

Reviews & Debates

**CANADA AS AN ORDINARY IMPERIALIST COUNTRY:  
COMMENTS ON PAUL KELLOGG'S ESCAPE FROM THE STAPLE  
TRAP: CANADIAN POLITICAL ECONOMY AFTER LEFT  
NATIONALISM**

**RADHIKA DESAI**  
University of Manitoba

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Generally speaking, more is written about the Left than the Right. On the one hand, the Right is not particularly cerebral (in one of the rare unequivocal statements he made, John Stuart Mill called the Tories the 'stupid party') or politically ambitious. The politics of 'easy as she goes' is unlikely to yield much in the way of profound cogitation. By contrast, the history of all Left parties is that of internal political struggles over the right organizational strategy and tactics, the right analyses of political situations, domestically and internationally, and the right policies to adopt and advocate in pursuit of goals that aspire and threaten to change society quite radically, even when they pursue reforms and not revolutions. So, the self-generated literature of the Left is, unsurprisingly, far more voluminous than that of the Right. On the other hand, the established ruling classes typically scrutinize the Left, like all else they find troublesome, inconvenient and threatening, quite closely. So to the literature of debate and self-analysis is added that of inquisition.

It is a sign of the decline of the Western Left over the decades of neoliberalism that its self-reflection and self-examination, as well as the scrutiny of the mainstream, have ebbed. Little has been written about its trajectory since the 1970s. Even a relatively full account, if it were to be written, would discover major changes: *inter alia*, the advent of a Marxism without Marx (Freeman 2010), the elimination of the notion of 'economic' contradiction and the rise of a 'political Marxism.' Equally important is the undoing of the close relation of national and class politics. At one time they were discussed in the same breath in terms of a wider geopolitical economy of the capitalist world. As equally material precipitates of the operation of capitalism, nation and class were viewed in a single frame by Marx and Engels in their analyses of the political events of their time, by

the classical theorists of imperialism and by the Bolsheviks making sense of their revolution in the idea of uneven and combined development, and by postwar Marxists seeking to understand Third World revolutions (Desai 2013).

However, more or less in tandem with the rise of neoliberalism, this close bond has been broken. The nation-state and its economic role have been erased from the realm of legitimate Marxist or left scholarship which now focuses narrowly on class politics, confining the nation to an exclusively cultural existence (Anderson (1983) can be said to be the definitive text of this move) and handing it over to often anti-Marxist postmodern and postcolonial writing. One of its earliest works to strike out in this direction was Robert Brenner's 1977 engagement with dependency and world system theorists.<sup>1</sup>

The results have been paradoxical. The Western Left has gone from being internationalist to being cosmopolitan (to deploy Gramsci's very acute distinction), i.e. from attempting to understand the national as well as class divisions created by capitalism in order to overcome them, to assuming that the former are irrelevant in a single and unified world economy. This erasure of the 'materiality of nations' has created an 'economic cosmopolitanism' which has taken two forms. There has been the discourse of US hegemony and empire, originally rooted on the Left in World Systems analysis which, as I show (Desai 2013), was in its turn derived from writers such as Charles Kindleberger who were sublimating the desires of the US ruling classes for a unified world economy under their control into a scholarly 'theory' where it appeared as accomplished fact. In it only one nation mattered and guaranteed the unity of the world economy. And, in the 1990s there was the discourse of 'globalization.' Also originating in US ruling class impulses at a time when, notwithstanding the triumphalism of the end of the Cold War, the US economy was quite weak, it was designed to disown responsibility for the health of the national economy so that US corporations could pursue their interests all over the world all the more effectively (I explore the reasons for this in Desai 2015 and 2016). In 'globalization' no nation mattered economically and market forces alone unified the world economy.

In the discourse of the Western Left in the neoliberal decades, nations either do not matter or are undesirable even as the objective nationalism and imperialism of western countries and the 'machinery of world political economy' (Nairn 1977) they operate (but only partially control) managed to impose not just low growth but actual economic retrogression on so many Third World countries around the world. Just when the international contradictions were becoming more acute and consequential than ever before, the Left was busy denying them. The hapless inhabitants of the Third World were to give up the narrow nationalisms that had hitherto allowed them to achieve some modicum of development and join 'global' movements against capitalism alongside far more prosperous Western workers as if their interests were unproblematically aligned.

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<sup>1</sup> Desai, forthcoming, assesses its effects on Western Marxism's relation with the Third World.

## Left Nationalism as a version of Economic Cosmopolitanism

However, ignoring elephants in rooms never made them disappear. Even the cosmopolitan pretensions of the neoliberal Western Left take national forms. Paul Kellogg's *Escape from the Staple Trap: Canadian Political Economy after Left Nationalism* (hereinafter EST) takes aim at Canada's own version of this deformation, Left Nationalism, the theoretical paradigm that has dominated Canadian Political Economy (CPE) since the 1970s. Emerging in tandem with the rise of world systems and dependency theory and, one might add, in a mirror image of theories of US hegemony which began to appear at the same time, Left Nationalism has claimed that Canada is 'weak' and 'lives in the shadow of its much richer, much more powerful and much more developed southern neighbour' and as such is a 'dependency,' part of the 'semi-periphery' and even a 'neo-colony' (Kellogg 2015, 6). The effect has not only been to vastly exaggerate the power of the US in the work of major representatives of CPE but, equally importantly, to blunt the critique of Canada's domestic and foreign policies. If Canada is constrained by its semi-colonial status, the real critique must surely be aimed at the real imperialist, the US.

In taking on Left Nationalism clearly, thoroughly and credibly as he has, Paul Kellogg has done CPE yeoman service. EST aims to 'establish Canada's place in the world system' (xvii) and show that it is 'an imperialist nation, not an oppressed one – a member of the core economies of the world system, not on the semi-periphery' (Kellogg 2015, 8). In this review, I highlight what I take to be the signal moments in Kellogg's critique. Since I am convinced by so much of it, my review will be not be enlivened by direct critique except on a couple of occasions. Rather, I propose to point to the many avenues which EST, like all really substantial and lasting works, opens up for further research and analysis. The avenues I pick will naturally reflect my own preoccupations as a critic of economic cosmopolitanisms, of US hegemony, globalization or earlier versions and a votary of historical understanding more generally.

Kellogg opens with his bewilderment, as a young scholar, at the hot new account of Canada's 'dependent' status which contrasted so starkly to its actual prosperity and to its internal colonialism over its aboriginal peoples. He traces the development of Left Nationalism through three moments: the classic moment of the 'Waffle' of the 1960s and 1970s, the opposition to the Canada-US Free Trade deal in the late 1980s and 1990s and the more general opposition to globalization, a moment which clearly reveals to me the preference of leading Canadian CPE writers for the older cosmopolitanism of US 'hegemony' over the new fangled one, 'globalization' (Kellogg 2015, 7).

The substance of Kellogg's critique proceeds through a succession of hard-hitting chapters, brimming over with useful graphs and charts on various widely-used metrics of

Canada's economy and social structures in relation to other major economies, and many inventive new ones (Kellogg has a knack for measuring the hitherto unmeasured) such as the relative weight of the top 100 and the top 500 corporations in national economies (Kellogg 2015, 51-52). Through these he argues that Canada is not only rich and highly productive but also, notwithstanding the shadow cast by an economy ten times its size next door, an autonomous national economy with its own 'very Canadian bourgeoisie,' a thesis which, post-Harper, should go down more easily than it might have done before.

One might imagine that the folly of 'using the criteria useful for understanding the dynamics of the global South and transpose them to Canada' would be obvious to everyone. Well, it clearly was not to generations of Left Nationalists and Kellogg's meticulous demonstration, narratively and statistically, of this folly in a key chapter is an important reminder of how scholars can wander, and have wandered, off course in droves. This chapter is critical because the all-pervasiveness of the Left Nationalist case means that it likely lurks in the less examined parts of all our brains.

So powerful is Kellogg's case against Left Nationalism that he inadvertently reveals a limitation of his own. When ideas that are so obviously wrong (as Kellogg proves) become so powerful (in this case powerful enough to be shared across most of the political spectrum, as he also shows), the reader is left wondering why they did so. Kellogg does not ask the question and treats what is an ideology as a mere error, a politically necessary error as any old error. While giving this question the full treatment it deserves would have lengthened the book too much, it should at least have been posed, and its corollaries noted – among them, whose interests does it serve? When did it become necessary? When and how did it emerge (for necessity does not always suffice its own fulfillment)? Ideology, in other words is no mere error.

Kellogg's chief accomplishment is that he forces us, to adapt the title of Richard Rosecrance's 1976 work on the US, to think about 'Canada as an ordinary [first-world] country.' It may seem surprising or paradoxical that while *America as an Ordinary Country* was written to announce the end of the US's (inevitably temporary and radically partial) dominance in the postwar world, to wit the US's weakness, Kellogg's work announces Canada's strength. Such a sense of paradox can be easily dispelled: the thesis of Canadian weakness is simply the reflection in the Canadian mirror of that of US strength, 'hegemony' and 'empire.' Both are equally ideological.

### **Multinationals in and from Canada**

Kellogg refutes the Left Nationalism argument by providing evidence against its chief claims: that Canada is home to very few multinationals, that it is dominated by foreign capital and that that it is a raw materials exporter. Against these theses, Kellogg marshals veritable armies of data. He argues, firstly that Canada is home to more top 100

and top 500 corporations relative to its population than most core countries and secondly that foreign and US control may have risen until the end of the 1960s but have been broadly falling since then. While these statistics are arresting enough, the qualitative stories they tell are even more noteworthy and would have strengthened Kellogg's case, giving it historical bottom in addition to its impressively broad statistical one. Let me explain.

To take the matter of the number of large corporations in Canada, not only has the Canadian economy become home to some pretty big corporations for its size in recent decades, as Kellogg documents, they have emerged disproportionately in the western mining sector and, as they sought political influence, they brought us the disastrous Harper decade. Kellogg's work opens up the path towards a fuller account of the development of the 'very Canadian bourgeoisie' which would stretch back further into history and locate the sectoral (agriculture, manufacturing, resources) and geographical (east to west, which then 'wanted in') centre of gravity of the Canadian economy as it shifted and document how it altered the character and motivations of Canada's ruling classes, the policies and policy-paradigms they supported and the successive articulations these shifts produced of the Canadian to the world economy.

The second point about foreign ownership in the Canadian economy is also not just factually wrong, as Kellogg amply shows. The whole question of foreign ownership and Multinational Corporations (MNCs) is vexed with more misunderstandings than Kellogg has space to indicate. While Kellogg does note how, while it may be harmful in the Third World context, foreign ownership is not necessarily so in First World ones, the larger story reinforces his point in ways that deserve exploration in new works.

In the field of international political economy (IPE) and CPE, both dominated by economic cosmopolitanisms, the role of MNCs is, in the first place, highly exaggerated (see Hirst, Thompson and Bromley 2009 for a thorough critique). Statements such as 'Today 50 of the largest 100 economies in the world are run by multinationals, not by countries. Mitsubishi is bigger than Saudi Arabia, General Motors is larger than either Greece, Norway or South Africa' (Ellwood, 2001, p. 55) abound and need to be corrected by the more scrupulous folks such as those at UNCTAD who point out that these are based on comparing MNCs sales to countries' GDP when the proper comparator to GDP would be value added, not sales. When value added is taken as the comparator instead, there were no corporations in the top 50 (UNCTAD 2002) and their presence lower down the scale is as much a sign of the presence of a large number of small and even tiny countries as it is of the size of corporations.

Moreover, few accounts of the role of MNCs in the world economy note that through most of the post war period until very recently MNCs were not only overwhelmingly based in the first world and in the US, contrary to the 'jobs going south' and 'corporations search for low wages' story, they tended, in fact, to invest overwhelmingly in other First World countries chiefly because their real need was for

markets, which are not large in low wage countries. This pattern of FDI flows among first world countries reflected neither the integration of western economies nor US domination of them. It was set off in the postwar period thanks to other western economies protecting themselves against exports from a war-swollen US economy and insisting that if US corporations wished to sell goods in their markets, they would have to produce those goods there. Thus, faced with barriers to exporting goods, US corporations exported capital and became MNCs. Rather than seeing them as instruments of US power, many saw them as sapping it (Gilpin 1975).

Canada had its own version of such protectionism against US exports: the Auto-pact. While Kellogg (2015) is absolutely right in emphasizing how the Left Nationalist case rested on factoring it out of their analyses, he terms the resulting pattern of investment flows an 'integration' of western economies (101). However, whether that is what it was, rather than the playing out of antagonisms between western nations and the assertion of Western European nations and Canada against US power at its height, forcing the US to export capital, is a question that deserves further investigation. If such an investigation decides in favour of the latter alternative, it will bolster Kellogg's case against Left Nationalism on the matter of foreign ownership while also questioning cosmopolitan paradigms like US hegemony and globalization and re-introducing the issue of inter-imperialist antagonism.

### **What Staple Trap?**

Finally, there is the matter of Canada's primary commodity exports, its 'staple trap.' Kellogg rightly points out that primary commodities in Canada are produced in agriculture and mining sectors which are vastly different from any real 'dependency' or 'semi-colony.' Like in any First World country, agriculture and mining production is capital intensive, not labour intensive. What matters, Kellogg points out, is not the production and export of primary commodities per se, or Canada's reliance on their export, but the organic composition of the capital which is high in capital intensive and low in labour intensive production.

However, the historical role of primary commodity production and export from white-settler colonies such as Canada in the world economy would have bolstered Kellogg's case even more. The capital intensive production of primary commodities in these countries and the US was a world changing development. Beginning in the late 19<sup>th</sup> century, it depressed world prices of these goods for the peasant populations of the non-settler colonies. In the postwar period, the subsidies which such production received not only kept international prices depressed but also provided the material basis of the food aid that destroyed entire agricultural sectors in the Third World. Moreover, the investments that made primary production in the white settler colonies so capital



intensive, and those that increased the total factor productivity by investing in the infrastructure such as roads, railways and electricity, without which these primary goods could not have reached the world market from these remote territories, was made possible because Britain extracted vast surpluses from her non-settler colonies, preeminently India and the Caribbean, and invested these funds in her white settler colonies (De Cecco 1984). This drain of surplus contributed to their near stagnation under colonialism and deepening poverty while bringing these primary producing economies to levels of prosperity equal to the world's industrial and imperial economies.

Incidentally, it was this flow of funds from non-settler to settler colonies via London that formed the basis of the mis-named 'gold standard.' Gold played no role beyond providing a benchmark for the value of the pound sterling. It should have been called the colonial standard because it was the colonial surpluses that made it possible for Britain to export capital on the scale required to provision the world economy with liquidity (Desai 2013). In this sense, too, Canada was historically part of the core and not the periphery.

### **The Home Market**

Contrary to certain types of brash scholarly aggrandizement, new arguments typically rest on old and neglected ones. Indeed the real credit of a scrupulous scholar lies not in claiming originality on the basis of a cursory survey of the existing literature (the more cursory the more effective in this self-serving exercise), but in unearthing the currents of thought and opinion that had emerged and had to be suppressed before (ideological) error could prevail. EST performs another critical service by unearthing arguments about the development of Canada's national economy on the basis of the construction of a national or home market first made by H. Claire Pentland. In doing so, Kellogg has demonstrated Canada's normality as a capitalist nation with a home market which provides the basis of the formation and expansion of capitalism.

What Kellogg fails to note, however, is that while the plenitude of the home market permits the development of capitalism, its simultaneous inadequacy for both commodities and capital impels imperial expansion, with or without a formal territorial empire. Rosa Luxemburg was the first to note how the Russian legal Marxists' critique of the Narodniks' argument that Russia was incapable of developing capitalism for lack of a home market was surplus to requirements: they should have demonstrated only that a home market was formed, not that it sufficed, and would always suffice, the commodities produced and the capital accumulated. For that would be a version of the Say's Law that Marx so vehemently criticized and which became the basis of anti-Marxist neoclassical economics and, for all Luxemburg's efforts and notwithstanding its anti-Marxism, also of much of what today passes for 'Marxist economics' (Desai 2016). It is incapable of

explaining the dynamics of capitalism and the causes of its crises because it rules out gluts of capital and commodities and crises in general. For the same reason, it also cannot explain imperialism but, contrary to all Marx wrote and said, assumes a national, self-sufficient, capitalism (I deal with these problems in my Desai 2010, 2013 and 2016). Canada's normality as a first world capitalism consists of both its home market and its imperialism and working out of the political and geopolitical economy of the latter is another task which Kellogg's work lays the ground for and invites.

### **And finally, Imperial and National Economies**

That is also why ideas about Canada's 'subcontracted sovereignty' from Britain have to be contested. While Canada may have been a formatively loyalist construction, such loyalty did not preclude the assertion of local control that made the British North America Act necessary or the opposition to imperial preference, a system which would have stalled, if not reversed British relative decline. The real history of Canada and its capitalist class would probably find that it has ploughed its own furrow and often opportunistically played off the US and the UK against each other.

Indeed, a fuller critique of Left Nationalism would be not only to refute their claim that Canada is a semi-peripheral country but question the very basis of World Systems analysis from which it springs (as I do in Desai 2013) with the attendant assumption of a succession of hegemonies as the narrative spine of their history of capitalism (rather than a spread of productive capacity which progressively weakens imperial control) and that of the non-antagonistic integration of all 'core' economies, rather than erasing the inter-imperial antagonisms that gave rise of the Thirty Years' Crisis (1914-45) of imperialism which consisted of two World Wars and a Great Depression. The rise of China and other emerging economies has swelled the ranks of productive and powerful economies too much to leave any credibility sticking to the idea of a succession of hegemonies. And emerging antagonisms between major centres of productive power – as represented by contemporary flashpoints in Ukraine, Syria and the South China Seas – are too many to support any notion of an easy integration of core economies.

In light of this, one may demur, finally, with a key conclusion Kellogg (2015) comes to: that for the Left 'in an imperialist nation, it is impossible to combine 'left' with 'nationalist' (8). Here, Kellogg's analysis and critique of Canadian imperialism overshoots its target: the answer to Canadian imperialism is precisely its reduction to the status of a mere 'nation,' like all others, such that the left's programme too, as Marx and Engels long ago pointed out, must in the first instance be national. All other roads lead to Left versions of imperialism.



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