

Book Review

Imperial Canada Inc.: Legal Haven of Choice for the World's Mining Industries

by Alain Deneault and William Sacher. Vancouver: Talonbooks, 2012. \$29.95 Canada/U.S., paper. ISBN: 978-0-88922-635-7. Pages: 1-244.

Reviewed by J.Z. Garrod¹

Imperial Canada Inc. begins with a very simple question: why are 75 percent of the world's mining corporations registered in Canada? Alain Deneault and William Sacher attempt to answer this question by, first, providing a history of Canada's questionable stock exchanges which promote irresponsible financial speculation and, second, through a case study of Quebec's mining sector demonstrating the significant weight and enduring presence of colonialism in Canada.

The first section of the book is split into two parts: 'The Argument,' and 'The History.' In the argument chapter, Deneault and Sacher make the case that Canada has become a legal haven for the global mining industry. Building on Deneault's (2011) previous work on tax havens, the authors claim that there are a number of different advantages that the Canadian state offers global mining firms:

1. Unlimited speculation on resources through extremely permissive, self-regulating, stock-exchanges that have extremely ambiguous distinctions between 'resources' and 'reserves';
2. Tax advantages for investors, and the export of Canadian mining investment policies to other countries via agencies like the International Monetary Fund (IMF) and World Bank (WB);
3. The use of diplomacy to put pressure on foreign countries, as well as providing mining corporations with legal cover by failing to charge them for various human rights abuses;

¹ J.Z. Garrod is a PhD candidate in the Department of Sociology and Anthropology at Carleton University.

4. The utilization of the law to silence critics (see Deneault and Sacher's earlier book, *Noir Canada*, which was pulled due to a lawsuit from Barrick Gold Corp) through particularly restrictive libel laws and through institutions such as the WB, in which it files complaints demanding damages from governments who refuse to authorize resource exploitation;
5. The support of global mining corporations through a 'made-in-Canada' propaganda offensive through the education system, in which these corporations provide funding, advertising, and other philanthropic activities, including the development of provincial science curriculums;
6. 'Diplomacy of convenience,' in which the Canadian state provides overseas diplomatic support within a context in which there is a revolving door between high-level politics and the mining industry.

In the historical chapter, Deneault and Sacher focus more explicitly on the wealth of Canadian political economy scholarship to demonstrate how Canada has always been a jurisdiction based on speculation from London and European capital markets trading on land, railways, and mines. They argue that this speculation was made possible by virtue of the extremely close linkages between state officials and capitalists who, in Canadian history, were often the same person. In other words, those who created and enforced the laws did so for the purposes of personal gain. In order to reproduce these profits, Canadian capitalists have long focused on foreign investment to fund short-term profit-making endeavours, such as the railways, regardless of whether or not they were suitable for commercial or industrial purposes, or whether they were even built at all.

The rest of the book consists of a case study of Quebec's mining sector. In it, Deneault and Sacher claim that Quebec "might as well be called a mineral state" (128) given the extent to which the provincial government has been appropriated by the mining sector. In fact, despite the influence of the Quiet Revolution, they note that key positions in the industry are still held by English-speaking Canadian and foreign investors. Ranked as "the most favourable jurisdiction for mining" by the Fraser Institute, Quebec continually subjugates environmental and labour concerns under the concerns of corporate profit. To avoid public pressure, the

government uses the 'strategy' of public consultation and negotiation, which provides for a veneer of democracy, without any decision-making power invested in the consulting bodies. Similarly, public investment in the mining sector is high, providing public financial and logistic support, alongside government programs to aid such firms. Such practices aid an industry that for a century has been engaging in ecological crime and the dispossession of aboriginal peoples. Quebec is thus the 'standard' that the industry would like to see replicated worldwide.

In their conclusion, Deneault and Sacher call for Canadians to demand greater regulation and oversight of these corporations, and for legal action to be taken against them. The problem, however, is whether this remains possible given the structure of global capitalism today. Despite their extremely sound empirical work, Deneault and Sacher fail to engage with a growing debate on the character and nature of contemporary globalization and imperialism (see Hardt and Negri, 2000; Harvey, 2003; Robinson, 2004; and Wood, 2003). The absence of an engagement with this literature raises many questions as to whether the relations of global capitalism fundamentally challenge the autonomy and sovereignty of the national state, and thus, the ability of national states to regulate transnational corporations – and this is above and beyond the question of whether globalization can be considered a novel form of imperialism. Indeed, despite being part of the book's title, imperialism is left undefined throughout and there is no discussion as to why we should understand the practices of the Canadian state as being imperialistic. For example, one might ask why it would be imperialistic for Canada to defend a Belgian mining company registered in Canada whose primary operations are located in Central America? Without engaging with fundamental theoretical questions about the nationality of capital today, the reader is left to wonder whether these practices are evidence of a more profound shift in the global political economy, rather than imperialism.

Similarly, there is little engagement with the renewed debate over whether Canada should be understood as a dependent or imperial country (see Kellogg, 2005; Klassen, 2009; Stanford, 2008; and Watkins, 2007). By engaging with this debate, Deneault and Sacher might be able to better explain Canada's particular history of colonization – being both a colony of the British Empire and a colonizer of both Quebecois and indigenous populations here in Canada – and now abroad via destructive mining practices. As it stands, the book simply argues a rather basic point: that the Canadian state serves the interests of "speculators

and exploiters of the resources of the world's land" (185). In this sense, there is a feeling that the authors are suggesting that the Canadian state simply reproduces the practices of colonialism for the interests of the ruling class, but without any discussion over whether globalization is a qualitatively novel epoch in the history of world capitalism, the reader is left to speculate whether this ruling class is more transnational than national, and whether or not this might have some bearing on the book's conclusions (see the debates on the character of the contemporary ruling class by Mann et al., 2001). Some further engagement with the wider literature and debates of global political economy scholarship would greatly help to both contextualize and sharpen their argument.

In any case, *Imperial Canada Inc.* sheds light on the practices of an incredibly opaque, destructive industry, and for that alone the book is extremely valuable. Students of global and Canadian political economy will find much of interest here and indeed, the sections outlining the ways in which these mining corporations have entered the educational sphere might hit a little close to home. Interested scholars should especially keep an eye on Deneault's forthcoming book *Canada: A New Tax Haven*. One can only hope that this book will address some of the shortcomings of *Imperial Canada Inc.* and continue to provide a critical view of contemporary Canadian political economy.

REFERENCES

- Deneault, A., & Holoch, G. (2011). *Offshore: Tax havens and the Rule of Global Crime*. New York: New Press.
- Hardt, M., & Negri, A. (2000). *Empire*. Cambridge, Mass.: Harvard University Press.
- Harvey, D. (2003). *The New Imperialism*. Oxford ; New York: Oxford University Press.
- Kellogg, P. (2005). Kari Levitt and the Long Detour of Canadian Political Economy. *Studies in Political Economy*, 76, 31-60
- Klassen, J. (2009). Canada and the New Imperialism: The Economics of a Secondary Power. *Studies in Political Economy*, 83, 163-190
- Mann, M., Arrighi, G., Moore, J., Went, R., Van der Pijl, K., Robinson, W. (2001). The transnational ruling class formation thesis: A symposium. *Science & Society*, 65(4).
- Robinson, W. I. (2004). *A Theory of Global Capitalism: Transnational Production, Transnational Capitalists, and the Transnational State*. Baltimore: Johns Hopkins University Press.

Stanford, J. (2008). Staples, Deindustrialization, and Foreign Investment: Canada's Economic Journey Back to the Future. *Studies in Political Economy*, 82, 7-34

Watkins, M. (2007). Staples Redux. *Studies in Political Economy*, 79, 213-226

Wood, E. M. (2003). *Empire of Capital*. New York: Verso.