

# **The Transition to Capitalism in Canada**

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Since the 1950s and 1960s, scholarly debates on the epochal transition from feudalism to capitalism have spilled so much ink over the issue, for no macrohistorical process has had more impact on both the social and international structures of modernity. Unfortunately, most attempts at theorizing this transition have relied on Adam Smith's model of economic advance—the 'commercialization model'—to explain how capitalism emerged in early modern Europe and went on to spread worldwide. Crucially, Robert Brenner and Ellen Wood have criticized this model for its individualistic-mechanist presuppositions, which claim that economic development goes hand in hand with the opportunities engendered by the growth of the world market. This paper critically reviews the traditional Canadian historiography under the light of Brenner and Wood's contribution in order to identify pitfalls in the way most historians have attempted to make sense of the development of capitalism in Canada.

The argument is that the premises of the commercialization model do not allow grasping adequately the international dimension of social change in the early modern era. The paper first examines the theoretical premises of this model before briefly looking at the alternative interpretation of the origins of capitalism put forward by Brenner and Wood. It then moves on to examine three schools of Canadian historiography and political economy and concludes that an historical analysis of the socially uneven and geopolitically combined sets of social-property relations of the early modern Atlantic world may well provide the surest starting point to understand some the differences that have characterized the colonial development of North America. This starting point is particularly promising with regard to the explanation of the fact that, for centuries, the valley of the St. Lawrence River was characterized by a distinct society-wide non-capitalist development dynamic that resulted in a significantly slower pace of economic development when compared to many other regions of North America.

### **Adam Smith's Commercialization Model**

Within the commercialization model, the initial 'take-off' of self-sustained growth is theorized as the outcome of a pan-European phenomenon associated with the quantitative expansion of markets and urban areas. Similarly, the social diffusion of capitalism, once it had developed in Europe, is seen as a market-driven phenomenon that takes 'the form of a lava flow evaporating and liquefying the sediments of tradition standing in its path' (Dufour, 2012, p. 106). In most Marxist and non-Marxist accounts alike, these sediments of tradition play a crucial role in explaining whether economic development will occur or not, for they are said to be 'fetters' that block capitalist development—fetters that need to be removed for growth to occur 'normally'.

In the commercialization model, what is considered normal development is assessed against ethnocentric criteria deduced from a reductionist historical narrative of the rise of modern Europe. This model is based on a unilinear concept of social progress that sees the development of productive forces—along with greater specialization and division of labour—as a result of naturally expanding markets. In return, the development of productive forces more or less mechanically determines the social relations of class and property as well as the form of the state. According to Wood, this theory of history implies one generic model of development that associates *capitalism* with *cities*, and *capitalists* with *bourgeoisie*; it assumes 'that cities are from the beginning capitalism in embryo' (2002a, p. 13). As an account of how and in what

circumstances capitalism developed, the commercialization model leaves unexplained the very thing that needs to be explained: its origin. In fact, the commercialization model assumes capitalism ‘always to *be* there, somewhere’ (2002a, p. 4). The model assumes the existence of a natural drive to expansion of commercial activities and urban economies, yet one delayed until it is released from feudal, typically political, fetters.

Because the commercialization model leaves unexplained the origin of capitalism, the explanation of its geographical diffusion rests on shaky historical and theoretical foundations. Historically, the way by which the specific origin of capitalism in the English countryside have generated economic and geopolitical pressures on the European continent and the rest of the world is lost in the description of the worldwide growth of commercial exchanges. Yet, the historical diversity of relations and permutations that have characterized the contested construction of distinct ‘geo-economic’ regimes fundamentally contradicts the single and linear narrative on the pan-European rise of the bourgeoisie and the quantitative extension of trade networks. With regards to the New World, Roberta Hamilton has noted that ‘different outcomes in the struggle over peasant land tenure’ in the metropolises have had crucial implications ‘for the history of French and English colonization in America’ (1988, p. 58)—implications that are nowhere to be found in the commercialization model.

Theoretically, the commercialization model has locked our understanding of the geopolitical spread of capitalism within the binary opposition of trade and feudalism, therefore assuming from the onset that landlord property was a fetter on capitalist tendencies that existed prior to the transformation of social relations. Capitalism in this view is conceived as more of the same old commercial practices rather than ‘a regional sociopolitical transformation and the concomitant construction of new forms of economic and political subjectivity that would create consequences of world-historical relevance’ (Teschke & Lacher, 2007, p. 569). In so doing, the commercialization model ignores one of Marx’s main contributions to the understanding of the modern world in the fact that ‘[i]n themselves, money and commodities are no more capital than the means of production and subsistence are. They need to be transformed into capital’ (1990, p. 874). It is the general contention of this dissertation that processes of reaffirmation and destruction of old social-property relations outside England once capitalism had developed in the latter need to be uncovered if we want to understand long-term patterns of development beyond the mere expansion of trade.

This is no denial that Marx’s early writings were significantly influenced by Adam Smith’s teleological and stagist theory of history: Marx perceived as ineluctable the universal transformation of old social relations of production into capitalist ones under the action of the bourgeoisie—a transformation that he thought would undergo pretty much the same ‘stages’ as those underwent in Western Europe. As George Comminel (1987) has pointed out, what most observers however fail to note is that Marx eventually broke away from Smith’s assumptions about the technically determined evolution of the labour process in order to theorize modes of production as sets of social-property relations. For the mature Marx, the shape and content of social-property relations unquestionably develop along with the non-determined, yet non-contingent, conflictual reproduction of social classes. This, we argue, is an open and highly politicized process that we gain to understand as part of a world divided in multiple and interacting polities.

## **The Agrarian Origin of Capitalism**

According to Brenner, Marx aimed at explaining so-called primitive accumulation—the ‘previous accumulation’ of Adam Smith—as ‘the series of social processes by which the fundamental social-property relations that constituted the feudal mode of production were broken up and transformed through the action of feudal society itself’, as lords ‘lost their capacity to take a rent by extra-economic compulsion and the peasants were separated from their possession of the means of subsistence’ (1989, p. 273). This process, Wood emphasizes, has little to do with the breaking-up of obstacles to development by the growth of commerce in cities and urban areas, for ‘even communal constraints, with or without the material limits of peasant property, are not enough to account for the absence of systematic development of productive forces of the kind we associate with capitalism. In fact, it is, on the whole, a mistake to think in terms of *blockages*’ (2002b, p. 57).

Rather, what needs to be account for is the creation of ‘a positive *compulsion*’ to alter productive processes as changes in social-property relations generated competitive conditions for peasants and tenant farmers, ‘both free to move in response to those conditions and obliged to do so’ (2002b, p. 57). While markets have almost always provided *opportunities* for trade exchanges, only in capitalism do they become coercive *obligations*: ‘to live one must eat; to eat one must sell one’s labour power in the marketplace’ (Hamilton, 1988, p. 48). This disruption of people’s old ways of living historically occurred in England through the harsh expropriation of the peasantry from the land and the concomitant obligation for tenant farmers to make ever-growing profits in order to maintain access to the land through a market in leases at the same time that English lords were losing their capacity to take rent by extra-economic compulsion (Wood, 1995, p. 289). The result of this epoch-making processes was a generalized tendency to the improvement of agricultural labour productivity, which impulsion comes from ‘the presence throughout the economy of a systematic, continuous and quasi-universal drive on the part of the individual direct producers to cut costs in aid of maximizing profitability via increasing efficiency and the movement of means of production from line to line in response to price signals’ (Brenner, 2001, pp. 172–173).

The emergence of this historically specific form of social domination was an unintended result of struggles between feudal lords and peasants over rents. Neither of these classes was fully aware of the consequences of its actions as they struggled to reproduce themselves on the basis of strategies that might appear ‘irrational’ to us but were actually quite rational in the feudal context. These strategies excluded the pursuit of profit maximization through specialization, for within feudalism specialization would be considered as a sub-optimal and highly risky venture from the viewpoint of the peasantry. Specialization indeed means subjecting oneself to market-dependency and hence jeopardizing the very conditions of one’s subsistence, the price to pay in case of ‘business failure’ being nothing short of starvation. This fact makes what Brenner calls ‘safety-first’ diversified subsistence agriculture the best strategy in a context in which subsistence crises were both common and unpredictable, often lasting several years (2001, p. 176).

## **The Transition Debate in the Canadian Historiography**

The research of Gérard Bernier and Daniel Salée in the early 1990s has gone a long way in opening new avenues to understand the transition to capitalism in Lower Canada. The two historians have sought to apply to nineteenth century Quebec the classical brennerian

*problématique* of the transition from feudalism to capitalism. This way, they have provided a remarkable collection of facts resolutely pointing toward the pre-capitalist character of Lower Canada up until at least the mid-nineteenth century. Looking at the Ordinance of 1840, for instance, they have directed our attention on the fact that this piece of legislation, like many others, not only preserved, but actually reinforced, the seigneurial system up until its abolition in 1854. Moreover, pre-capitalist social practices, as they have argued, continued to make their impression on Canadian society long after the abolition of the seigneuries.

With their focus on social-property relations and the adoption of a periodization of capitalism based on Brenner's thesis, Bernier and Salée have avoided several pitfalls of the traditional historiography. In particular, they have broken away from the presupposition that Canada has been a 'capitalist' society since the early settlements of New France, a claim that rests on the theoretical premises of the commercialization model. Taking for granted the idea that capitalism emerged almost simultaneously across the whole of Europe and its colonies over the course of five centuries of market expansion and the rise of the mercantile bourgeoisie, the Canadian historiography has more often than not assumed that European colonies in North America were themselves capitalist from their foundation.

We find this idea in the work of almost all Québécois historians. The work of three historians of the University of Montreal stands as a case in point. In the 1950s and 1960s, Guy Frégault, Marcel Brunet and Maurice Séguin, the 'Montreal School', have sought to explain Lower Canada's long-standing 'backwardness' by reference to the British Conquest. In order to do so, they have depicted New France as a dynamic commercial and industrial society. According to these historians, New France was an idyllic and harmonious burgeoning capitalist society, which had developed until the British Conquest in 1760 as 'any normal society of the period in North America [...]. [It] was dynamic and progressive. It was a society of the New World that enjoyed fully its collective liberty' (Brunet, 1964, p. 114).

French Canadian historians of the nineteenth and early twentieth century have portrayed New France as a society of peasants. In sharp contrast to them, the Montreal School put forward the thesis that the commitment of French Canadians for agriculture arose only under the British rule as a direct result of the Conquest. Seen as a catastrophic watershed in Québec's history, the Conquest had 'decapitated' the French Canadian bourgeoisie as French cadres and wealthy merchants were forced to, or chose to, go back to France, and those who remained were forced to abandon trading and manufacturing activities, monopolized by English merchants. With the exception of a minority of lackey men eager to serve the new rulers, French Canadians were largely excluded from councils and other positions of authority, not to mention the networks of favouritism that were so important to anyone seeking self-enrichment.

We argue, however, that even if the description of the scope of large-scale and standardized manufacturing activities in the colony given by the Montreal School was accurate—which is highly debatable—these manufacturing activities do not in itself imply the existence of capitalist social relations. Manufacture of this kind, as Connell (1987) has pointed out, are found as far back in history as in ancient Greece and Rome. Even huge factories, a concentrated proletariat and advanced industrial technologies do not themselves necessarily indicate the presence of capitalist social relations, for they can very well exist in the absence of the specific capitalist discipline of time and labour (in workplaces and beyond) that expresses the generalized subjection of social reproduction to market imperatives.

No date or event allows dating precisely the moment from which a society become 'capitalist'. It is nonetheless important to recognize that the reproduction of modern societies

have been unequally yet gradually subjected to market imperatives in an unprecedented way in history. On this matter, the necessary condition for a society to be said to be ‘capitalist’ may well be the subordination of rural family units to market coercion or

the *potential* for their separation [...] if they failed to compete successfully in the market. [...] In other words, the *threat* of the loss of effective possession of the main *means of production* in agriculture, *land*, without successful market compulsion—as a result of either the imposition of commercial leases (England) or to meet the burdens of taxes, mortgages and debts (northern US)—is necessary to compel household producers to specialize, innovate and accumulate independent of market fluctuations (2002, p. 91).

We have noted earlier how the Montreal School has insisted on the presence of dynamic manufacturing activities in New France. On this matter, the most important question does not only concern the extent to which the Montreal School was right in its descriptive assessment of the scope of manufacturing activities, but also whether these activities were market dependent and subjected to a capitalist discipline. On this matter, Bernier and Salée have noted that still in the 1840s, Lower Canada’s manufacturing activities were far from having been subjected to market dependence. For the most part, they were taking place in artisan-owned workshops, so that ‘the social relations of production rested mostly on a master-servant relationship, a guild-like conception of work and the paternalism so characteristic of the pre-capitalist labor process’ (1992, p. 38).

Averaging five workers and often less, these rural manufactures punctuated the countryside in the form of sawmills, flourmills, and tanneries. In this landscape, the only iron mill that existed in Canada until the 1820s was located on the shore of the Saint-Maurice River: it figures as one of the 37 manufacturing units that, by 1851-1852, had more than 25 workers employed, out of a total of 2 455 establishments. Only after 1840, Bernier and Salée argue, did ‘attempts at integrating new technologies and at reorganizing the labor process along typically industrial lines’ become more systematic in a few manufacturing establishments of Montréal and Québec City. And yet they ‘were, by all accounts, the exception rather than the norm (1992, p. 37).

As for commercial activities, Bernier and Salée point out that most shops remained small, ‘involving a master who worked alongside one of two journeymen and an equal number of apprentices, and they largely followed traditional patterns of labor relations’ (1992, pp. 37–38). The pre-capitalist essence of this labor process was moreover consecrated in the legal realm by labor legislations borrowing ‘directly from such feudal laws as the English Statute of Laborers of 1349 and the Elizabethan Statute of Artificers. This ‘legal system made it virtually impossible for most workers to dispose at will of their own labor power or to try to obtain the highest price for it’ (1992, p. 39).

With the constitutional reforms of 1791, a second system of proprietary rights was introduced. The seigneurial system was largely preserved, but freehold was now the form taken by land newly granted outside the seigneurial area, mostly in the Eastern townships southeast of Montréal. Contrary to seigneuries, these new concessions were ‘bought from the government and grantees thus had, in theory, full ownership of a land that was free of rents or burden of any kind (1992, p. 41). The land was given in perpetuity and could be sold at will. ‘As a full owner, the

peasant was to manage, develop, and dispose of his land as he saw fit. No seigneur or large landowner stood in his way to give him orders or collect all sorts of rents, charges, and taxes' (1992, p. 41). This system was aimed at guaranteeing a relatively equal access to the land in order to favour the settlement of inhabited areas.

A closer examination of the system of free hold tenure however indicates that the strict regulations which were supposed to guarantee this equal access never were applied as they were supposed: 'administrative abuses, monopolization, and speculation by well-to-do merchants and their political associates' were common practices. They had for consequence to seriously limit the access of peasants to small landed property (1992, p. 51). The aftermath of the Conquest had been significant in that regard, for the British Crown rewarded many military officers and loyal individuals with large grants of land, establishing networks of patronage and favouritism that facilitated the concentration of land in few hands—especially in the eastern townships.

Many of the new owners, moreover, did not stay in Canada to live on their land but rather went back to their motherland, England, hence becoming *de facto* absentee landlords. 'These acquisitions', Bernier and Salée explain, 'resulted in the formation of large private domains where immediate exploitation was not a priority. Rather, these lands were to be held for speculation purposes as well as for the social prestige they conferred on their owners because, at that time, landownership still remained the cornerstone of political power' (1992, p. 52). On the whole, when acquiring free land tenures in the townships, even merchants displayed little enthusiasm in transforming them into productive farming units or manufactures: speculation in land, not improvement, was the *motto*. It constituted a convenient means of investment in 'a commodity likely to return a profit. Original grantees of lands who had never entertained the idea of exploiting them were only too happy to sell them to merchants buying them with speculative intentions or to commercialize their natural resources, especially lumber' (1992, p. 53).

Given these pre-capitalist attributes of Lower Canada, it should not be a surprise that the debate about Québec's 'backwardness' has taken so much importance in the Canadian and Québécois historiography. Lower Canada's development offers indeed a pale figure when compared with the Northern states of the USA, which had already developed, early in the nineteenth century, large manufacturing industries along with the expansion of transportation, protective tariffs and the harnessing of electricity. While it seems that neighbouring Upper Canada was soon to follow the American example in the pace of development of manufacturing and industrial activities, the case of Lower Canada remains a striking example of 'backwardness' that historians and IR scholars have, as of yet, failed to convincingly explain. As McNally explains,

[q]uite different structures of "agricultural economy" produced markedly different results in Upper and Lower Canada. Whereas the production of growing agricultural surpluses for domestic and foreign markets stimulated a "classic pattern of industrial growth" in Ontario characterized by "industrial development based on the internal market, internal sources of capital, internally generated transportation facilities and locally produced raw materials" recurrent crises in Québec agriculture hindered accumulation from surplus production and blocked the expansion of local markets for agricultural goods (1981, pp. 52–53).

## **French Canada's Backwardness in Comparative Perspective**

Looking at the demographics further fleshes out the existence of fundamental dynamics in the social development of North American colonies, for behind the differences in size lays a difference in kind grounded in the heritage of distinctive European metropolises. France and England began their colonial ventures in North America both at the beginning of the sixteenth century, but both had to wait to the first decade of the seventeenth century to found sustainable settlements—the French settled at Saint-Croix Island in 1604, before moving the year after to Port Royal, while the first British settlement was founded in 1607, in Jamestown, Virginia. Despite similar timing, the respective population of the French and English colonies in North America would however soon show tremendous disparities.

Less than a century later after the first settlements were successfully founded, in 1689, the British colonies counted 200,000 inhabitants, while the French Canadians numbered only 10,000. At the start of the Seven Year's War, in 1756, the 70,000 inhabitants of Canada had to face 1,500,000 English settlers (Wade, 1968, p. 20). The historian Emile Salone had a good reason to be astonished: 'Seventy thousand French in Canada! After one hundred and fifty years of effective domination, it is, for the nation which, in the seventeenth and eighteenth centuries was often the most powerful, and always the most civilized and populous in Europe an absurdly low result (1970, p. 452).

Yet, what should surprise us here are not so much the low results of the French settlement venture, but the incredibly high result of the English one. The English metropolis was indeed exceptional among all European powers for the massive scope of its emigration. Crucially, Hamilton has shown how this distinctive trait has a lot to do with the development of capitalism that was occurring during the same period in England. As we discussed previously, the movement of enclosure in the English countryside resulted in the separation of the peasants from their land, which was appropriated by an aristocracy increasingly subjected to market competition as the feudal tenure progressively wore away. As the number of dispossessed peasants grew, many of them ended up barely able to sustain themselves even when they found tenant farmers to buy their labor power. 'In this context, the idea of sending the country's surplus population overseas gained currency. Men of capital began to find it lucrative to export emigrants across the Atlantic; once established in America, the settlers became the most promising markets for the growing array of British manufactured goods' (Hamilton, 1988, p. 33).

France did not experience a similar agricultural revolution. Its concerns with North American colonies were different and its capabilities to sustain development offer a pale figure when compared to the English ones: it lacked both the surplus population and the surplus capital for full-scale colonization. French peasants had indeed, with the help of the king, resisted landlords' attempts at dispossessing them and consequently preserved their means of subsistence so that the conditions for systematic improvement and specialization did not exist. In this context, historians who have pointed out the low pace of development of New France and described Québec's development until the mid-twentieth century as 'backward' or 'laggard' are not off the mark in comparative terms. In addition to stark demographic differences, a few miles south of the border, for centuries New England has unquestionably been experiencing a much more prevalent and faster industrial growth—more prevalent and faster, in fact, than England itself. Productive technological improvements, such as the cotton gin, the sewing machine, the steamboat, and

standardized parts in arms production, never found equivalents in Lower Canada. The two main explanations that Canadian historians have provided for this difference—the conservative *mentalité* of French Canadian inhabitants and the economic dependency on metropolises—are however dubious.

### **French Canadians' *Mentalité* and the Quebec School**

As we have seen, the Montreal School has denied the specificities of New France's development in order to depict it, against all evidences, as a 'normal' society among North American colonies. By contrast, the Quebec School centered on the work of Jean Hamelin and Fernand Ouellet has put these evidences at the center of their research. Like Parkman and Durham before them, they have portrayed Lower Canada as quite a different society than the other North American colonies: it was a monolithic folk society centered on its catholic religion, its French language and the absolutism of its political institutions. While to some extent their research points out real differences between New France and New England, the depiction of New France as an agrarian society burdened by free-floating autocratic political institutions, a retrograde religion, and conservative values says little about the social relations in which these cultural traits were embedded.

Ouellet has attributed the reason for French Canada's laggard development in the burdensome weight of traditional French political and cultural *mentalité*, which he saw continued to be felt long after the British Conquest and well into the nineteenth century. On their own admissions, Ouellet and his colleague Hamelin elaborated this thesis under the influence of the Annales School founded by Lucien Febvre and Marc Bloch in the late 1920s. The latter pursued the project of writing a comprehensive history, *une histoire totale*, which focuses on the *longue durée* and breaks away from the obsession of previous historians with political, military and diplomatic events. The influence of their methods was deeply felt on the Quebec School as they introduced in Québec the serial and quantitative history that was becoming increasingly popular in France, including its heavy reliance on statistical methods.

From all the French Annalists, it is Ernest Labrousse that had the greatest influence on the Laval School. Like the other Annalists, Labrousse was interested in studying deeper economic and social structures, but unlike many of them, he also paid a great deal of attention to the study of psychological factors and how they shape political actions. Ouellet consequently argued that the cause of Lower Canada's laggard development was due to the cultural habits and values of the inhabitants, which kept them from acquiring advanced agricultural technology and farming customs as well as business practices adapted for the epoch.

Absent among the French Canadian habitants and merchants was a particular set of values associated with liberalism and capitalism: compared with Englishmen, they lack the attributes characterizing successful entrepreneurs such as a concern for efficiency, a meticulousness discipline in affairs, the ability to assess the risks, anticipate the possibilities, and size the opportunities of investment, and the quality of being economical with money and food. Instead, the French Canadian habitant 'disliked the routine of farm work. Without discipline himself, he nevertheless had an innate propensity for authoritarian attitudes' (Ouellet, 1981a, p. 562). French merchants for their part 'prefer prestige and lavish spending to more rational economic pursuits' (1981a, p. 7).

This view is hardly new. In the mid-nineteenth century, Lord Durham, the commissioner sent by Britain to study and identify the source of discontentment of the Canadians, already saw

in Lower Canada ‘two nations warring in the bosom of a single State’. Each nation was different not only in its language, its race, and its religion, but also in its degree of evolution. According to Durham, the French-Canadian society was inherently stagnant and doomed to remain so, while the British were a lot more responsive to the new realities of the early modern epoch and the rise of capitalism.

Many historians have put the same argument forward in the first decades of the twentieth century, such as Thomas Chapais and Arthur Maheux. This outlook is however to be found most strongly among some English liberals which disgust for French culture, its absolutism and its religion can hardly be made more blatant than in Francis Parkman’s work. Parkman indeed saw the Conquest of New France as nothing less than deliverance, for he had argued that is the action of British merchants and colonial rulers that uprooted the *ancien régime* and freed economic activity from its shackles. Until then, French Canadians had been

[a]n ignorant population, sprung from a brave and active race, but trained to subjection and dependence through centuries of feudal and monarchical despotism [...]. Artificial stimulants were applied, but freedom was withheld. Perpetual intervention of government—regulations, restrictions, encouragements sometimes more mischievous than restrictions, a constant uncertainty what the authorities would do next, the fate of each man resting less with himself than with another, volition enfeebled, self-reliance paralyzed—the condition, in short, of a child held always under the rule of a father [...]—such were the influences under which Canada grew up (1906, p. 462).

What is deemed ‘normal’ in Parkman’s narrative is epitomized by the English liberal culture, considered ‘superior’ when compared with the French one. In this way, Parkman dismissed the possibility of alternate forms of social development by characterizing them as deviant and anomalous. While they do not use a language as coarse and rude than Parkman’s, the Quebec School has continued to identify the culprit of Lower Canada’s delayed development in the cultural traits and social mentalities of the French inhabitants, said to be unsuited to business activities and impermeable to liberal ideas of progress and economic *laissez-faire*.

### **The Staple Theory of Canadian Economic Development**

The only ‘trace’ of capitalism said to be found in the colonial society was hence the fur trade, an association with capitalism that is to be found everywhere in the Canadian historiography. Such a proposition is however problematic, for the fur trade, as Hamilton has pointed out,

dealt only with the circulation of commodities. It did not influence or penetrate the process of production itself. Indeed, that kind of activity, which took advantage of national and regional price differences to secure a profit, had been an aspect of feudal societies for centuries. Ouellet’s apparent equation of capitalism and profit-making led to a failure to distinguish between the economic systems of France and England as they were unfolding in the seventeenth century (1988, p. 24).

The same problematic assumption is to be found even more patently in Harold Innis’ ‘staple’

theory. Decades of prolific authorship have indeed drawn upon Innis' work and Latin American dependency theories to provide a framework that takes for granted the capitalist character of the colony because of the centrality of the trade of primary goods. Following this framework an impressive array of economic historians and political economists has explained Canada's slow development by its dependence upon more developed states and the circuits of international trade. These scholars argue that within a hierarchical chain established by colonization, European metropolises have appropriated the most lucrative natural resources of the colony and hence hindered its development. In addition to this transfer of wealth, periodical shifts from one staple to another created cyclical disturbances that interrupted and slowed down colonial economic activities (Buckley, 1958; Clement, 1977; Creighton, 1970; Drache, 1977; Innis, 1930, 1978; Laxer, 1991; Watkins, 1963, 1977, 1989).

A similar argument has been put forward by 'dependency' theories, which developed in the 1950s and 1960s by scholars who recognized that, in so many instances, the capitalist penetration of less developed societies outside Europe has failed to produce capitalist self-sustained growth. More often than not, in fact, the expansion of capitalism has even reinforced the limited basis for economic growth and created new barriers to development (Cardoso & Faletto, 1979; Frank, 1966). This insight, it must be noted, was already present in Innis' major study of Canadian development, *The Fur Trade in Canada* (1930). Indeed, Innis conceived of the whole economic and political structure of the colony as geared toward the needs of the metropolis and the transfer of wealth from the former to the later. In a nutshell, he argued that '[t]he economic history of Canada has been dominated by the discrepancy between the centre and the margin of western civilization [...]. [A]griculture, industry, transportation, trade, finance and governmental activities tend to become subordinate to the production of the staple for a more highly specialized manufacturing community (1956, p. 385).

Admittedly, this view offers a theoretical advance over the 'culturalist' explanation of the kind put forward by the Québec School, for it systematically factors in the international dimension of social change beyond the analysis of domestic cultural mentalities and political institutions. Within the framework of the Québec School, there is no need to look at the relation between developed and underdeveloped societies, for the secret to development—or non-development—lays in domestic political cultures: a society which displays a good set of values and institutions will inevitably develop along the path previously blazed by the first developers. Andre Gunder Frank famously critiqued this unilinear reasoning by pointing out that to understand contemporary underdevelopment, analyses cannot be limited to studies of the domestic characteristics and structures of colonial and former colonial societies; the history of colonial relationships itself must be taken into account as central to any insight.

The attempt to bring back the horrors of colonialism to the forefront of economic thought is more than laudable. The way dependency theorists have done so, however, has merely 'mirrored' the commercialization model in their attempts at providing an alternative framework to understand underdevelopment. Dependency theorists have indeed failed to break away from the individualistic-mechanist presuppositions of Adam Smith's model of economic advance, for very much like those they criticize, the *explanan* of the dependency framework remains the opportunities engendered by the growing world market. The only difference, as Brenner explains, 'whereas their opponents tend to see such market-determined processes as setting off automatically a dynamic of economic development, they see them as enforcing the rise of economic backwardness' in the periphery (1977, p. 27). The result is a failure to theorize how

class structures emerge and shape economic development (or underdevelopment) ‘as the outcome of class struggles whose results are incomprehensible in terms merely of market forces (1977, p. 27).

The same individualistic-mechanist presuppositions pervade Innis’s focus on the role of staples trade in Canadian economic development. As David McNally (1981, p. 4) has argued, Innis’ view departs from Smith’s ‘optimistic-liberal’ outlook because it dismisses the notion that any country integrated to the international division of labour unfailingly experiences economic growth, but it remains completely compatible with its *commodity fetishism*. Rather than pointing out how social relations actually shape human development, Innis considered the movement of primary goods—itsself rooted in geographical factors (such as vastness of land and abundance of natural resources) and technological innovations (especially in means of transportation and communication)—as the prime factors determining development. This neglect of the role of social relations of production in economic life is unsurmountable within the parameters of the staple theory, for the latter conceals ‘the human, social and historical character of the “things” which seem to govern social life’ (McNally, 1981, p. 56).

Innis has theorized capitalism as the natural expansion of exchange rather than considering the origins of capitalist class relations in what Marx termed ‘primitive accumulation,’ arguably first achieved, as we discussed earlier, in seventeenth century England. The result is a reification of the ‘core’ and the ‘periphery’ as entities in which the internal diversity of sociopolitical dynamics is overlooked. On one hand, European metropolises are more or less all the same: economically developed, able to technological innovation, and predatory. On the other hand, colonies are doomed to underdevelopment, stagnation and poverty. Even if they are deemed as much ‘capitalist’ as the metropolises because they are part of the international division of labor, they occupy a different ‘position’ within the capitalist world system and as such are expected to follow a different path of development: their function is to provide natural resources and surplus capital for the core.

In that sense, instead of positing *one* generic model of development for the whole world—as did, each in their own way, the Montreal and Quebec schools—Innis (much like dependency theorists) assumed *two* generic models of development: one for the core developers, one for dependent developers. To be sure, there is a valuable insight in pointing out that because peripheral countries were developing in a world economy where metropolitan powers had already undergone industrialization processes, satellite countries could not possibly replicate the pattern of economic advance followed by the first developers. Yet, the fact is that there never has been one model of economic advance even among European countries, which internal diversity is much more pronounced than what Innis has assumed. Nor have colonial societies ever followed only one model of (under)development. Presupposing two generic models instead of one does not allow grasping the richer multilinearity and interactivity of modern development.

The early modern European continent was indeed characterized by a much greater heterogeneity than what simplistic notion of ‘core’, or for that matter ‘Europe’, allows accounting for. As Teschke has pointed out, while France, Austria, Spain, Sweden, Russia, Denmark-Norway, Brandenburg-Prussia and the Papal States constituted a diverse collection of absolutist regimes, the Holy Roman Empire, ‘remained a confederal elective monarchy until 1806. The Dutch General Estates established an independent oligarchic merchant republic. Poland was a “crowned aristocratic republic” and Switzerland a free confederation of cantons. [...] Italian merchant republics struggled against being transformed into monarchies’ (2003, p. 218). By contrast, as

previously discussed, in Britain the feudal regime had been transformed through the ‘enclosure’ movement and the establishment of the first constitutional parliamentary monarchy into the first capitalist economy. This transformation had epoch-making consequences for the European continent as well as the New World.

In the eighteenth century, English capitalism had developed to such an extent that it was in the way of thoroughly transforming the life of urban masses with the first Industrial Revolution and the making of the English working-class. Determined to keep its head start, Britain put in place many measures to prevent the industrialization of both its continental rivals and its overseas colonies, passing laws to forbid the export of machinery, skilled workers and manufacturing techniques. For a time, large segments of the continental agrarian elites could content themselves with providing Britain with the grains and agricultural products it needed for its rapid development as it reasserted their traditional forms of rule and authority. While this ‘passing complementarity of differently developing economies’ only lasted for a time (Lacher & Germann, 2012, p. 119), Marx could still as late as 1870 consider England as the only country that had undergone a full capitalist transformation. It is, he says,

the only country where there are no more peasants and where landed property is concentrated in a few hands. It is the only country where *the capitalist form*, that is to say, combined labour on a large scale under the authority of capitalists, has seized hold of almost the whole of production. It is the only country where the *vast majority of the population consists of wage laborers*. [...] England is the bulwark of landlordism and European capitalism (MECW 21, 118–19; original emphasis).

By then, however, England’s dominance of the world economy was seriously challenged by rival states taking advantage of their backwardness to adopt right away the most up-to-date technologies available in the world without paying the full cost in time, money and human resources for its research and development that the developer did. Among the late developers, Germany provides a remarkable case, as capitalism developed there with such a suddenness that ‘the economy was transformed from a largely agrarian, feudal basis in the first half of the nineteenth century to the most modern industrial economy in the world as the same century drew to a close’ (Green, 2011). Clearly, once we start dissociating capitalism from the expansion of trade and commerce, the geopolitical expansion of capitalist social relations appears as a much more protracted and diverse process than what has been suggested by the usual narrative about the pan-European rise of the bourgeoisie.

### **The Absence of ‘the International’**

With the work of Daniel Salée and Gérald Bernier, the last two decades have seen the emergence of a powerful challenge to the traditional conceptions of capitalist development in the Canadian historiography. More specifically, the two historians have addressed some of the problems inherent to the commercialization model of economic advance and formulated a critique of Innis’s functionalism. They pointing out in particular how Innis’s staple theory neglects the internal dynamics of colonial societies by assuming their capitalist character and reducing them to ‘mere offshoots of core societies’ (1992, p. 9). In that sense, Bernier and Salée have lent a decisive weight to the argument that the transition to capitalism in Canada has to be

understood as a radical transformation of social property relations which occurred in the second half of the nineteenth century and not before. As we will discuss shortly, however, their attempt to go beyond methodological nationalism does not live up to its promises.

It is telling that Bernier and Salée have attacked Innis not only for its Smithian premises, but also for the importance he gives to international ties between colonies, metropolises and the world market. While they rightly point out that ‘capitalism is not just about market relations and technical processes of production’, they also argue that the gradual erosion of the *ancien régime* colonial society between 1760 and 1840 has little to do with ‘the influence of “international capitalism”’ and everything to do with ‘the internal contradictions of the socioeconomic’ (1992, p. 10). To be sure, the two historians have dealt to some extent with how colonial economic and administrative policies have played a role in exacerbating these internal tensions. Again and again, they however have sought to downsize the relevance of geopolitical and inter-societal processes by treating them as punctual ‘exogenous influences’ and conjunctures rather than seeking to systematically integrate them in their study of the transition.

Criticizing Innis for paying too much attention, with its focus on economic dependency, to the international realm, Bernier and Salée’s main target are nevertheless nationalist historians who have interpreted Canadian history through an anachronistic understanding of the ‘national’ question. The nationalist lens defines the history of Canada as a contest between two clearly delineated and irreconcilable ‘nations’: one, English, constituted as much by British imperial rulers as by English settlers and their progeny; the other, French, constituted by a monolithic and tightly knitted community of French descent united by their language and their religion. This narrative depicts the two nations forever in conflict for ethnic survival, while social divisions are deemed insignificant. Bernier and Salée have sought to provide an alternative interpretation by dismissing the ‘national’ question to the benefit of the ‘social’ question, i.e. the study of domestic class struggles.

The need for an alternative historical interpretation to this nationalist mythology has not diminished in importance since Bernier and Salée’s attempt at offering such an alternative in the early 1990s. While today no referendum on Québec’s sovereignty is looming on the horizon, opinionated conservative nationalists are nevertheless waging, on behalf of a mythologized past and an overhanging deified nation, a heated public battle to wither the welfare state and liquidate the heritage of previous struggles for freedom, equality and solidarity. In this context, it remains imperative to reflect upon the historical transition to capitalism in Canada in a manner that avoids chauvinist judgments and anachronistic analytical categories.

It is far from clear, however, that Bernier and Salée have provided the best way to do so by overtly dismissing the ‘national’ question and overlooking what I would call the ‘international’ question. The two historians have indeed sought to explain the Canadian transition to capitalism at the level of endogenous societal processes and internal dynamic rather than frontally taking into account the multilinear character of development. This reversion to an ‘internalist’ mode of explanation is somewhat surprising, given the critique that they make of the methodological nationalism of other historians. This results, I would suggest, from a fetishisation of the Dobb-Brenner thesis: Bernier and Salée indeed take what Dobb and Brenner have described as the *historically specific* process of capitalist transformation in the English countryside as a *universal* model to study any transition to capitalism beyond England.

This proposition requires explanation. To be sure, Bernier and Salée correctly emphasize

that the transition to capitalism in the English countryside was, according to Dobb and Brenner, the result of a social dynamic internal to feudalism—a thesis to which they themselves subscribe (as we do). However, Bernier and Salée have failed to note that subsequent transformations outside England cannot be understood in the same fashion, that is, as the result of internal contradictions within feudalism. We have noted already that highly specific and stringent conditions were required for the first capitalist transformation to unintentionally occur out of feudal class struggles in the English countryside, as pre-capitalist rules of reproduction make it ‘either unnecessary or impossible, or both, to reinvest in expanded improved production in order to “profit”’ (Brenner, 1977, p. 32). Therefore one cannot assume that capitalism would have developed at a latter point elsewhere in the world if it had not been for the initial existence of English agrarian capitalism.

By all means and on all sides, pre-capitalist sets of attitudes and expectations held by lords and peasants under the conditions of coercive ‘extra-economic’ modes of surplus extraction were unable to generate dynamics of self-sustained growth. As a consequence, the possibilities that the rare and contradictory form of appropriation that developed in England would endogenously develop elsewhere are exceptionally thin, to say the least, and we must hence seriously take into consideration the possibility that capitalism was introduced in societies outside Britain by more or less conscious attempts at emulating some aspects of the British society and economy to face its geopolitical and economic competition. With this regard, mere emulation was often not possible and it may therefore be more adequate to conceive of late development not so much in terms of emulation but in terms of ‘substitute mechanisms’ with which rulers of pre-capitalist societies sought ‘to achieve rapid development without some of the “undesirable” consequences it might yield’ (Lacher & Germann, 2012, p. 118; see also Shilliam, 2009).

In that sense, the continued existence or eventual desintegration of pre-capitalist modes of life outside England can hardly be thought of without taking into account the pressures emanating from the dynamics of uneven and combined development set in motion by English capitalism and the specificities of its imperialism. There is no reason why this would not hold true for the Canadian colonial society: its contradictions were not merely ‘internal’, as Bernier and Salée would want us to think, but have a lot to do with the tremendous impact that the English transition to capitalism had on the structures and dynamics of international politics. That said, the evidence brought forward by their analysis of social-property relations remains highly instructive in assessing the substantive pre-capitalist character of social relations in Lower Canada up until the mid-nineteenth century. *Pace* the two historians, however, a satisfactory history of the Canadian transition can only be achieved by abandoning the idea that it had its own dynamic separated from the interactions and pressures emerging from broader intersocietal relations.