through deepening economic relations, and those urge human rights or national security interests be given greater importance in Canada's approach. None of these approaches

outright oppose deepening trade ties, nor do any challenge Canada's presumption of a duty to change China. The difference is on *how* to pursue two broadly shared objectives: trade and change.

Although there is a tendency to associate the Liberal party with more proactive engagement, differences do not really fall neatly along partisan lines. The opposition party, whether Liberal or Conservative, tends to attack the government in power for not sufficiently promoting human rights. When in government, however, both parties have tended to prioritize business overall. Moreover, both parties contain conflicting tendencies, which lend themselves to inconsistency and even incoherence. Harper came in brashly chastising China over their human rights record but changed his tone a few years into his tenure as Canada's major trading partners descended into economic crisis. Trudeau, on the other hand, came in emphasizing the need to build closer ties with China, but three years into his tenure, Canada-China relations descended to their worst point since recognition. Both parties are united in struggling to balance essentially shared goals in China.

The last point concerns the fundamental reason China poses a challenge to Canadian imperialism. If we recall the exchange between Gilley and Evans discussed in Section 5.1.2., Gilley's position stands out as brash and even heretical. However, what he advocates is perfectly in line with Canadian foreign policy practices elsewhere. Canada's strategy in Haiti under Aristide embraced much of what Gilley advocates with China. Canada did adopt a "people centered" approach. It talked around the government and provided aid to civil society and dissident groups instead of the state. In so doing, it positioned itself to play a key role in the coup against Aristide and to secure neoliberal continuity in Haiti.

In China, Evans reminds us, such strategies are simply unworkable. This suggests that the strength and capacity to resist foreign interference that China has developed through its independent, sovereign development model is precisely the source of the challenge for Canadian imperialism. Such an assessment is further reinforced when one recalls that Canada's missionary and

commercial impulse worked quite synergistically during China's Century of Humiliation. Canada's missionary presence spurred Canadian business presence, which in turn spurred diplomatic representation in the nineteenth century. However, in the twenty-first century, when China is strong and sovereign, these two impulses begin to work at cross-purposes.

These observations suggest that for Canadian imperialism, the challenges of relations with China ultimately flow precisely from China's sovereign development.

Conclusion

This thesis has argued that in the post-Cold War period, Canadian foreign policy has pursued neoliberal transformation around the world while undermining international norms of state sovereignty, with the overriding objective of facilitate the international expansion of Canadian capital. Although Canada has found considerable success in these respects, this project is increasingly being challenged by the forces driving the transition to a multipolar world order, a dynamic most clearly discernible in Canada's relationship with China.

This chapter set the stage for this argument by engaging with critiques of left nationalist literature that emerged in the 1970s. While this early generation of left nationalist literature made important contributions to our understanding of Canada as a capitalist society and of the Canadian state as a capitalist state, it overlooked the central importance of settler colonial expansion in the development of Canadian capitalism and the consolidation of the Canadian state. At the same time, the literature misunderstood or misconstrued Canada's relationship with imperialism at the world level by stressing its subordination and underdevelopment relative to the UK and the US – the leading capitalist powers of the nineteenth and twentieth centuries.

Against these perspectives, I drew on scholars that had taken inspiration from Marx's concept of original expropriation to illustrate the Canadian state's role in expropriating land from Indigenous nations provided a necessary foundation for Canadian capitalism to flourish. I also turned to the concept of uneven and combined development to analyze Canada's role in the world. From such a perspective, it is clear that Canada's relationship with imperialism enabled its combined development through the late nineteenth century. Canada had emerged as one of the most industrially advanced countries in the world by the first decades of the twentieth century, and this provides a basis for understanding Canada's role in working to maintain the uneven development of the world's productive forces in cooperation with its imperialist allies.

The second chapter argued that coming out of the crisis of the 1970s, the sovereign prerogative of the Canadian state was reoriented and circumscribed by the interests of capital. This could be seen as early as the beginning of modern treaties, which sought to eliminate Aboriginal title to land with the overriding goal of providing "certainty" to facilitate investment. That the Canadian state has pursued this goal for as long as it suggests that Canadian capital was not trading away Canadian sovereignty throughout the transition to neoliberalism, but on the contrary continued to rely on it to establish the conditions necessary for capital accumulation. Instead, the functions of state power were being reoriented more narrowly around the interests of capital.

This process of reorientation proceeded further as the Canadian capitalist class organized itself politically in unprecedented fashion in a successful offensive to reduce the relative autonomy of the state. Through new forms of political organization, the concentration and centralization of capital within Canada's dominant bloc of finance capital, and the ideological work of Canada's neoliberal policy bloc, the Canadian capitalist class was able to play a leading role in driving the Canadian state's embrace of free trade with the United-States.

Despite widespread concern over the supposed "hollowing out" of Canada's corporate network or other claims of Canadian capitalism's declining international position, this chapter drew on research that demonstrated not just the continued cohesion of a domestically controlled national bloc of finance capital, but the increasing prominence of Canadian controlled firms at the upper echelons, and an increasingly international orientation of the Canadian capitalist class. This argument lends credence to the view that, rather than entailing a return to some form of US dependency, continental neoliberalism has provided Canadian capital with a platform for the expanded reproduction of capital at the continental level, which would lay the foundation for the international expansion of Canadian capital beyond North America.

The next chapter drew on the Canadian imperialism literature to argue that in the post-Cold War period, the overriding goal of facilitating the international expansion of Canadian capital gradually became an increasingly central goal of Canadian foreign policy. Canada increasingly began to prioritize the pursuit of neoliberal transformation throughout the world economy toward that end. Such priorities were the manifest in commitments from across strategy documents from successive governments, Canada's turn to negotiating treaties to liberalize investment in multilateral and bilateral forums, and its commitment to providing direct assistance to Canadian mining capital's international expansion.

The fourth chapter argued that in the same period, Canadian foreign policy has sought to undermine international norms of sovereignty through the pursuit of its human security agenda, its subsequent leading role in developing the R2P doctrine. We saw that in Haiti, R2P served to justify intervention that ultimately served to secure neoliberal continuity in Haiti by overriding Haitian state and popular sovereignty.

The final chapter looked at the challenges for Canada's imperialist project amid the trend toward multipolarity by focusing on Canada's relations with the PRC. I argued that the PRC represents a challenge to Canada's imperialist project of promoting neoliberal transformation around the world and undermining international norms of sovereignty in two main ways. First, while the opportunities of China's socialist market economy are too important for the Canadian ruling class to ignore, they are forced to operate on the illiberal terms set by the Chinese state. While there has been a political consensus that Canada should seek to change China, the latter's sovereign development constrains Canada's ability to do so. In this context, there has been profound disagreement among influential social and political forces within Canada over *how* to change China, and in this context the Canadian state has failed to synthesize a coherent strategic approach to China.

By way of conclusion, we can begin to consider how the Canadian capitalist class and the Canadian state might respond to the continued advance of multipolarity.

In her engagement with the Canadian imperialism literature, Desai (2017, 3) argues that "The coming years will likely find Canada seeking to act more openly and independently to enforce its interests abroad," and this is in line with what most authors in the Canadian imperialism literature anticipate.

However, the Meng Wanzhou affair should give us pause on these fronts. We have seen that the Canada has lacked a coherent strategic approach to relations with China. However, since the detentions of Meng Wanzhou, Michael Spavor and Michael Kovrig (the 3 M's), Canadian diplomatic relations with China have plummeted to their worst points since recognition. Canada essentially sabotaged its relationship with China by keeping the CFO of one of its leading companies in a highly strategic sector detained for nearly three years in order to satisfy a US extradition request that was refused by other countries over alleged violations of US sanctions against Iran.

Since the release of the 3 M's, Sino-Canadian relations have arguably continued to plummet. Canadian warships now regularly join American warships on highly provocative routes through the Taiwan Strait and "freedom of navigation" exercises in the South China Sea. Canadian media is increasingly saturated with sensationalist media narratives detailing alleged Chinese interference activities, often based on the claims of unnamed sources affiliated with CSIS sources.

All this ought to give us pause about the idea that Canada is likely to pursue its interests increasingly independently of the Washington in the coming years. So too should Canada's eager support for anti-Russia forces within Ukraine over the last decade. In 2014,

> "Canada took a lead role in exacerbating the tensions, aggressively criticizing the Russian government and sending waves of economic and military support to the far-right, pro-West government in Ukraine. Nearly a thousand Canadian troops were stationed along Russia's border, from Latvia to the Black Sea to Ukraine itself. In 2014, when far-right

> forces launched the Euromaidan protests, which ultimately led to their seizure of power, Canada directly assisted them and provided haven in the Canadian embassy. In fact, Canada had been supporting these far-right forces for more than a decade already and had previously provided some $16 million in aid to support their 'democratic reform,'" (Shipley, 2020, 454-5)

In the years since, Canada has continued to assist and train anti-Russian forces in Ukraine, including the neo-Nazi Azov Battalion (Pugliese, 2022). It has pursued this policy with even more vigour since the beginning of Russia's intervention in Ukraine in February 2022.

In two of the most important geostrategic shifts of the twenty-first century, Canada seems to be increasingly marching in lockstep with Washington. These cases strongly suggest that the Canadian state and the ruling class see a shared interest with the US (and Britain) in sabotaging Eurasian integration and maintaining the primacy of transatlantic ties for Europe (see Nazemroya, 2012).

While this may seem to lend credence to the left nationalist line, it is perfectly as plausible that Canada's own ruling class would see its international interests in this way – there is no reason to attribute this to outside pressure as the deciding factor. Were Eurasian ties to one day supersede Western Europe's transatlantic ties, Canadian capitalists would stand to lose in much the same way as American capitalists. The point is that the Canadian state responds first to the Canadian ruling class, not to American dictates.

Still, this does not negate the obviously profound impact of US influence over Canadian foreign policy. Although the debates between left nationalists and their critics have tended to revolve around whether US interests or the interests of Canada's domestic ruling class play the primary role in shaping Canadian foreign policy, there is no real reason to counterpose the two. Klassen in particular has demonstrated that especially since the turn toward free trade, the Canadian ruling class has consistently pushed Canada for closer alignment with US foreign policy goals as a means of

safeguarding their overriding interest in unimpeded access to the US market. So, if the US pushes Canada to align with its foreign policy goals, and the Canadian ruling class pushes the Canadian state in the same direction, what is the real disagreement between left nationalists and their critics?

This brings us to the need to synthesize left nationalist CPE and the Canadian imperialism literature. This is not to say that they are compatible in all respects, but it is important not to exaggerate the differences between them: their understandings of Canada's international position were in some respects more compatible than is often recognized.

Within left nationalism, there were two conceptions of Canada's international role at play. On the one hand, Canada was presented as a neocolonial satellite under US imperialism, and on the other hand it was presented as a "junior partner" to imperialism. Within the Canadian imperialism literature, Canada is variously described as an "independent" imperialist power and as a "secondary" imperialist power.

While Chapter 1 was highly critical "neocolonial satellite" designation, I am also skeptical of the "independent" imperialist power designation. Canada may be independently imperialist in the sense that its domestic ruling class has its own expansionist drive, but "independent" imperialism is simply a misnomer. Especially since the onset of capitalism's long downturn beginning with the crises of the 1970s (see Brenner, 2006), imperialist countries have depended on their alliance to maintain what dominance they can.

If we discard the images of a neocolony or an independent power, we are left with images of a junior partner or a secondary imperialist power. While these designations may not be exactly the same, they are not opposed to one another either. These images could serve as the basis for a synthesizing the most useful insights of left nationalist CPE and the Canadian imperialism literature.

Rather than getting bogged down in debates over whether Canada is a "dependent" or "independent" power, understanding that Canada is part of an imperialist bloc made up of countries

that fundamentally as a matter of *interdependent* (Carroll, 1986, 188) seems most appropriate for our time.

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