The Capitalist Class and the State: Changing Roles of Business Interest Associations

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Scholars who have studied the Canadian state from the perspective of radical political economy have normally emphasized the peculiarly instrumental ties between the Canadian capitalist class and state elites. Many of the important sectors in the Canadian economy are dominated by large mo-
nopoly firms, and the resulting concentration in corporate power facilitates personal dealings between capitalists and the state. In addition, there is a degree of commonality among corporate elites, political elites and bureaucratic elites, in terms of schooling and social background, that further encourages quiet, personal meetings on matters of mutual concern. Accordingly, Panitch describes the relationship between the bourgeoisie and the state as:

a “confraternity of power” of such dimensions as to permit the clear employment of the term “ruling class” in the political as well as the economic sense in the Canadian case. It suggests, above all, an ideological hegemony emanating from both the bourgeoisie and the state which is awesome, which is reflected in the sheer pervasiveness of the view that the national interest and business interests are at one, and which certainly ensures the smooth functioning of the relationship between the state and the capitalist class.  

Similarly, Clement, drawing largely from his painstaking analysis of the Canadian corporate elite, the “most powerful edge” of the capitalist class, concludes: “The Canadian state, I would say, has always been particularly instrumentalist in the sense that the capitalist class has enjoyed direct access both to state decision-makers and key state positions.” The result again is the harmonious coincidence of the interests of the capitalist class with those of the state. Clement writes: “economic policies are determined in much more instrumentalist ways by directly reflecting the interests of capital to the exclusion of other classes.”

This “confraternity of power”, and the naked instrumentalism to which Panitch, Clement and many others have alluded, constitute an important property of the ties linking capital to the Canadian state. Indeed, many larger corporations over the past two decades have been setting up so-called “government relations divisions” to support corporate executives in their extensive dealings with the state. What systematic evidence there is supports the argument that direct political intervention by corporate chief executive officers is an important means linking capital to the state. Yet the business press is replete with references not only to conflict between capitalists and the state, but also between capitalists themselves on some political issues. The problem is perceived as sufficiently important within academic circles close to the business community that it has spawned such writings as Gillies’ book, Where Business Fails and a constant stream of articles in journals such as the Business Quarterly. The authors of these materials see the problem as so serious and
deep-seated that a change in government will hardly serve to alleviate it except in the shortest of terms.

The presence of obvious conflicts between capitalists and the state is not the only reason why the dominant characterization of relations between capital and the Canadian state needs to be broadened. Gollner's materials show that the corporate elite relies even more frequently on trade associations than on contacts with state officials and politicians, in its dealings with the state. The reliance on associations by capitalists, from the smallest to the largest, is mirrored by a similar dependence on the part of state officials. Like capitalists, these officials prefer in some instances to deal directly with their corporate counterparts; but in many instances, they shun speaking with capitalists individually in favour of doing it collectively.

In Canada, in 1980, I estimate that there were some 482 “nationally relevant” associations representing capitalist interests, and hundreds more in more limited regional and local areas. These associations represent enterprises active in all sectors of the Canadian economy, as is shown in Figure 1. The largest number of associations is found in the secondary manufacturing area. However, if we were to include associations with more localized domains, the number in the construction area would rival that in manufacturing. These associations vary widely in terms of their membership. The largest, the Canadian Federation of Independent Business, has well over 50,000 small businesses on its rolls. On the other side, a full fifty associations have ten member firms or less. There is also considerable variation in the resources of these associations. In 1980, the mean level of expenditures was 575,000 dollars per annum, and the average number employed was about twelve persons. Yet, in a sense, both numbers are deceptive. There is a gap between a smaller group of elite associations, numbering less than 100, which spend well over half a million dollars a year, and the vast majority which spends between 100,000 and 200,000 dollars per annum. Similarly, the number of staff employed must be adjusted to take account of the large amounts of time given over to association affairs by member firms. Whether it be the chief executive officer or experts in plant operation, taxation, marketing, accounting and so on, the number of hours of “voluntary labour” donated to associations by member firms is often very high.
### Figure 1

**Distribution in Major Sectors and Divisions of Existing Business Interest Associations Including Agricultural Groups, 1980**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>100</td>
</tr>
<tr>
<td>Resources</td>
<td></td>
</tr>
<tr>
<td>Forestry</td>
<td>40</td>
</tr>
<tr>
<td>Coal Mining</td>
<td></td>
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<tr>
<td>Crude Energy</td>
<td></td>
</tr>
<tr>
<td>Other Mining</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>120</td>
</tr>
<tr>
<td>Food Processing</td>
<td></td>
</tr>
<tr>
<td>Textile, Clothing</td>
<td></td>
</tr>
<tr>
<td>Wood Products</td>
<td></td>
</tr>
<tr>
<td>Paper Products</td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td>20</td>
</tr>
<tr>
<td>Non Metallic Products</td>
<td></td>
</tr>
<tr>
<td>Primary Metals</td>
<td></td>
</tr>
<tr>
<td>Misc.</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>80</td>
</tr>
<tr>
<td>Wholesale</td>
<td>40</td>
</tr>
<tr>
<td>Retail</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>60</td>
</tr>
<tr>
<td>Transport</td>
<td></td>
</tr>
<tr>
<td>Storage</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Business services</td>
<td>80</td>
</tr>
<tr>
<td>Financial</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Other services</td>
<td>20</td>
</tr>
</tbody>
</table>

Number of Associations
The strength and weakness of this network of associations in Canada have to do with the very specialized nature of most associations in terms of product or service. The vast majority organize domains that are at least as specialized as a four digit (Level 4) category in the International Standard Industrial Classification. This degree of specialization equips these associations well for several roles involving the protection of the prerogatives of the individual capitalist in controlling the accumulation process, a topic to which I return below. At the same time, there are very few structures that link these associations together, that form them into any hierarchical system, and hence that favour the articulation and defense of the general interests of capital. Accomplishing these latter objectives is difficult in all capitalist states, but Canadian capital seems even further from reaching such a position than most national capitals.

In this article, my working assumption is that the scope and degree of institutionalization of associations representing capitalists indicate the existence of an important dimension of capital-state relations complementary to the personalized “confraternity of power” that others have noted. Secondly, within this subset of relations between the dominant class and the state are to be found the settings for the conflicts that have been observed between the dominant class and the state, and within the dominant class itself. Finally, the nature of capital-state relations in this “associative sector” is instrumental, in some instances, in that class power is transformed directly into state power; but, in other cases, shows capital in competition with other classes and groups for state power.

In the rest of this article, I seek to demonstrate the plausibility of these assumptions. I build my case by first of all recalling the important distinction Offe, Wiesenthal and Panitch make between working class organizations and capitalist associations. With this distinction in mind, I then present three different political structures that join capitalist associations and the state: pressure pluralism; clientelism; and, corporatism. The former structure is discussed only briefly because it is analyzed extensively elsewhere. The latter two structures are illustrated using examples drawn from the pharmaceuticals, mining and construction industries.
Introduction: Working Class Organizations and Capitalist Associations

In the study of associations representing capitalists, Offe and Wiesenthal warn against the conceptual mistake of equating the unequal. They argue forcefully that in the study of “interest groups” one must go beyond apparent similarities in formal organizational structure to analyze the different “functions” these groups play for different classes. They base their case on an extended comparison of the input factors, the nature of outputs, and the internal processes of unions, with those of business and employers associations. Drawing from this analysis, several limiting properties of business associations emerge.

1. The business association is only one of three different forms of collective action open to capital, the others being the firm itself (as Panitch and Clement have argued) and informal collaboration.

2. The interests of capital are defined and fixed in the process of production itself. The association merely aggregates these and specifies them. Hence it plays a less essential role for capitalists than unions do for workers, where the union must simultaneously define and express the interests of members.

3. For the capitalist, power does not rest in being collectively mobilized and in participating in an association. Hence the activities of the business association relative to its members will be less important than the activities of the union to its members. This does not mean, however, that the activities of business associations are unimportant in the larger context of a capitalist democracy. They key fact that capitalists form the dominant class often secures roles of considerable consequence for these associations.

4. Whereas trade unions deal with the “central life interests” of their members, business associations are either sites for resolving problems of central interests at the firm level (price fixing, union bashing) or halfway houses where firms and state officials can discuss how “central interests” are to be resolved at the level of the state.

In fairly extensive research on business associations in Canada, I have found no evidence to refute these arguments and much to support them. However, it is important to add two qualifications. We must not conclude that, in the everyday working of bourgeois democracy, trade unions are more important.
than business associations. The relative political importance of
unions as opposed to business associations is an empirical ques-
tion in any given conjuncture. Secondly, the functions of busi-
ness associations are more limited relative to capitalists than un-
ions are to workers for the above-mentioned reasons, and not
because, as Panitch argues, the state itself cements a common in-
terest among competing fractions of capital. The state in-
cluding a bourgeois political party may indeed play this role but
whether it does or does not must also be an empirical question
for a given conjuncture.

Pressure Pluralism  Until very recently, the theory of pluralism
has compounded the fallacy of equality noted by Offe and
Wiesenthal. Not only has it generally assumed that all "interest
groups" have a similar logic of collective action, no matter whom
they represent, it has also assumed that all such groups have an
equal opportunity to be heard by the state. In order to avoid
this second fallacy, it is granted first of all that the nature of
capitalist democracy is such that it generates a political structute
which constrains business and other associations to relate to the
state as "lobbies" or "pressure groups". By a lobby or pressure
group here, I mean an association that is essentially an advocate
for its members. As an advocate, it seeks to influence the mak-
ing of policy from the outside; it does not enjoy a formal place
around the policy table, so to speak. In theory, capitalists too are
required formally to press their claims for resources in the same
arena as other classes and groups. In practice, the channels they
use for advocacy are distinctive from those employed by other
groups.

This distinctiveness derives, first of all, from the structural
dependence of the state apparatus on the maintenance of the
economic activity of the capitalist class. The availability of mate-
rial resources to state officials, whether they are generated
through taxation or borrowed on capital markets, is directly af-
fected by the level of profits and accumulation of capital. "The
occupant of a power position in the capitalist state is in fact pow-
erless unless the volume of the accumulation process allows that
individual to derive the material resources ... necessary to pro-
mote any political ends." As Block suggests, the context is such
that those who run the state apparatus are more likely to reject
modes of thought and behaviour that conflict with the logic of
capital. Ensuring the effective performance of the “private sector” acts as a “selective principle” in state policies.

A second source of the distinctiveness of the path trodden by business associations is the one noted earlier by Offe and Wiesenthal, viz. associative action is one of three modes of action open to capital, the others being the firm itself and informal collusion. In practice, these three forms of action interpenetrate one another. An association may serve as a legitimizing front for the presentation of the demands of an individual firm. A firm may second a specialist to the staff of an association while paying his or her salary. The association may provide the administrative support for informal collusion on prices or wage levels. When these phenomena are coupled with the dominant economic position held by business, the way is cleared for the diversion of significant resources from firms to associations. Hence Lindblom has argued that the “privileged position of business” is backed up by associations that are more numerous and better funded than those of any other class. The large network of Canadian business associations certainly supports this argument. No other class in Canada has so many groups representing it — so many well provided groups.

This channel used by business “pressure groups” works in a different way from other pluralist channels. Dealings are “quieter” and less public. Discussions are more technical than political because the desirability of what is needed by business can be presupposed; it becomes simply a matter of working out the details. Communications are more readily universal than particular because, in a capitalist system, it is in the interests of all for accumulation to be strong. Finally, Offe and Wiesenthal note that the exchange of views will be more negative than positive “because, given the fact, that the government has to consider as desirable what is in fact desirable for capital, the only thing that remains to be done is to warn governments against imprudent, unrealistic, and otherwise inopportune decisions and measures.”

I shall not endeavour in this article to present evidence that supports this characterization of “pressure pluralism” in Canada. Much of the existing research on pressure groups already has done this to an extent. What is important to emphasize is that the pressure pluralism structure is not consistent with an instrumental view of the state. Granted that the dice are somewhat
loaded in favour of business associations, nonetheless it is not automatic that business interests will win out. Other classes and groups will win some battles. In the long run, however, business should win considerably more than they lose. How high the proportion of victories to losses is will depend on how capable business associations are at playing the advocacy game. Pressure pluralism thus contrasts with the next structure to be considered, clientelism, which does conform more to the instrumental model in that it is confined more exclusively to business and the state.

**Clientelism** Already in the 1960s, public policy specialists in the United States began to spot a second empirical flaw in the pluralist edifice. Lowi, in his study of “interest group liberalism”, McConnell, in his analysis of “private power”, and Lapalombara, in his examination of clientela relationships, all found examples of interest groups operating in supposedly pluralist systems that were not playing by pluralist rules. To wit, rather than pressuring politicians and state officials from the outside, so to speak, they worked from the inside; either directly, as participants in the design and formulation of policy, or as agents of the state implementing policy. These findings were published at about the same time as Rokkan began to speak of similar phenomena in Scandinavia under the heading of “corporate pluralism.” As research on interest associations has expanded following discussions centered on the concept of corporatism, further examples of this type of group behaviour have been described.

Several properties appear to be common to most of the examples identified. First, they normally occur in instances where the state is attempting “social regulation”, regulation of occupational health and safety, environmental protection, human rights, cultural objectives, and consumer product safety. In such cases, the state is responding less to classes per se than to policy “takers” or communities, such as “environmentalists” or “taxpayers” or “consumers”, who are relevant in the political market place and wish some controls to be placed on capital. Academics close to the business community, such as Gillies and Litvak, as well as others like Vogel, see the attacks on business by such groups, and the response by governments via regulations, as a weakening of the political strength and influence of business. The insertion by capital of associations into the fora where such regulatory policies are drawn up, or the assumption by associations of responsibility for administering such policies,
are attempts by capitalists to gain better control of the accumulation process and to defend their traditional prerogatives. It is difficult at this stage to gauge how widespread clientelism has become. Ronge sees the phenomenon as sufficiently important to refer to it as a new component in the "organization" of modern day capitalism, and calls it "quasi-political" self management.32

Such "self-management" or clientelism invariably centers on a relationship between a single, usually specialized, business association and a state agency. Normally, the state agency concerned is only weakly autonomous from capital.33 This weakness may derive from the agency's lack of expertise or resources for the design and formulation of policy in a "technical" area. In this instance, the group contributes the needed expertise by drawing upon its members for the creation of the policy that will ultimately "regulate" these same members. Or the weakness may derive from a lack of expertise or personnel for implementing the regulations. In this case, the association becomes an extension of the state apparatus or a "private interest government", to use Streeck and Schmitter's term, in putting the policy into effect.34 In both situations, however, the association is able to protect the interests of capital by drawing upon the authority of the state.

Many examples of these relationships occur in Canada. I will describe two: the first relating to the pharmaceuticals industry where the state is weak on the formulation side; and the second involving the mining industry where the state is weak on the implementation side. Like many acts setting standards, the Food and Drugs Act, which is the authority under which the inspectors of drug manufacturing plants operate, is notoriously vague.35 In order to fill in the details, the Health Protection Branch (HPB) of the Department of Health and Welfare created a joint committee composed of its own officers and representatives of the drug industry associations to draft guidelines. The committee thus included the relevant industry "experts" but not such other obvious parties as workers in the plants or consumers. The guidelines produced were then published "by the authority of the Minister of Health and Welfare" but carry no legal force. In effect, enforcement comes through the industry association which requires members to sign and agree to accept these guidelines as a condition of membership. If they are
willfully broken, members are expelled and, as a result, become subject to more extensive inspection by the state.

A second problem has been that of companies misleading doctors about the efficacy of particular drugs in their advertising. Accordingly, when the HPB approves the use of an ethical drug, it also approves a product monograph developed by the firm which states, in a strictly objective way, the strengths and weaknesses of the drug. This monograph is then used in a self-regulation system run by the industry association, the Pharmaceuticals Manufacturers' Association of Canada (PMAC). Firms joining PMAC (virtually all do belong) agree to abide by the association's "Code of Marketing Practice" which states: "Claims for a product shall reflect accurately and clearly the intent and spirit of the Product Monograph as accepted by the Health Protection Branch." In turn, under the prodding of the HPB which threatened to set up its own system of enforcement, the PMAC took the lead in creating a private body, the Pharmaceutical Advertising Advisory Board, to enforce the marketing code.

These two examples of the PMAC administering policy and controlling its members could be expanded upon further. In fact, a permanent network of joint committees links the PMAC and the HPB for the vetting of regulatory policy, whether it be basic orienting principles or technical details of the regulations. The role of the association here is clearly one of a buffer or protector. In the words of Muller and Neususs, it is an apparatus for evading or resisting a state power that is attempting to intervene in the affairs of its members. Despite the fact that the interests of other classes and groups are involved, the interests of business have a privileged place in the definition and administration of policy.

My second example of clientelism illustrates a case where an association — typical of very many — representing those that are to receive the good (in this case, counselling in accident prevention), rather than those supplying it, designs and administers a policy: the Mines Accident Prevention Association of Ontario (MAPAO). When the Workmen's Compensation Act was passed by the legislature in 1914, it contained a provision modelled on German legislation that remains partially intact even today. Under the Act, employers in given industries, with the approval and under the control of the Workmen's Compen-
sation Board (WCB), may form themselves into an association for the purpose of education in accident prevention. If the Board judges the association to be sufficiently representative, the rules of operation of the association become binding on all firms in the given industry: all must pay a levy to the Board which, in turn, allocates the funds to the association.

The MAPAO grew out of such an association — the Accident Prevention Committee of the Ontario Mining Association — and was recognized as a separate association under the Act in 1930. Comparatively speaking, it is a wealthy organization with a staff of twenty people, most of whom are located in its Field Office in North Bay. Employing such specialists as engineers, visual aids technicians, an industrial hygienist and a training coordinator, it spent slightly over 800,000 dollars in 1980. It is run by a board of directors composed of mine managers from such companies as Falconbridge, Inco, Noranda, Rio Algom, and Dome. The association has developed and offers to supervisory personnel a range of courses on safety, ventilation and dust control, noise control and hazardous materials control. It has worked hard at developing silica and asbestos dust monitoring guidelines, and provides a dust measuring service. Like the other accident prevention associations, the MAPAO has been largely left alone by the Board to respond to the needs of the industry as it sees fit.

When examined more closely, however, this association appears, too, to be a buffer against state and, indeed, labour participation in regulating the production process. Under the original WCB Act, the association was expected to devise rules for safety and accident prevention, and to hire inspectors to enforce these rules, following the German model. The MAPAO and its sister associations simply never came up with such rules and never hired inspectors, preferring voluntary guidelines instead. What is more, even these guidelines were really applied only to the 75 or so larger mining companies. Finally, in 1964, responsibility for enforcement was transferred to the Board itself. In 1980, when the Advisory Council on Occupational Health and Safety recommended that these associations set up a code of practice and an accreditation scheme to improve health and safety, this was rejected as too bureaucratic. When the Council suggested that advisory councils be set up with labour, and that labour and the “public” be granted representation on boards of directors, the MAPAO rejected the idea outright. Its counter-
part organization in the forestry industry summarized the reasoning succinctly: "Accident prevention work is as much a 'tool of management' as production facilities, financial management or personnel relations. Safety and health are an integral part of the production process." Clearly here the association is cast in the role of protecting the traditional prerogative of capital to control the process of production.

Underlying this role, in this case, is an ideology emphasizing autonomy, freedom and volunteerism. The associations will only be successful if they remain "voluntary" and unhampered by other classes and excessive state rules. The report of the Advisory Council makes this argument paramount and warns the government away from any other system. In the end, it is best if there are no rules except those devised by capital itself: "These associations flourish because of the constructive element of the competitive spirit arising from their diverse abilities and interests, and their freedom from the usual responsibilities and accountability of the public service." The MAPAO warns of the consequences of changing the system, presumably to one where the state assumes more control and labour is given a voice — capital will not longer cooperate. "There is real concern about the morale and pride of our Directors [the Mine Managers] if they are perceived to be dominated by any other group. Any significant withdrawal of voluntary commitment by industry personnel would result in a serious loss of effectiveness on the part of the association."

These kinds of responses by business were not welcomed by labour. In the face of deepening conflict, the government has moved to institute some tripartism in the system, which brings us as well to our third political structure.

Corporatism A corporatist political structure shares one important property with a clientelist one: the formal or official inclusion of associations in the formulation and implementation of public policy, or what Schmitter refers to as concertation. This shared property often leads to a confusion of the two structures that obfuscates the very different situations of capital in the two cases. A corporatist structure is distinguished from a clientelist one in two ways. First, it involves at least two, if not more, major producer groups in a relationship with the state. These groups may be from different social classes or may be distinctive frac-
tions within a given class. As von Beyme has stressed, what is normally characteristic of these groups is that they are in conflict and this conflict promises to have sufficient social or political repercussions that the state intervenes. "Corporatism — both authoritarian and liberal — marks an attempt to reconcile conflicting interests with the aid of the state." In the more usual case of conflict between capital and labour, corporatism becomes more likely when labour is strong and extraordinary measures are needed to discipline and control it. The second property distinguishing corporatist structures from clientelist ones is, as Birnbaum, Streeck and Schmitter emphasize, that the state or subset of state agencies involved with the groups is relatively strong and autonomous. It has a point of view and is not the obvious captive of an association. It has the credibility necessary for playing the apparent role of a neutral arbitrator. In corporatism then, too, the instrumental model of the state is less applicable.

Corporatist political structures, in turn, may be subdivided into two types: liberal corporatism; and, state or authoritarian corporatism. In liberal corporatism, the structures arise out of an agreement between essentially voluntary producer associations to limit the conflict among their respective memberships. In authoritarian corporatism, the structures are imposed on the conflicting producer groups through the mechanism of associations created by the state. The resulting system is almost the complete opposite to bourgeois-dominated pressure pluralism. Whereas in the latter, associations are tied closely to their members and are quite autonomous from the state, in the former, they are virtually part of the state apparatus and autonomous from their members.

Whether it is the liberal or the authoritarian form of corporatism, the tendency has been to discuss it as a structure operating on the macro-economic plane. Panitch's analysis of corporatism has shown the unlikelihood of such macro structures in the Canadian context. In recent years, the discussion of corporatism has shifted from the macro to the meso or sectoral plane. In an article with Michael Atkinson, we have argued that the conditions for meso-corporatism may obtain in certain sectors in the Canadian economy. While our focus there was on liberal corporatism, perhaps surprisingly, even authoritarian corporatism may occur on a sectoral level. An exam-
William Coleman/The State and Business Interests

ple showing both forms of corporatism, and the transition from one to the other, is found in the construction industry in Quebec.55

In early 1969, a liberal corporatist mode of governance existed in the Quebec construction industry. Under the Construction Industry Labour Relations Act of 1968, the provincial government had delegated authority to "recognized" workers and employers' associations to enforce and administer industry-wide collective agreements. These responsibilities were assumed by joint parity committees made up of equal numbers of employers and union representatives. "In the interest of effective administration and supervision, the parity committees were vested by law with wide powers: they had the authority to prosecute those guilty of any infringement of the decree, to make claims and accept settlements and to levy the amounts required for their administration."56 The committees added their own extensive inspection networks for enforcing the agreement. The parity committees also had responsibility for the vocational training and qualification of workers, setting up a system of compulsory tradesmen's certificates and apprenticeship regimes for each trade.

On the labour side, the "recognized" parties were the Fédération des travailleurs du Québec (FTQ) representing the international building trades unions, and the Confédération des syndicats nationaux (CSN). Five employers associations were recognized: La Fédération de la construction du Québec (FCQ) (industrial, commercial, and institutional building); L'Association provinciale des constructeurs de l'habitation du Québec (residential building); L'Association des constructeurs de routes et grands travaux du Québec (ACRGTQ) (civil engineering); La Corporation des maîtres électriciens du Québec (electrical contractors); La Corporation des maîtres mécaniciens en tuyauteries du Québec (mechanical contractors). The simple presence of these five associations already suggests the divisions that existed among members of the capitalist class in the industry, divisions that were to lead to authoritarian corporatism within six years.

In the late 1960s the construction industry in Quebec experienced a sharp downturn and this, coupled with a provision in the 1968 Act extending bargaining to a province-wide level, exacerbated both intra- and inter-class conflict.57 Within the capitalist class, the conflict was primarily between large, more
capital-intensive firms based in Montreal, and smaller, more traditional artisanal firms dominant outside Montreal. The former fraction was interested in penetrating the markets held by the smaller firms, and hence in province-wide bargaining which would ensure the mobility of labour. The latter wished to preserve traditional local markets with their lower wage rates, and hence preferred a series of regional collective agreements. The conflict led eventually to the withdrawal of the Association de la construction de Montréal from the FCQ, to its attachment to the ACRGTQ temporarily for bargaining purposes, and finally, to its recognition as a separate sixth employers’ association. These conflicts were paralleled on the labour side by intense rivalry between the FTQ, which was heavily based in Montréal and anxious to expand its influence, and the CSN, which was strongest in areas outside metropolitan Montreal. This union rivalry culminated in the saccage of the James Bay site in 1974, with damages reaching thirty million dollars. Both of these intra-class struggles overshadowed continued conflict between employers and workers, leading to many strikes and requiring repeated interventions by the state. The National Assembly passed no less than nineteen acts related directly to the construction industry and the Cabinet issued over 100 orders in council between 1968 and 1977.

Finally in 1975, the state intervened with several decisive pieces of legislation. First, it forced unity on the employers by creating a new employers association, the Association des entrepreneurs en construction du Québec (AECQ). Membership in this association was made compulsory for all construction firms that employ one worker or more in the province. Similarly, workers were also compelled to belong to a trade union. This union could be any labour central that was organized on a province-wide basis and which included all of the building trades. Either one of these “representative” unions or a coalition of them then was to negotiate with AECQ. By law, the two parties were required to negotiate a single collective agreement that covered all workers in all trades in the province. No other bargaining outcome was allowed. The system thus worked to favour the desires of large Montreal-based employers wishing to extend their markets, and it also favoured the FTQ.

It thereby changed the mode of governance in the sector from liberal corporatism to authoritarian corporatism. The sys-
The system is no longer based on the incorporation into policy-making of voluntary associations arising out of civil society, but on the use of compulsory associations created and designed by the state. Also consistent with the authoritarian corporatism model is the substitution of state control and regulation, under the auspices of the Office de la construction du Québec, for the former activities of the parity committees. Regulations are now extensive in the area of training and vocational qualification, providing the state with a comprehensive information bank facilitating, in particular, very specific control of construction industry workers. Hebert concluded his review of the system with the following apt observation: "The avalanche of acts passed from 1968 to 1975 fits into the pattern Arnold Toynbee forecast: the emergence of autocratic governments regulating the living conditions and incomes of each trade or profession. When asked whether we were moving toward state-governed unionism, an old union leader pointedly replied: 'We are already there.'"  

Conclusion

Until now, Marxist discussions of the Canadian state have stressed the particularly close ties between leading capitalists and senior state officials and politicians, and the Canadian state does conform in these respects to the instrumental model. While not questioning these observations nor their importance, this article has attempted to highlight another significant set of relationships between capital and the state that take place under the associative form. The study of these relationships, and, eventually, their systematic incorporation into Marxist theories of the state, will allow these theories to better account for the hostility between capital and the state that is also found in most capitalist democracies. In addition, we will gain a greater appreciation of the complexity of the capital-state nexus and, with this, an improved understanding of how the structure of dominance favouring capital operates in our society. And, with this, an improved understanding of how the structure of dominance favouring capital operates in our society.

In what direction might this improved understanding take us? At this point, I will climb out onto thinner ice to develop my argument. If one examines the several structures described in this article, they can be viewed as different processes for the conversion of class power into state power. At one end is clientelism, where a capitalist association shares directly in political decision-making and is sufficiently strong to exclude other
classes or organized interests, such as consumers, from the process. In a corporatist structure, the conversion is more complex in that capitalists share the state power gained with other opposing classes and the state, but in the process gain indirect control over these opponents. Finally, in the pressure pluralist case, the conversion of class power into state power is indirect in that the associations are not directly incorporated into the policy-making process. As pressure groups, capitalist associations enjoy the advantages over other associations that we noted above, yet the guarantees for successful results remain weaker than in the other two structures.

These distinctions are important because they contradict, in part, prevailing notions about interest groups in works of radical political economy in Canada and raise questions about the way the state itself is viewed. Mahon argues, for example, that the function of an interest group is to "represent" a particular interest. She adds that the claims of interest groups do not possess "authority", at least not in the sense that state actors do. State actors can "force" a compromise on particular sets of capitalists. What Mahon has written is true as far as pressure pluralist structures are concerned. It is less accurate when one speaks of clientelist or corporatist structures, for reasons that should now be clear. In both these cases, associations do have "authority" and do exercise control over their members.

This qualification to Mahon's argument may simply be a quibble if the vast majority of capitalist-state relations occur under pressure pluralist forms. Yet, in research which I will present elsewhere, I show that pressure pluralism is not as dominant a structure as one might have expected. Corporatist structures occur occasionally between business and labour in construction sectors, and even more frequently between business and farmers in the vast agri-food industry. Clientelism occurs widely in the resource sectors, in the finance and banking areas, and in selected areas of manufacturing, particularly those that are highly regulated. Such a significant number of clientelist and corporatist structures leads to a second point. Where they occur, it is no longer correct to say that the state is relatively autonomous in the Marxist sense of the term. The sharing of political power with "private interest governments" means that the state lacks the "distance" from capital that is implicit in this concept.

If we accept that the relative autonomy of the state is questionable in some policy arenas, then the following view of the
state expressed by Mahon may be in need of revision: “That is, the state is forced to organize the consent of the subordinate classes to bourgeois domination and, at the same time, to arrange a consensus uniting the bourgeoisie in order to facilitate capital accumulation and to permit the bourgeoisie as a whole to remain the dominant class.” Mahon then adds: “If the state is to perform the role of organizer of hegemony it cannot be the ‘instrument’ of any one class or fraction but rather must possess a ‘relative autonomy’ in relation to the immediate (short term) interests of the dominant class(es).” In short, the view of the state may be too abstract here and too much unity is being assumed for it. If the state does not have relative autonomy in a range of policy areas, it would appear less capable of performing this attributed function of organizing bourgeois hegemony. Yet this function would appear to be central to the very definition of the capitalist state arising out of this Poulantzas/Mahon perspective.

The necessity of a centralized state organizing bourgeois hegemony is an assumption that has been criticized by writers such as Skocpol, Hirsch and Habermas. Hirsch speaks of the possibility of the state decomposing, falling apart into a conglomerate of relatively unconnected part-bureaucracies. He writes: “under capitalist conditions, there can be no unified interventionist strategy let alone consistent political planning, but . . . state interventionism necessarily consists of a heterogeneous conglomerate of individual bundles of measures . . . .” Przeworski criticizes Poulantzas’ perspective along different lines. He argues that this theoretical position is based on the assumption that the conflict over material interests between workers and capitalists is irreconcilable, “and that workers’ pursuit of material interests leads them inevitably to the realization that these interests can be advanced if and only if the institution of profit is abolished altogether.” With such an assumption, Przeworski argues, the survival of capitalist production relations becomes problematic. Explaining their survival leads inexorably to a functionalist explanation whereby some mechanism, usually the state, “must come to the rescue by repressing, organizing ideological domination, or coopting.”

If one alters the initial assumption to say that class conflict is not necessarily irreconcilable across all issues and that compromises may occur between capitalists and workers in certain policy areas, the view of state policies also changes. These policies
no longer need to be seen as functional products of a state faced
with organizing bourgeois hegemony over a revolutionary working
class. Rather, as expressions of a class compromise, "they are
quite instrumental with regard to a class coalition that includes
both capitalists and organized workers." The degree of capi-
tal's strength in dictating the terms of the compromise will vary
from policy area to policy area, and will be related in part to the
type of political structure within which it is operating. Strength
will be at its highest, for example, when the structure takes a
clientelist form. I cannot, in an article of this length, attempt
any assessment of where in the economy each of the three struc-
tures I have discussed in this article is likely to be found. Never-
theless, it is possible to suggest some linkages among these struc-
tures. Clientelism is likely to evolve out of pressure pluralism
when the state agency in question is not very autonomous and its
policy burden requires the contribution of large pieces of infor-
mation from a business group. Clientelism is likely to break
down when the operation of the structure so advantages busi-
ness that disaffected classes mobilize in political opposition.
When this occurs, two scenarios are possible. The more likely
one is that the state will divert resources to that agency to in-
crease its autonomy and to promote a return to pressure plural-
ism where business can reassert its dominance quietly. However,
if the conflict is particularly intense, with clear political ramifica-
tions, and the opposing class is especially strong, the state may
promote a corporatist structure to contain the opposing class.
From differing perspectives, Panitch and Schmitter have noted
the situations when liberal corporatism is likely to break down.
When this does occur, again the most likely result is a return to
pressure pluralism and the "quiet" assertion of the dominance
of capital. However, I have also indicated that when the capital-
ist class is particularly divided in a given sector, the state may
move simultaneously to force unity on capital and to restrain the
demands of its opponents using an authoritarian corporatist
structure.

As a final note, the analysis offered here has some implica-
tions for socialist practice. Struggles against capitalist privilege
are not only being carried out by organized workers but also by
feminist movements, anti-poverty coalitions, environmentalists,
consumers organizations and the peace movement. Each, in its
own way, is attacking policies where the exclusive principle of ra-
tionality is the continued realization of profits, and each is usually animated by the traditional socialist ideals of equality, freedom and the acquisition of individual control over their own lives and bodies. In confronting various state agencies, each is faced with various kinds of business privileges entrenched in the policy process, and must pay careful attention to the particular characteristics of the way in which the policy process is structured in each policy area. Differences in structures require different tactics and the mobilization of different resources in support of each campaign.

Notes
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3. Ibid., 85
4. Ibid.
5. For a general discussion of this phenomenon illustrated with examples from the UK, see Wyn Grant, "Large Firms and Public Policy in Britain," Journal of Public Policy 4:1 (1984), 1-17. For the Canadian case, see Andrew Gollner, "Corporate Public Affairs in Canada: A Survey" (Paper prepared for the School of Community and Public Affairs, Concordia University, July 1983).
6. Gollner’s study is based on a survey of 384 corporations drawn from The Financial Post 500 of 1981. 139 corporations responded. The response rate from the top 100 was over 50 percent. When firms were asked what mechanisms they used to deal with governments, 79.9% responded that “frequent visits to Ottawa by senior executives” was a significant one. It trailed in importance only one other mechanism, trade associations, which 87.1% cited as significant.
8. See n. 6 above.
9. An association was classified as capitalist if its primary membership unit was an enterprise. Public enterprises and cooperatives are considered to be enterprises for these purposes because they are so integrated into capitalist relations of exchange. An association was defined to be nationally relevant if (1) it
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claimed to represent capitalists on a national basis, or (2) if its members were
drawn from a province or group of provinces that accounted for at least 35%
of the production of the commodity of concern, or (3) if the association repre-
sented francophone firms parallel to a national non-francophone association.

10. For comparison purposes, the figure also contains agricultural associations,
i.e. those representing farmers usually classified as independent commodity
producers.

11. This point is discussed in more detail in W. Coleman and H. Jacek, “The
Roles and Activities of Business Interest Associations in Canada,” Canadian

12. For elaboration on this point, see William Coleman, “Canadian Business and
the State,” (Study prepared for the Royal Commission on the Economic Uni-
ion and Development Prospects for Canada, October 1984).

13. The ISIC is organized into four levels illustrated as follows: Level 1: Major Di-
vision — Manufacturing; Level 2: Division — Manufacture of Food, Bever-
ages, Tobacco; Level 3: Major Group — Food Manufacturing; Level 4: Group
— Manufacture of Dairy Products.

14. For some discussion of this point, see Coleman, “Canadian Business and the
State,” Section 3. (See n. 12 above.)

15. Claus Offe and H. Wiesenthal, “Two Logics of Collective Action: Theoretical
Notes on Social Class and Organizational Form,” Political Power and Social
Theory 1 (1980), 67-115; Leo Panitch, “Trade Unions and the Capitalist
State” New Left Review no. 125 (1981), 21-44.

16. A first definition of these structures is contained in M. Atkinson and W.
Coleman, “Corporatism and Industrial Policy” in Organized Interests and the
State, ed. A. Cawson (London, 1985) 22-44. The discussion in this article
elaborates on this definition by relating the structures to the theory of political
economy and by expanding the definitions of clientelism and corporatism.

17. Offe and Wiesenthal, “Logics,” 70-1. (See n. 15 above.)

18. Panitch, “Trade Unions,” 26-7. (See n. 15 above.)

19. On this point, see J. Habermas, Legitimation Crisis, trans. T. McCarthy (Bos-
ton, 1975); J. Hirsch, “The State Apparatus and Social Reproduction: Ele-
ments of a Theory of the Capitalist State,” in State and Capital: A Marxist De-

20. C. Offe and V. Ronge, “Theses on the Theory of the State,” New German Cri-
tique (1975), 139.


Formulation,” in Stress and Contradiction in Modern Capitalism, eds. L. Lind-


7 above); A.P. Pross, “Pressure Groups: Adaptive Instruments of Political
Communication,” in Pressure Group Behaviors in Canadian Politics, ed. Pross
(Toronto, 1975), pp. 16ff.


26. See, for example, the comparisons of business groups and unions made by
Robert Presthus in his Elite Accommodation in Canadian Politics (Toronto,
1973).

27. T. Lowi, The End of Liberalism (New York, 1969); G. McConnell, Private Power
and American Democracy (New York, 1966); J. Lapalombara, Interest Groups in
35. I draw here on the article I did with M. Atkinson. The following description of the Food and Drugs Regulations was given by an HPB official: “They [the regulations] are not that great now. There are about six or seven pages and that covers all there is in Canada about new drugs. In the usual way, following the old British tradition, we keep things very vague.” Cited in Atkinson and Coleman, “Industrial Policy,” 41.
37. This was the description given to the author in a letter from the Pharmaceutical Advertising Advisory Board.
39. This association is one of nine “safety associations” operating in Ontario under the auspices of the Workmen’s Compensation Board.
41. This was stated in a letter to the author from the MAPAO, 15 June 1981.
42. See, for example, the response to the Discussion Paper (See n. 40 above) by the Forest Products Accident Prevention Association, reprinted in the Advisory Council’s Second Annual Report, pp. 318-23.
43. Ibid., p. 322.
44. “In its [the Council’s] opinion, the associations have special or unique qualities which are not found in other types of institutions. Their diversity permits them to adapt to the special characteristics of their industries. Their voluntary nature enables them to mobilize the support of local management and staff for their programs . . .”. Advisory Council, “The Future,” 213.
49. Ibid., 187.
51. This distinction is developed by Schmitter in "Still the Century of Corporatism?" in Trends, eds. Schmitter and Lehmbruch, 7-52. (See n. 48 above.)
54. Atkinson and Coleman, "Industrial Policy".
55. I develop this example at greater length in my article "State Corporatism as a Sectoral Phenomenon: The Case of the Quebec Construction Industry," in Organized Interests, ed. Cawson, 106-24. (See n. 16 above.)
57. For a detailed analysis of this conflict, see Michèle Savard-Baby, Le syndicalisme patronal dans la construction (Montréal, 1980).
58. The situation was complicated further when some construction workers joined others leaving the CSN to form the Centrale des syndicats démocratiques in 1972.
59. Hebert, Labour Relations, 170. (See n. 56 above.)
60. This followed the report of a commission investigating violence in the industry headed by Judge Robert Cliche: Quebec, Commission de l’enquête sur l’exercice de la liberté syndicale, Rapport (Québec, 1974).
61. Hebert, Labour Relations, 71.
63. Managing the Common Affairs of Capitalists, manuscript in preparation for the University of Toronto Press.
64. Mahon, "Canadian Public Policy," 167. (See n. 62 above.)
65. Ibid., 169.
67. Ibid., 100.
Panitch emphasizes the gap that develops between union leaders and the base, while Schmitter notes that, in economic downturns when labour becomes weaker, capital will wish to shed corporatist arrangements so as to control labour in the marketplace.