Economics from the Top Down
new ideas in economics and the social sciences

Mapping the Ownership Network of Canada's Billionaire Families

Blair Fix and DT Cochrane

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> Every billionaire is … a factory
> for producing policy failures at scale.
>
> — Cory Doctorow

The planet has a billionaire problem. According to Oxfam, the world's billionaires have more combined wealth than the bottom 60% of humanity — some 4.6 billion people. Given this obscene situation, calls are growing to rid the world of the billionaire class. But how do we make that happen?

We think that part of the answer is to understand billionaire's network of control. Many billionaires are happy to have their net worth tracked by Forbes — they treat it as an accumulation horse race.[1] But what billionaires don't like is for people to understand how they wield power. On that front, behind ever billionaire is a complicated network of corporate control — a network that is seldom made public.

We'd like to change that. In this post, we'll map the ownership network of ten billionaire families in Canada.

[1]We should note that the term 'net worth' does not properly capture the power of the billionaire class. To put this power in perspective, think of the quip "if I owe the bank $1 million and cannot pay, then I'm in trouble; but if I owe the bank $10 billion and cannot pay, then the bank is in trouble". *Debt* matters to the poor. *Net worth* matters to the middle class. *Assets* matter to billionaires.

Why Canada? Well, because we're Canadian researchers. But more importantly, because the statistics arm of the Canadian government has done the heavy lifting for us. For the last decade, Statistics Canada has maintained a database on the inter-corporate ownership of Canadian corporations — a database that it bills as a "unique directory of 'who owns what' in Canada".

This corporate-ownership database contains a trove of information about how the rich wield power. In this post, we'll begin to explore the data by mapping the ownership network of the following billionaire families:

1. The McCain Family
2. The Katz Family
3. The Fidani Family
4. The Richardson Family
5. The Saputo Family
6. The Rogers Family
7. The Pattison Family
8. The Irving Family
9. The Weston Family
10. The Thomson Family

Canada's inequality party

Before diving into the ownership networks of Canada's richest families, it's worth looking at some history. And that means talking about the elephant in the room . . . the United States.

Robin Williams likened Canada to a 'loft apartment over a really great party'. It's an apt description. Whatever Americans do with gusto, Canadians mimic, but with more reserve.

Income inequality is a good example. When Americans tax the rich and reduce inequality, Canadians follow suit. And when Americans let the rich get richer, Canadians join the game, but with less resolve.

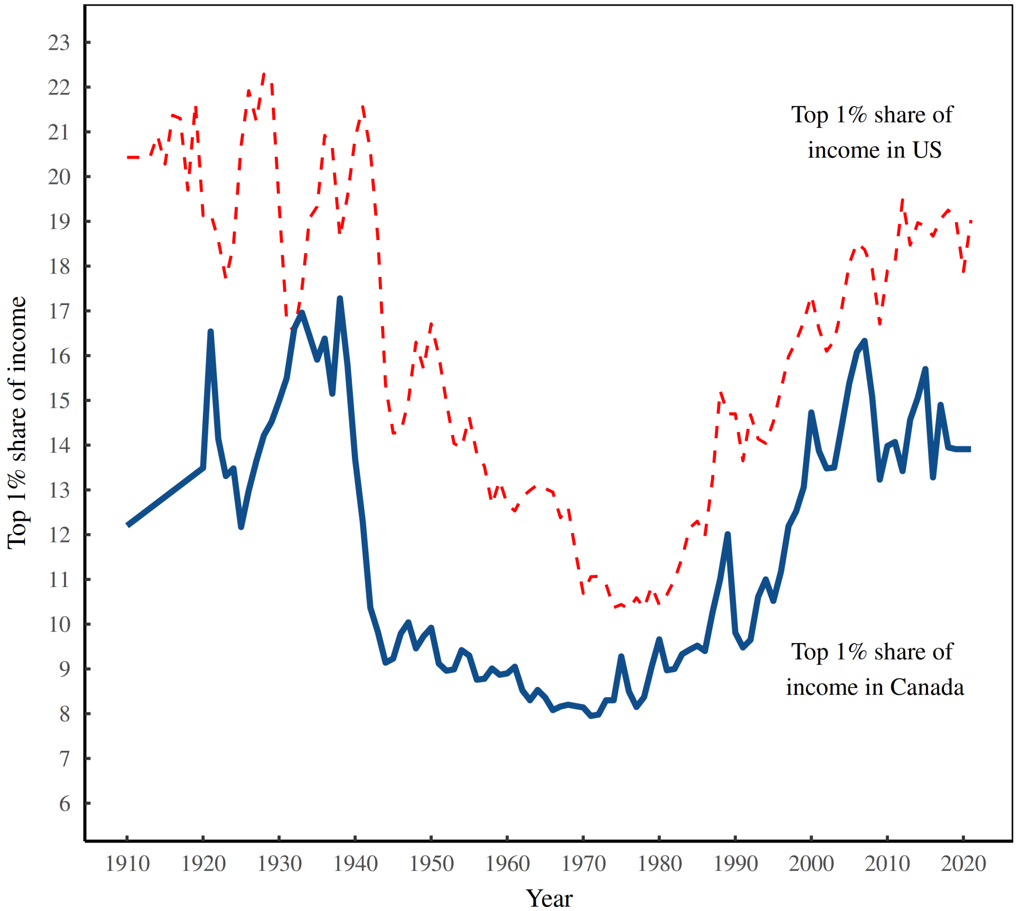

Figure 1: The top 1% share of income in Canada and the United States
Over the last century, the fall and rise of Canadian income inequality mimicked the pattern in the United States, but at a (slightly) less extreme value. Sources and methods

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And so we get the pattern shown in Figure 1. The income share of Canada's top 1% mimics the American party, but with slightly less fervor. Like our American neighbors, Canadians now endure levels of inequality not seen since the Great Depression.[2]

[2]For it's part, Canada has no shortage of billionaire vultures. Take Herbert Samuel Holt, considered to be the wealthiest Canadian ever. During the Great Depression, he gave John D. Rockefeller a run for being the world's most pitiless capitalist, reportedly saying:

> If I am rich and powerful, while you are suffering the stranglehold of poverty and the humiliation of social assistance; if I was able, at the peak of the Depression, to make 150 per cent profits each year, it is foolishness on your part, and as for me, it is the fruit of a wise administration.

Putting billionaires in their place

In Canada (and everywhere else), billionaires are the public face of 21st-century inequality. Our billionaire fascination is easy to understand. To the average person, a billion dollars is an unimaginable sum of money.

One of us (DT) once had students imagine what they would do if they had a billion dollar fortune. The most outlandish of their dreams could have been realized with a much smaller sum. None of the students could grasp just what a billion dollars means.

Let's put this vast number in perspective.

If we want to make a billionaire's wealth seem small, we can compare it to the wealth of an entire country. On that front, almost 250 years ago Adam Smith opined about the 'wealth of nations'. But it's only within the last few decades that national wealth has been rigorously measured. As of 2021, the World Inequality Database pegs Canada's national wealth at roughly $13 trillion CAD.[3] Compared to this number, a billion dollars is a drop in the bucket.

On the scale of nations, billionaires are not so rich. But then again, countries like Canada have *millions* of citizens. And among these citizens, the distribution of wealth is wildly unequal.

To get a sense for this inequality, let's look at Figure 2, which plots the distribution of Canadian wealth. On the horizontal axis, we've ranked Canadians by their wealth percentile. The blue curve then shows the amount of wealth owned by everyone up to the corresponding percentile.

Looking at the cumulative wealth curve, we see that it heads south before it heads north. That's because the poorest Canadians have few assets to their name but have plenty of debt, which means they have *negative* net worth.[4] So out of the gate, the net-worth curve takes dive. It doesn't crawl out of the hole until roughly the 30th percentile.

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[3] Statistics Canada pegs Canada's 2021 national wealth at a slightly higher $14.6 trillion. See Table 36-10-0661-01.

[4] An issue with net worth is that it doesn't tell us about the size of an individual's assets, which is the most important indicator of power. Rather, net worth measures the *difference* between assets and liabilities. So if a person with sizable assets also has sizable liabilities, they would be at the bottom of the distribution of wealth, alongside a person with few assets but significant liabilities. There's some evidence that this kind of inversion does happen. Someone like Donald Trump comes to mind, a man who's built his business on massive liabilities.

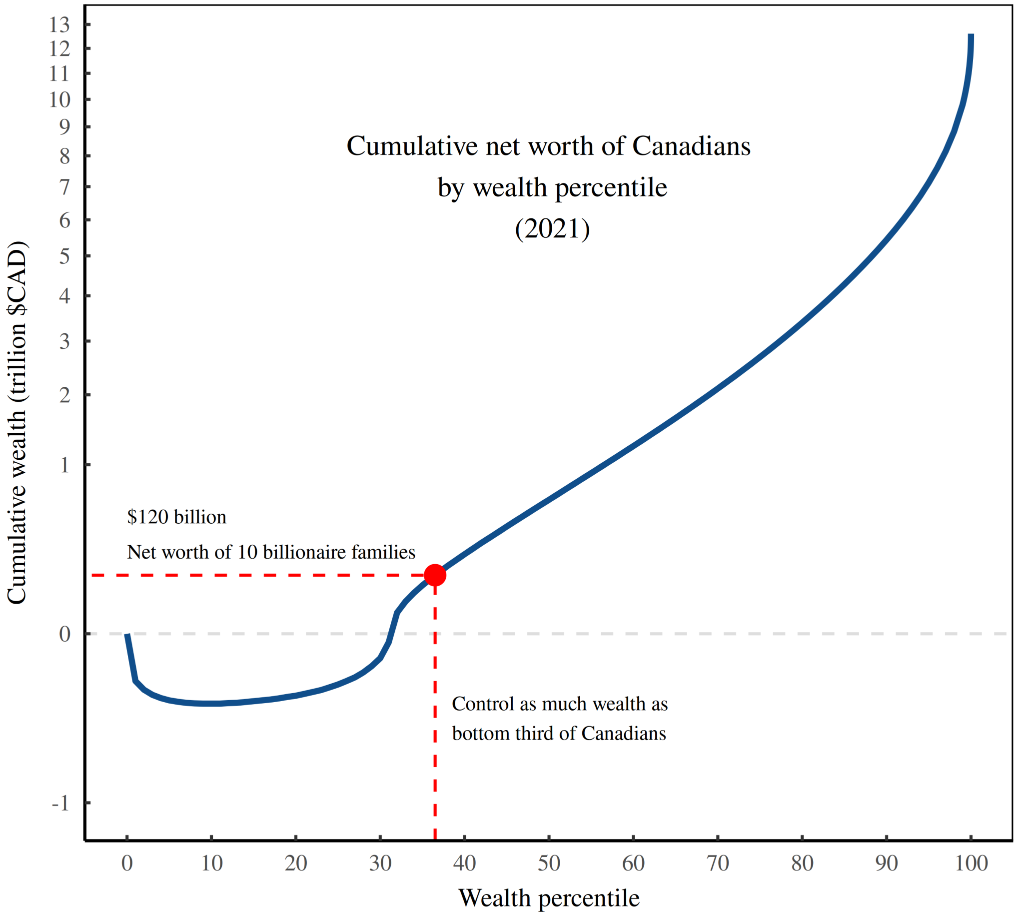

Figure 2: Ten billionaire families have more wealth than the bottom third of Canadians

The blue curve shows the cumulative net worth of Canadians as a function of their wealth percentile. The horizontal dash-red curve shows the net worth of the ten billionaire families studied here. This net worth is more than the wealth owned by the bottom third of Canadians. Note that the vertical axis uses a square-root scale. Sources and methods

And that brings us back to billionaires. The ten billionaire families studied here have a net worth of roughly $120 billion (illustrated by the dashed horizontal line in Figure 2). Yes, $120 billion is a sliver of Canadians' total wealth of $13 trillion. However, what matters is less our billionaires' combined share of Canadian wealth, which seems relatively small, than the extreme concentration of wealth within the hands of a few individuals or families.

To put this wealth concentration in perspective, the dashed vertical line in Figure 2 illustrates that our ten billionaire families control more wealth than the bottom third of Canadians. Let's say that again; ten of Canada's richest families have more wealth than the poorest *12 million* Canadians. That's obscene.

Wealth as control

Now that we've put our billionaire families' wealth in perspective, let's talk about what it means. To the average person, being rich means having lots of cash. (Think of Scrooge McDuck, swimming in a sea of money.) But this idea of wealth as cash is a misconception. Billionaires almost never hold their fortunes in cash. Nor do they hold their wealth in tangible (physical) assets. Instead, billionaires hold their wealth in the form of corporate *control*.

At first, it may sound odd to equate 'wealth' with 'control'. But as Jonathan Nitzan and Shimshon Bichler note, control is the basis of wealth. You see, despite the widespread conception that 'wealth' refers to tangible things, it never does. Instead, 'wealth' is the market value of property *rights* — the legal control over property.[5] Sure, this property can be physical, like a car or a house or a super-yacht. But it can also be intangible, like a patent or a corporation. What matters is that wealth is the quantification of the *control*, not the thing itself.

Back to billionaires. Thanks to the complexities of corporate law, billionaires shore up, manage, and expand their power by vesting their control through a complicated web of ownership. Take the Thomson family as an example. The Thomsons own majority shares in the news corporation Thomson Reuters. But they don't own these shares directly — far from it. As you'll see, we have to wade through many layers of holding companies before we get clarity about the Thomsons' domination of this vital media asset.[6]

[5] In our view, Steve Roth offers the most precise definition of wealth. Wealth consists of assets minus liabilities, where 'assets' are defined as the "labeled balance-sheet entries tallying the market value of ownership rights imparted in financial instruments."

[6] The issue of corporate control was once a hot topic of political-economic debate. In the 1930s, economists Adolf Berle and Gardiner Means argued that 'ownership' had become separated from corporate 'control'. The idea was that diffuse stock ownership meant that public corporations were no longer controlled by owners, but were instead run by a class of professional managers.

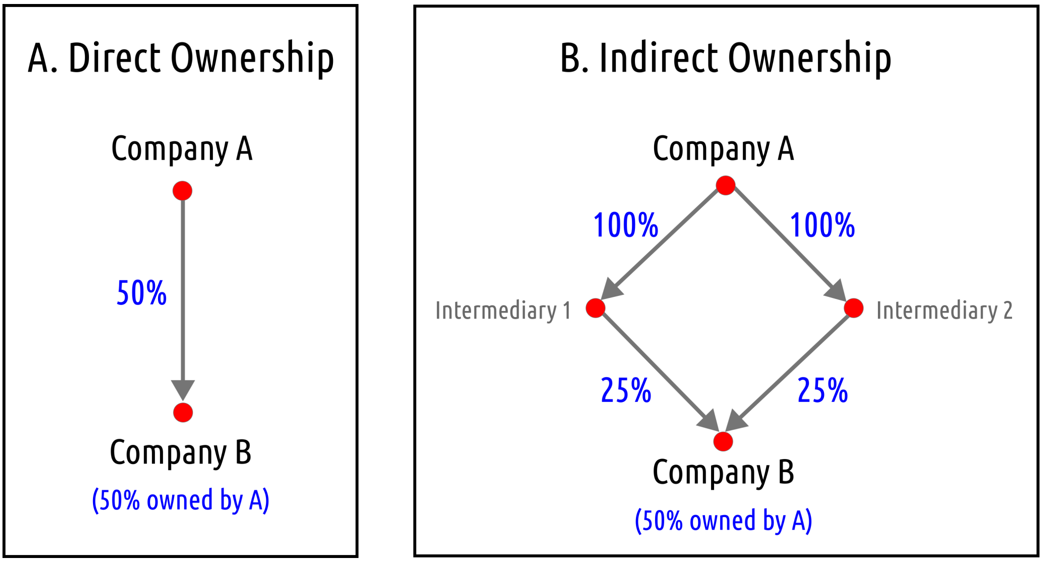

Figure 3: Summing direct and indirect ownership
This figure shows a schematic of how we sum ownership between companies.

Why the complexity? It's a question we won't answer here. But among the reasons for parsing ownership via holding companies are to (1) obscure responsibility, (2) deflect accountability, and (3) pay less tax. Holding companies are also used to distribute ownership among heirs while maintaining family consolidation. In other words, they are a tool for ensconcing power.

Summing up ownership

Now to our methods. Ownership networks are built from a simple building block — the ownership relation between two companies. This relation has a direction and a scale. Figure 3A shows an example. Here, Company A owns a 50% share in company B.

With this ownership building block, wealthy people can build networks that are much more complex. For example, Figure 3B shows how Company A can use intermediaries to indirectly own Company B. Here, Company A owns a 100% stake in two holding companies, Intermediary 1 and Intermediary

This ownership-control debate remains relevant today, although it is less discussed. Importantly, there are a variety of ways that ownership can give rise to control. The control can be direct, as in the case of David Thomson, whose ownership bought him the chairmanship of Thomson Reuters. But control can also be indirect, as when hedge funds pass judgement on corporate actions in pursuit of differential gain.

2. Each of these holding companies then owns a 25% stake in Company B. When we sum the ownership across both paths, we find that Company A owns 50% of Company B.

As you can guess, corporate ownership networks can get quite complex — to the point that you wouldn't want to calculate ownership shares by hand. Fortunately, the algorithm for this calculation is quite simple.

To calculate Company A's ownership of Company B, we first identify all the ownership paths from A to B. (For example, in Figure 3B there are two paths: Company A to Intermediary 1 to Company B; and Company A to Intermediary 2 to Company B.)

Once we have these ownership paths, we calculate the ownership portion along each route. To do that, we take the product of ownership shares along the path (as in 100% × 25% × . . .). Finally, we sum the shares for each path, giving the total share that Company A owns in Company B.

With methods settled, let's dive into our billionaire ownership networks, beginning with the McCain family.

The McCain Family

The McCain family owns controlling shares in the McCain Foods Group, a private manufacturer of frozen foods. The company was founded in 1957 by brothers Harrison McCain and Wallace McCain, and today has about 20,000 employees and global revenues of over $11 billion (according to the company website). It is a major supplier to McDonald's.

In the 1990s, the McCain brothers waged a bitter battle over control of McCain Foods Group. Writing in the New York Times, Clyde Farnsworth dubbed it a public feud "conducted with all the decorum of an adolescent food fight".

Eventually, Harrison McCain succeeded in pushing his brother Wallace out of his post as co-chief executive. After the expulsion, Wallace McCain purchased major shares in Maple Leaf Foods, a Canadian packaged meat company. As of 2021, the Wallace McCain family owned 39% of this publicly traded company, currently valued at roughly $3.2 billion CAD. Wallace's son Michael serves as Maple Leaf's executive chair and is the only McCain to appear on the Forbes list of billionaires.

Today, both of the McCain brothers are dead, but the family rift remains. By our calculations, the Wallace McCain family retain a 26.9% share in McCain Foods Group. The Harrison McCain family retains a 25.6% share. The two McCain family networks are shown in Figure 4 and Figure 5.

We should note that in all of the billionaire networks analyzed here, the parent 'family groups' are not legal corporations. Instead, they are notional groups constructed by Statistics Canada to best capture the ownership structure of the legal entities that lie below them. Thus the separation between the Wallace and Harrison family groups is based on a family rift, and not necessarily a legal division of ownership.

The Katz Family

During the 1990s, Daryl Katz built a pharmacy empire that included the Canadian pharmacies Rexall and Pharma Plus, as well as the US-based Snyders Drug Store and Drug Emporium. Katz did so by leveraging the wealth of his father, Barry Katz, who was involved in establishing the Value Drug Mart chain

In the 2016, Katz sold the pharmacy business for $3 billion, and has since branched into real estate and sports. Today, Katz owns the Edmonton Oilers, as well as downtown Edmonton's Ice District — a mixed use sports and entertainment area.

Figure 6 shows the Katz ownership network. We've labeled many of the notable holdings. If you'd like to explore the fully labeled Katz network, we've included an interactive chart.

The Fidani Family

The Fidani family owns the Orlando Corporation — a Mississauga-based real-estate company that bills itself as 'Canada's premier landlord of industrial and commercial properties'. The company owns about 3000 acres of real estate around the Greater Toronto Area. (They've mapped their holdings here.) The current family patriarch, Carlo Fidani, is the third generation owner.

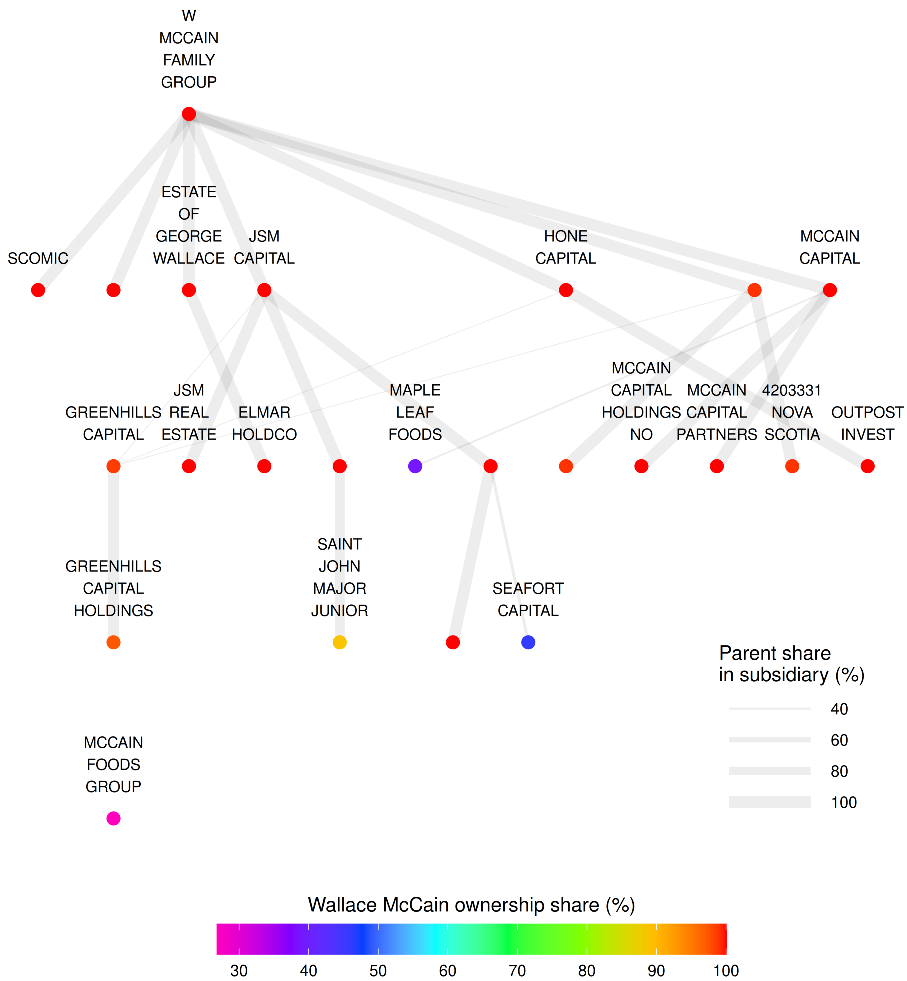

Figure 4: The Wallace McCain Family Group

[Interactive chart] The color of each node indicates the Wallace McCain family ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

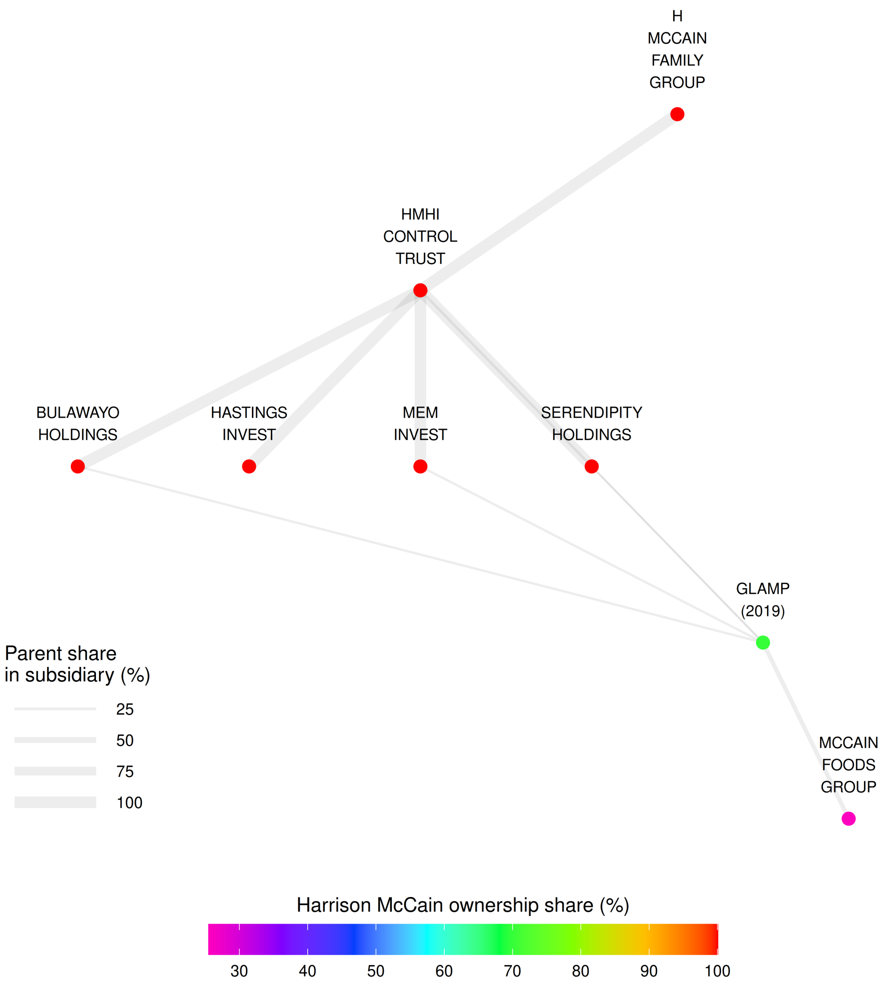

Figure 5: The Harrison McCain Family Group

[Interactive chart] The color of each node indicates the Harrison McCain family ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

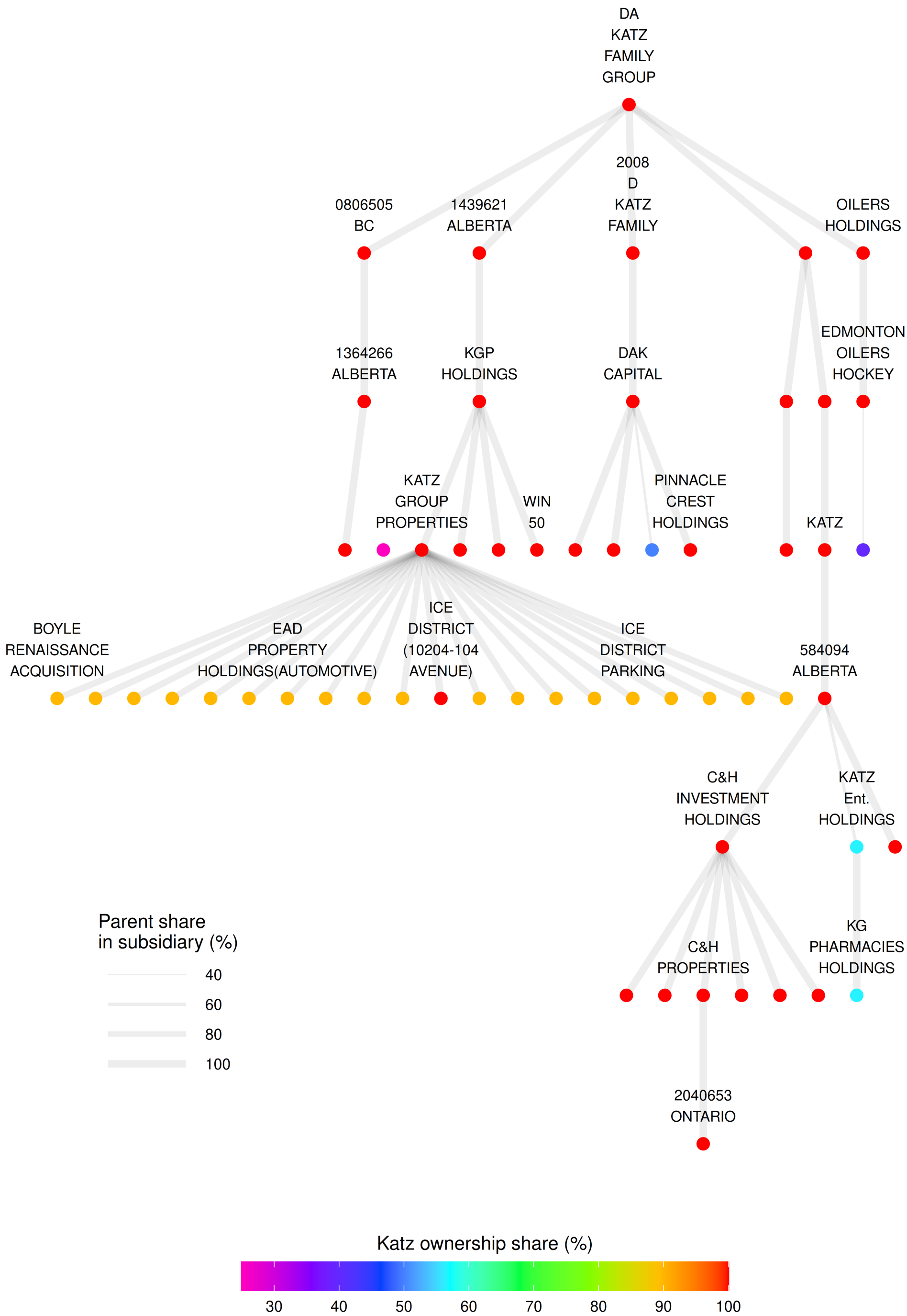

Figure 6: The Katz Family Group

[Interactive chart] The color of each node indicates the Katz ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

Figure 7 shows the Fidani ownership network. The jewel in this empire is the Orlando corporation, which itself owns many subsidiaries. Notice the complexity of the network. We need to traverse three layers of holding companies before we get to the Orlando corporation.

The Richardson Family

While we're on the topic of intergenerational wealth, let's look at the Richardson family empire, which dates back more than a century. In 1857, James Richardson formed James Richardson & Sons Limited — a grain merchandising business that went on to become a cross-industry empire.

Today, Winnipeg-based Richardson & Sons owns holdings in finance, food production, oil production, shipping, and pipelines (among other investments). The company is controlled by an array of holding companies owned by the Richardson family, as shown in Figure 8.

The Saputo Family

The Saputo family are Montreal-based billionaires who own a 42% share of Saputo Inc., a multinational dairy manufacturer.

Founded in 1954, Saputo is in its third generation of family ownership, and now has 18,000 employees and sales in excess of $14 billion. Like most big companies, this growth was fueled in large part by acquisitions. (Since going public in 1997, Saputo has acquired 31 companies.)

A quick look through Saputo's dozens of dairy brands (Canadian brands here, US brands here) emphasizes that fact that 'diversity' at the supermarket is an illusion. When you buy dairy, Saputo gives you a plethora of ways to hand them money.

In addition to their dairy empire, the Saputo family owns dozens of other companies, shown in Figure 9.

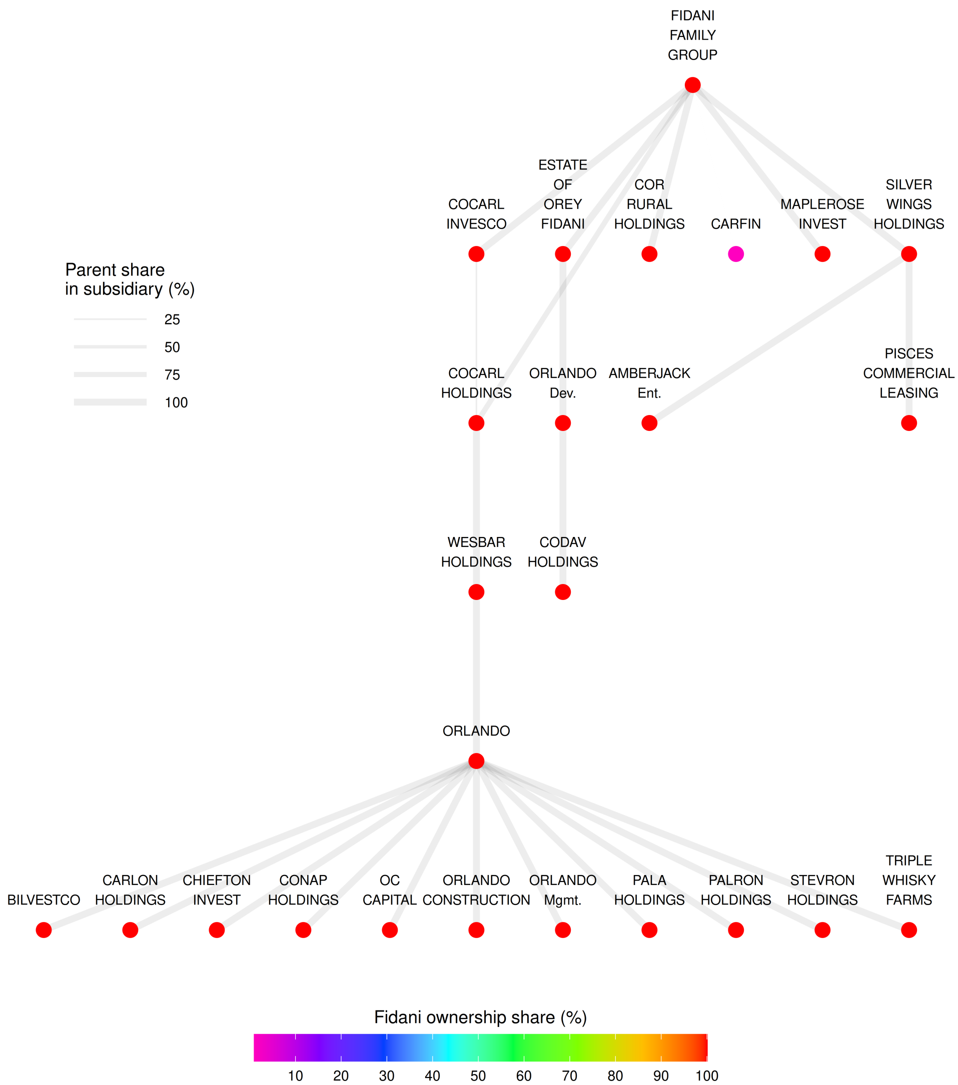

Figure 7: The Fidani Family Group

[Interactive chart] The color of each node indicates the Fidani ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

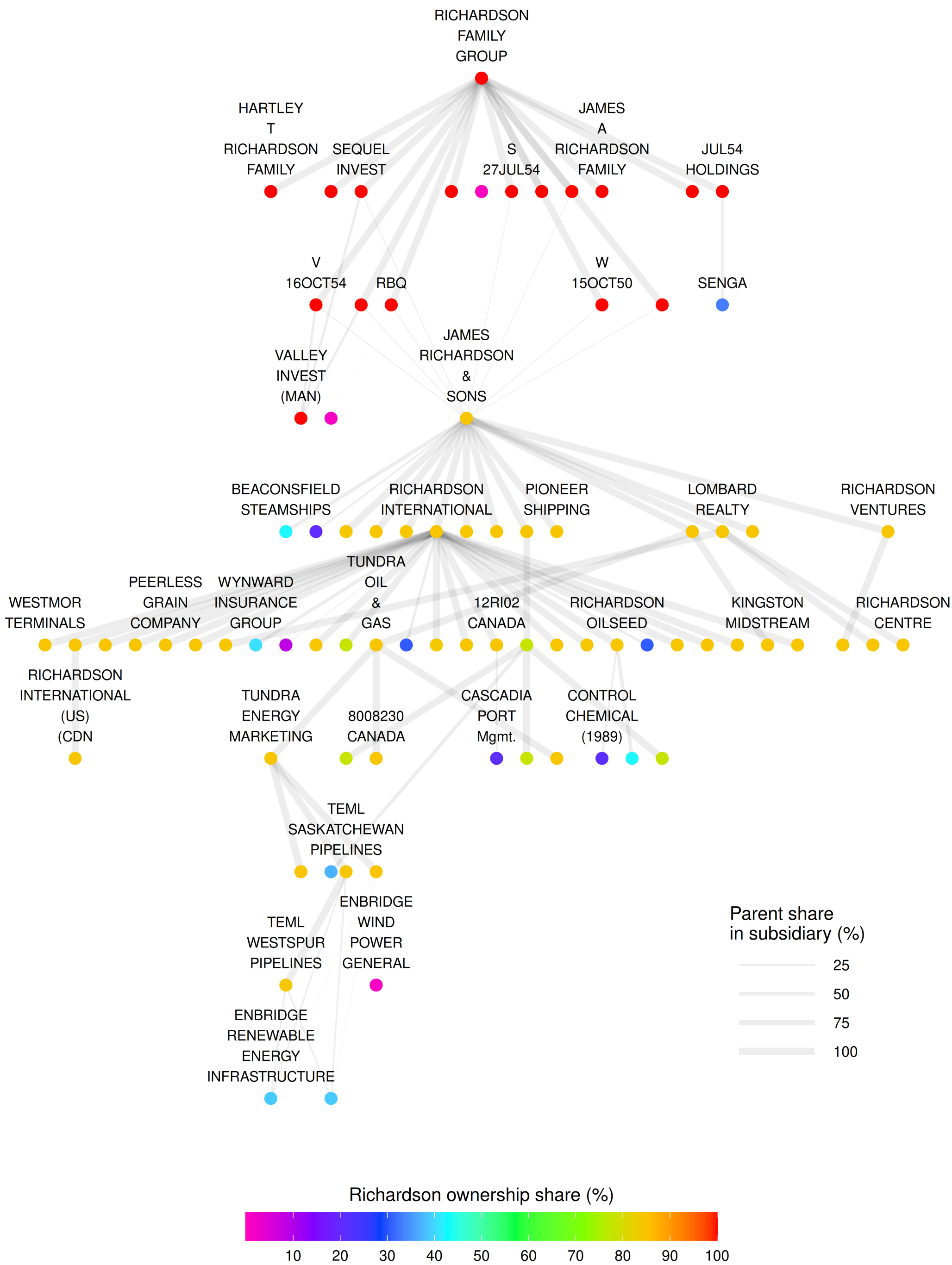

Figure 8: The Richardson Family Group

[Interactive chart] The color of each node indicates the Richardson ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

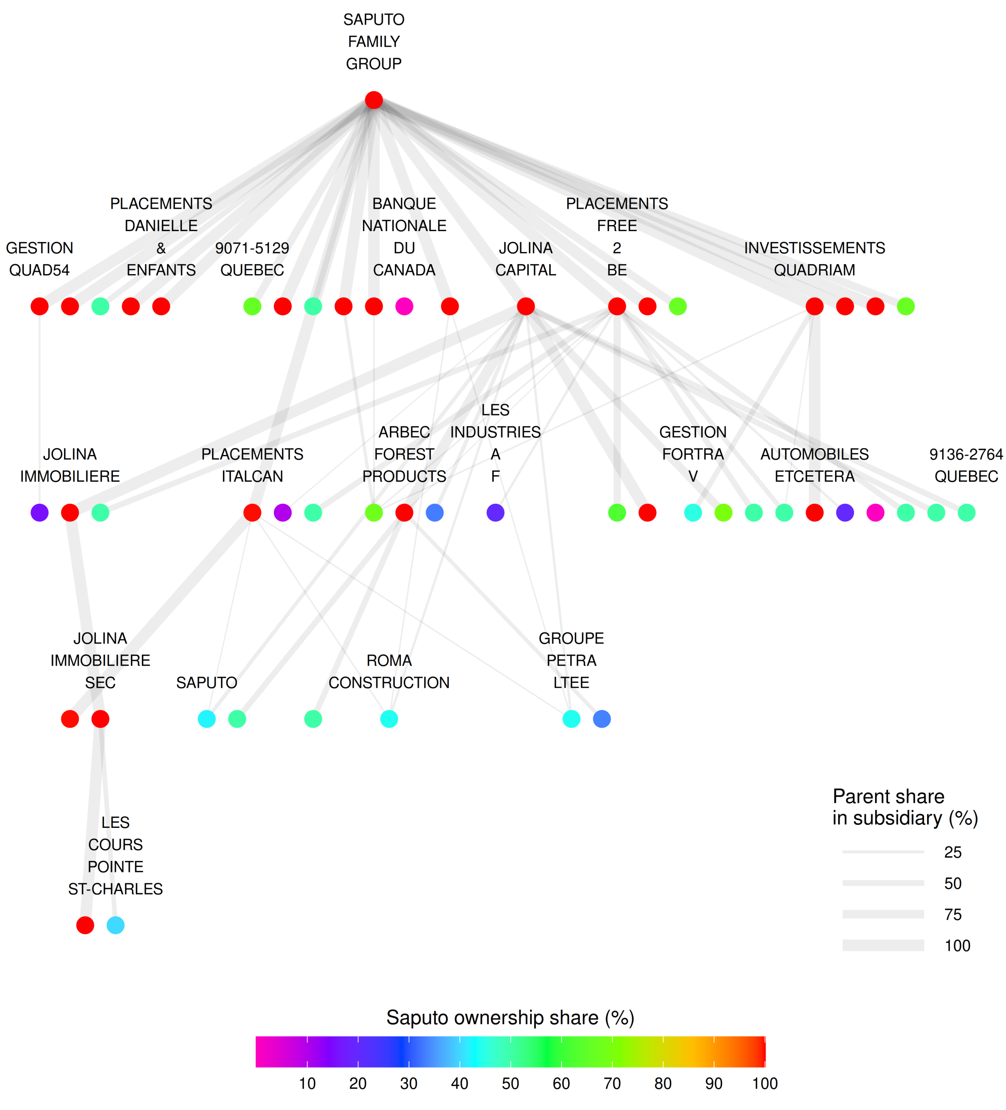

Figure 9: The Saputo Family Group

[Interactive chart] The color of each node indicates the Saputo ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

The Rogers Family

The Rogers family own the telecommunications giant Rogers Communications. The Rogers business began in 1960 when Ted Rogers purchased Toronto FM radio station CHFI. In 1976, Rogers got into the cable TV business and began expanding aggressively. Today, Rogers is one of Canada's 'big three' telecommunication providers (along with Bell and Telus).

In keeping with our theme, the Rogers empire was built through a steady stream of acquisitions. Rogers purchased Canadian Cablesystems in 1979, Premier Cablevision in 1980, Cable Atlantic in 2000, and CTV Sportsnet in 2001. And in a sign that Canadian antitrust enforcement is still asleep, in April 2023, Rogers got approval to buy one of its few remaining competitors, Shaw Communications, for $26-billion.

Figure 10 shows the Rogers ownership network (prior to the Shaw acquisition). Of particular interest is the ownership structure of Rogers Communication itself. While ostensibly a public corporation, Rogers has a two-tier share system that make it a private company in terms of control. The company has class A shares, which come with voting rights, and class B shares, which do not. The Rogers family owns about 10% of the Rogers class B shares. But it owns a whopping 97% of the control-conferring class A shares.

Recently, the Rogers family has been in the news because of a bitter succession-style feud. When family patriarch Ted Rogers died in 2008, he left control of Rogers Communications split between his wife and children.

In 2021, family tensions came to a head when Edward Rogers (Ted's son) tried to covertly replace the CEO. Loretta Rogers (Ted's wife) responded by ousting Edward from his position as board chair. Not to be outdone, Edward then replaced five board members and promptly had himself re-elected as chair.

The drama is a nice reminder that modern corporate power isn't so different from the feudal dictatorships of old. Sure, the rules of the game have changed. But the incessant power struggles endure.

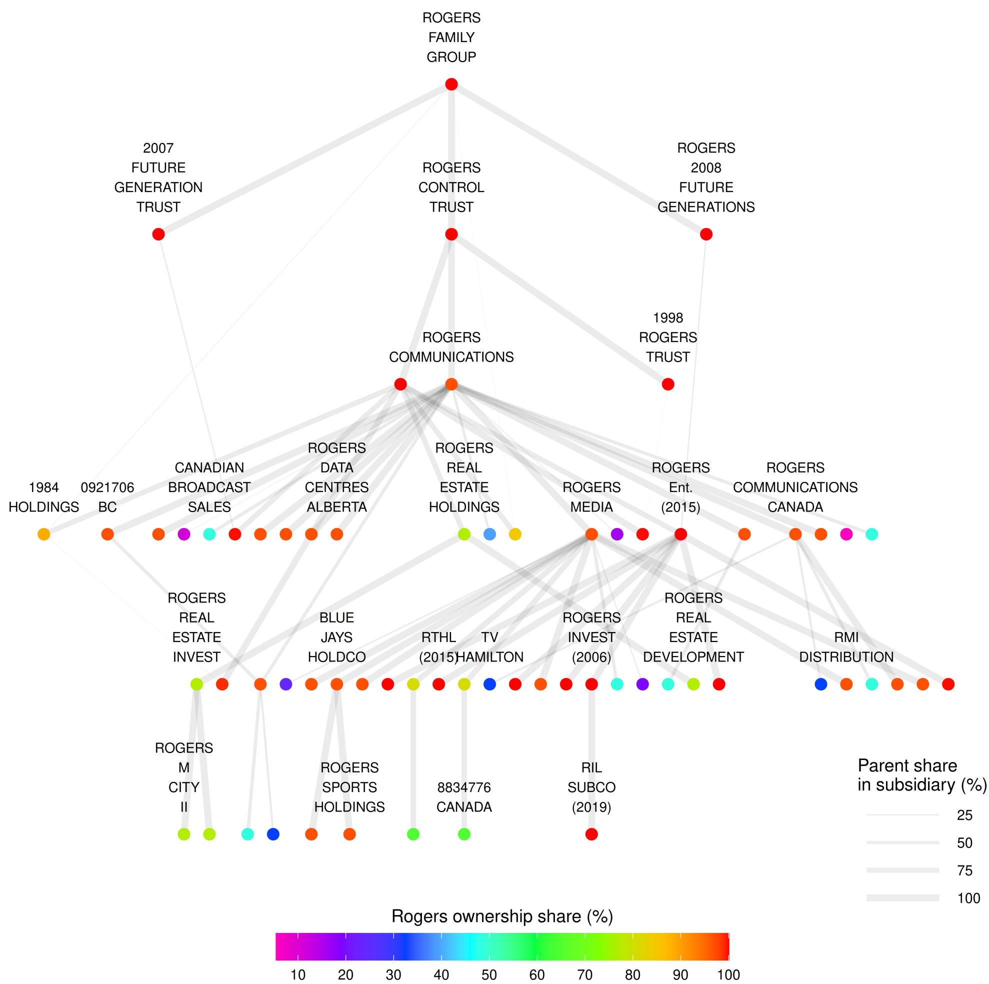

Figure 10: The Rogers Family Group

[Interactive chart] The color of each node indicates the Rogers ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

The Pattison Family

With the Pattison empire, we have another example of acquisition-fueled growth. In this case, billionaire Jim Pattison started a car dealership in 1961, but soon went on a buying spree. By 1969, he had acquired several advertising companies, a grocery chain, and a news company.

In the 1980s, Pattison bought the Canadian Fishing Company and Ripley's Believe It or Not. In the 1990s, he purchased the coal exporter Westshore Terminals, Buy-Low Foods and Cooper's Foods. In the 2000s, his spree accelerated with the acquisition of Monarch Broadcasting, the wood company Ever Corp, Icicle Seafoods, and the Guinness World Records, among many other companies. (For details of Pattison's acquisition history, see the Wikipedia entry for the Jim Pattison Group.)

Like many billionaires, Jim Pattison has been an outspoken critic of increasing taxes on the wealthy, and has perpetuated the self-serving idea that wealth stems from productivity rather than power.[7]

Figure 11 shows Pattison's current network of power. It's notable both for its scope (it includes over 200 companies) and for the fact that the vast majority of the network is fully owned by Pattison.

The Irving Family

Continuing our look at inherited wealth, the Irving Family are the east-coast entries in our silver-spoon elite. Founded by Kenneth Colin Irving, the Irving business got rolling after World War I, starting with car and gasoline sales. Today, the privately held Irving Oil owns 900 gas stations in Eastern Canada.

In 1960, Irving Oil got into the refinery business. Partnering with Standard Oil of California, it built what is today Canada's largest oil refinery — the Irving Oil refinery in Saint John, New Brunswick. A strategic hub for overseas oil, the refinery largely serves US interests. In 2016, it accounted for 19 percent of all US gasoline imports.

[7] Pattison also recently made clear why being powerful is good for business: it bolsters your ability to raise prices. Commenting on inflation, Pattison didn't mince words: "The cost [of business] is definitely going up in most areas, and we just need to pass it off to the customer."

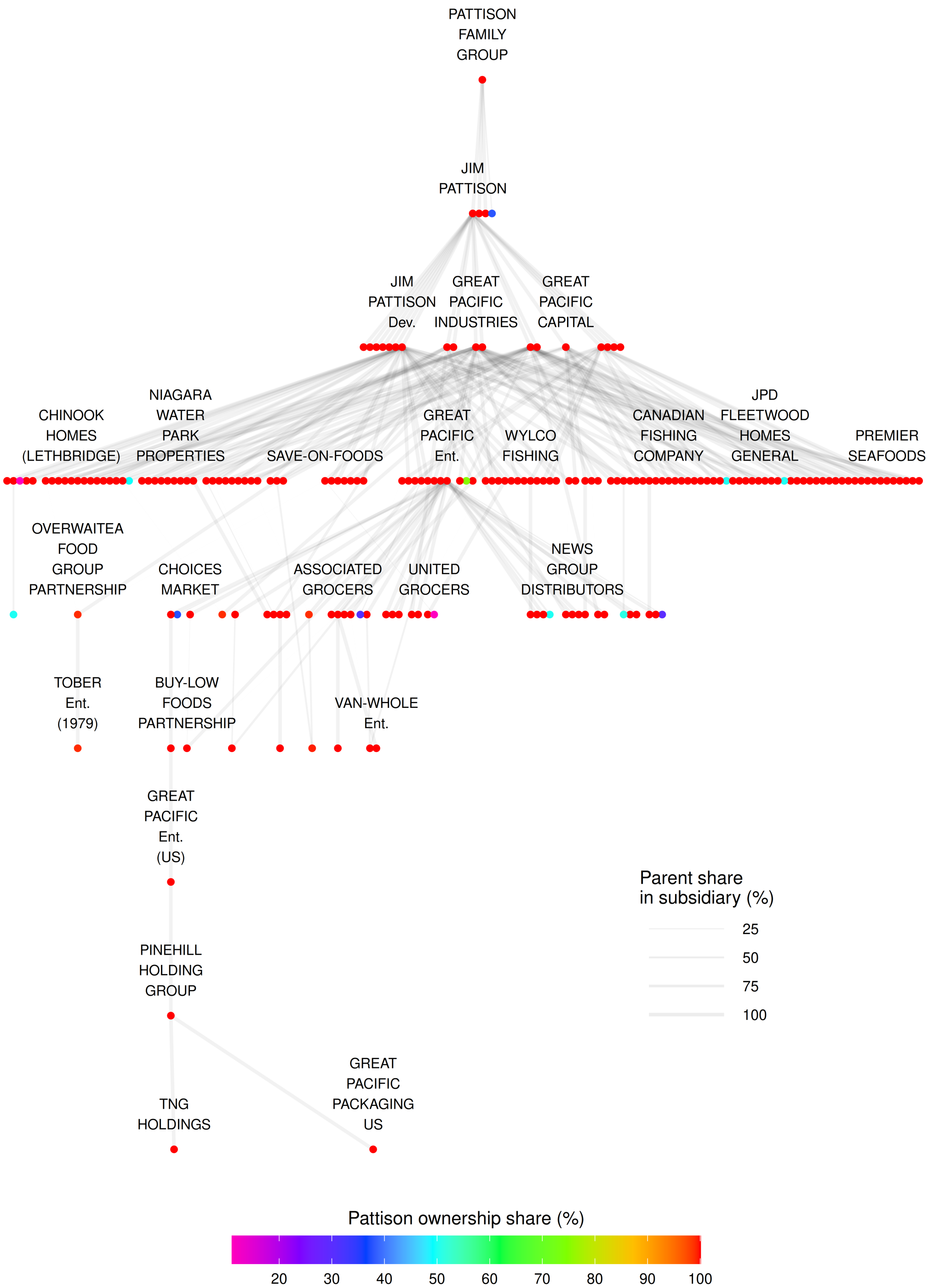

Figure 11: The Pattison Family Group

[Interactive chart] The color of each node indicates the Pattison ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

In 1989, family patriarch KC Irving was made an Officer of the Order of Canada. The decision was ironic, given that Irving had moved to Bermuda in 1971 to avoid paying taxes. In fact Irving was somewhat of a pioneer in Canadian tax evasion. In 1971, Senator Charles McElman described the Irving Oil business model as follows:

> The crude oil is brought by water from either the Persian Gulf or Venezuela. In the Irving case it goes physically to the Saint John refinery. But on paper it goes to that convenient tax haven, the Bahamas. ... [B]ecause of this arrangement, [the Irving refinery] either loses money on paper or pays a very small tax.
>
> (quoted in Hunt, 1973)

Today, the Irving empire — pictured in Figure 12 — is controlled by KC Irving's sons, James and Arthur. The conglomerate is best described as a tightly integrated vertical monopoly. From construction to refining to transport to sales, the Irving group of companies controls nearly every step of its production and distribution of oil and gas.

To put the Irving empire in perspective, the family's net worth is 9% of the net worth of the province of New Brunswick.[8] Irving companies employ 8% of the New Brunswick workforce. And they control all of New Brunswick's daily English newspapers. In fact, the Irving-owned Telegraph-Journal has been known to simply reprint Irving Oil press releases as 'news'.[9]

[8] Data for New Brunswick net worth is from StatCan Table 36-10-0661-01: Distributions of household economic accounts, wealth, Canada, regions and provinces, quarterly.

[9] In a 2006 Senate report on Canadian media concentration, sociologist Erin Steuter described how Irving-owned newspapers 'routinely' publish Irving company press releases as news stories:

> Research on the media coverage of their own [Irving] companies also reveals that the papers routinely publish their own press releases as news stories. For example, the Saint John *Telegraph-Journal* prints an article entitled "Refinery Hires 1,000 for Maintenance Project," which is almost identical to the Irving Oil press release on that topic entitled, "1,000 Tradespeople 'Turnaround' Saint John Refinery."

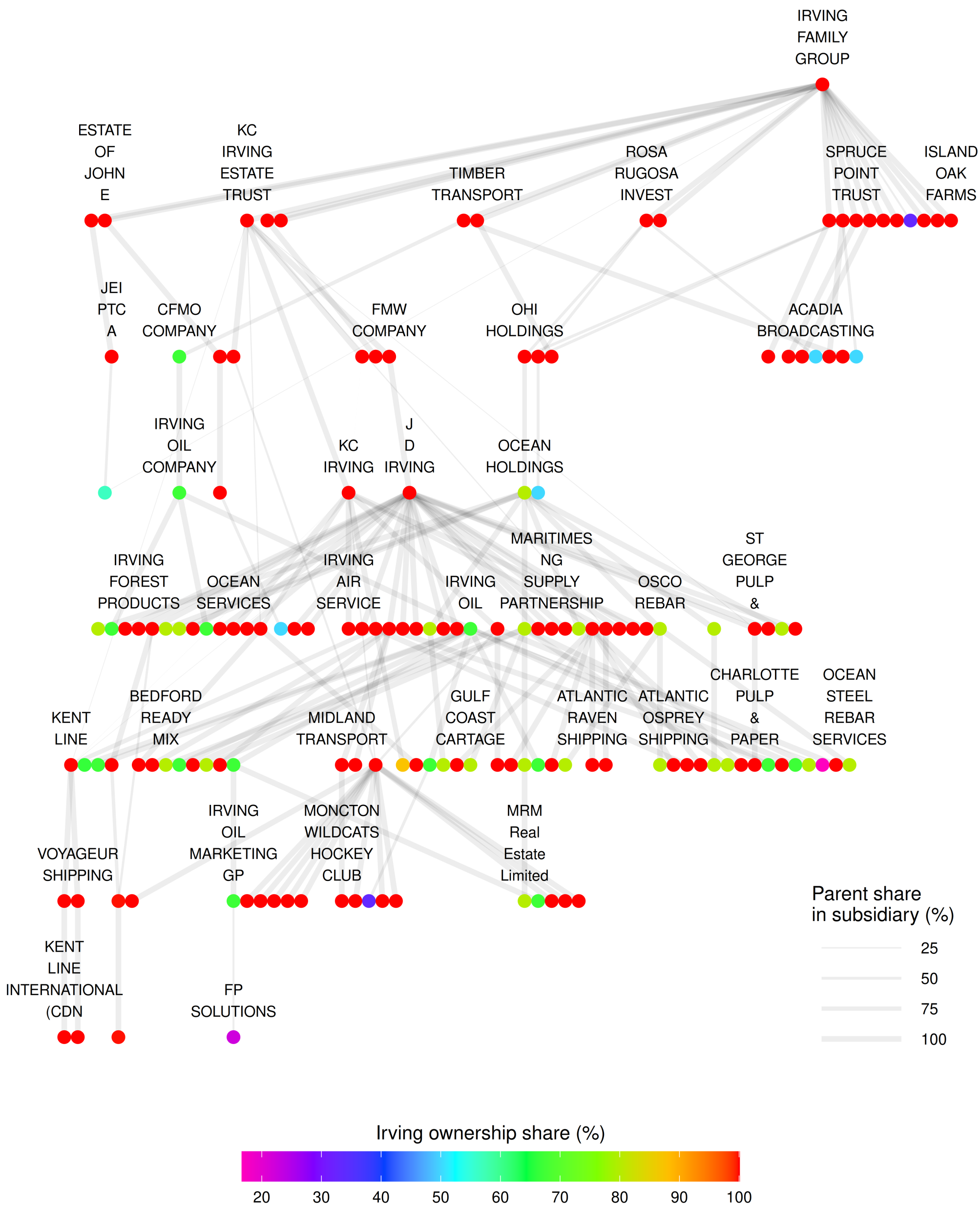

Figure 12: The Irving Family Group

[Interactive chart] The color of each node indicates the Irving ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

The Weston Family

Continuing on the topic of oligopoly, let's look at the food and drug empire controlled by the Weston family. The family business got started in 1884 when George Weston purchased a bakery in Toronto. Since then, the Westons have acquired a sprawling conglomerate of food retail companies.

The linchpin of the Weston Empire is the Loblaws group of companies — Canada's largest food distributor. Today, the Loblaws group has over 220,000 employees, total sales of $56 billion, and a market capitalization of $38 billion. The Westons own a 25% share.

Figure 13 shows the sprawling Weston empire, which is now entrenched on two continents. The Canadian arm of the Weston empire is controlled via the holding company George Weston Limited. The UK arm is controlled through Wittington Investments, which owns 40% of Associated British Foods — a multinational food retailer worth £14.5 billion.

The meat of the Weston's Canadian empire gets started with the Loblaws group of companies, which is itself a sprawling conglomerate, built up largely through acquisition. The most recent buyout happened in 2013, when Loblaws purchased Shoppers Drug Mart for $12 billion, bringing 1200 drug stores into the Weston network.

Family frontman Galen Weston assured Canadians that the acquisition would 'not reduce competition'. But then he later revealed his cards by saying that the merger would stop the two companies from 'cutting into each other's market share' (what the rest of us would call 'compete').

More recently, Weston has been in the limelight defending Loblaw's post-Covid price hikes. Like every other CEO, Weston claimed he was simply passing along rising costs. Apparently part of those 'costs' included a 13% raise for shareholders.[10]

The Thomson Family

With wealth in excess of $55 billion, the Thomsons are Canada's richest family. According to Forbes, this net worth gives them the dubious honor of being among the 25 richest people on Earth.

[10] According to Loblaw's 2022 report, dividend payouts per share increased from $1.40 in 2021 to $1.58 in 2022.

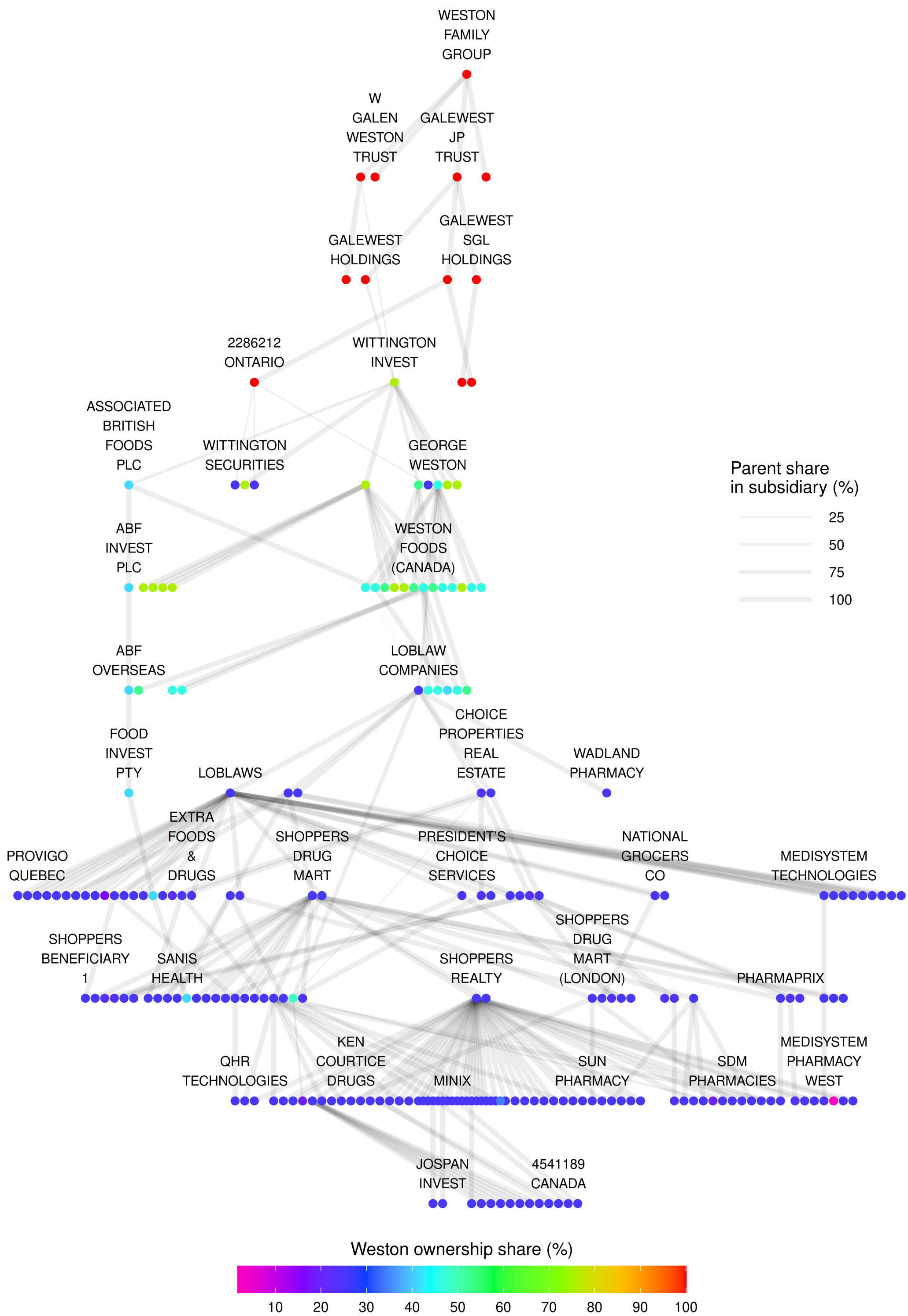

Figure 13: The Weston Family Group

[Interactive chart] The color of each node indicates the Weston ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

The Thomson empire got started in 1931 when Roy Thomson established a radio station in North Bay, Ontario. Three years later, Thomson acquired the Timmins Daily Press. He followed up with a string of media acquisitions. By the 1950s, Thomson had 19 Canadian newspapers under his belt, and began to eye other markets.

By the late 1980s the Thomson empire controlled about 180 newspapers in North America (including Canada's flagship *Globe and Mail*) and about 70 newspapers in the UK. By then, the business had been passed to Roy's son Kenneth, who continued the acquisition spree. By the early 2000s, however, Kenneth began selling newspapers and transformed the Thomson Corporation from a newspaper monopolist to an information monopolist.

By 2007, then under the third-generation control of David Thomson, the Thomson Corporation had five divisions: Thomson Financial, Thomson Healthcare, Thomson Legal, Thomson Scientific and Thomson Tax & Accounting. In 2008, the company bolstered its corporate moat by acquiring the Reuters Group, a competing media/information company

Today, Thomson Reuters has a market capitalization of $58 billion USD. Through numerous holding companies, we peg the Thomson ownership share of Thomson Reuters at around 90%. As Figure 14 indicates, it is not a calculation that you'd do by hand. To get to Thomson Reuters, we need to wade through what Nicholas Köhler and Anne Kingston call the 'Chinese puzzle' — eight layers of holding companies, all with interlocking ownership.

Although long Canada's richest family, little is known about the Thomsons' personal lives — a likely side effect of their media dominance. (As a rule, if a scandal involves your boss, you don't report it.) Still, the family are best treated as modern aristocrats ... literally.

In 1964, Roy Thomson ensconced himself in the British nobility, becoming the first Baron Thomson of Fleet.[11] Like his wealth, it is a position that stays in the family. Roy's great-grandson Benjamin Thomson will one day become the fourth Baron Thomson. One wonders how vast the family's fortunes will be by then.

[11]Canadian median barons seem to have a fetish for British nobility. In 2001, newspaper monopolist Conrad Black was granted a baronage, shortly before his trip to US prison on four counts of fraud. Thankfully, the nobility couldn't be revoked ... unlike the convictions, which were pardoned by President Trump. How did Black win the pardon? He wrote a book called 'A President Like No Other: Donald J. Trump and the Restoring of America'.

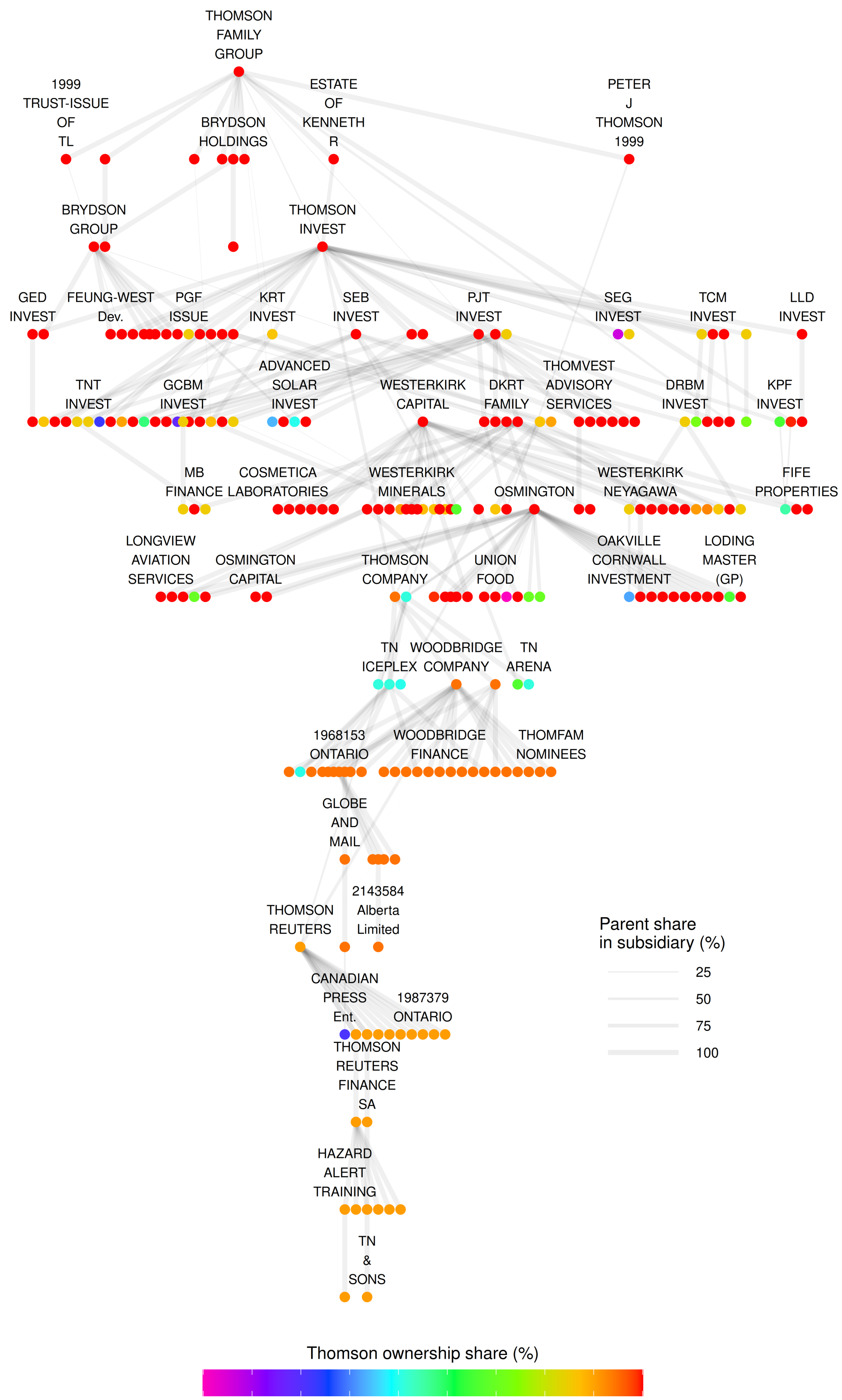

Figure 14: The Thomson Family Group

[Interactive chart] The color of each node indicates the Thomson ownership share in the company. Lines show an ownership path, with thickness indicating the ownership share between the parent and the subsidiary. Sources and methods

Accumulating wealth by acquiring companies

Now that we've looked at the ownership networks of our billionaire families, it's worth discussing what unites them. Let's start with the all-too-common, and very wrong answer: hard work.

Almost without exception, billionaires attribute their immense wealth to 'working hard'. And sadly, many people believe them. But the hard-work theory of billionaires is about as believable as the hard-work theory of feudal kings. Sure, a powerful king may 'work hard' when he conquers more territory. But it's the conquering that is the key to his power. The same is true of modern billionaires. But unlike feudal kings, billionaires don't conquer with swords and cavalry. They conquer with pen and paper.

To understand the billionaire mindset, let's briefly return to the aforementioned students tasked with imaging life as a billionaire. Most of their wildest dreams involved a life of leisure and luxury: cars, boats, houses, and travel. Now it is certainly true that billionaires consume lavishly, and therefore cause an outsized amount of damage to the planet. However, conspicuous consumption is not what primarily motivates their relentless drive to accumulate.

Some of the students said they would use the money to support their family and provide for future generations. This is partially what motivates billionaires. But providing for your heirs does not require anywhere near a billion dollars. The purpose of a billion dollars is the next billion dollars.[12] In short, empire-builders can never be content.

To construct their empires using pen and paper, billionaires incessantly expand their ownership of property rights. Paraphrasing Karl Marx, billionaires follow a simple dictum: "Acquire, acquire! That is Moses and the prophets!"

As the histories of our billionaire families illustrate, acquisitions are the preferred route to immense wealth. Why? According to Jonathan Nitzan and Shimshon Bichler, the reason is simple; when you buy a competitor, you kill two birds with one stone: you expand your operation while also eliminating your rivals. It's the oligopolist's favorite strategy.

[12]Someone with a $100 million fortune could very conservatively generate $3 million per year in passive income. In Canada, that would put them in the top 0.01% of all incomes. That income cohort pays an effective tax rate of 29%, which would leave a disposable income of more than $2.1 million. Even living a lavish lifestyle would allow this person to augment their fortune year after year after year, generation after generation. (Our income percentile and effective tax rate estimates are based on data from StatCan Table 11-10-0055-01: High income tax filers in Canada.)

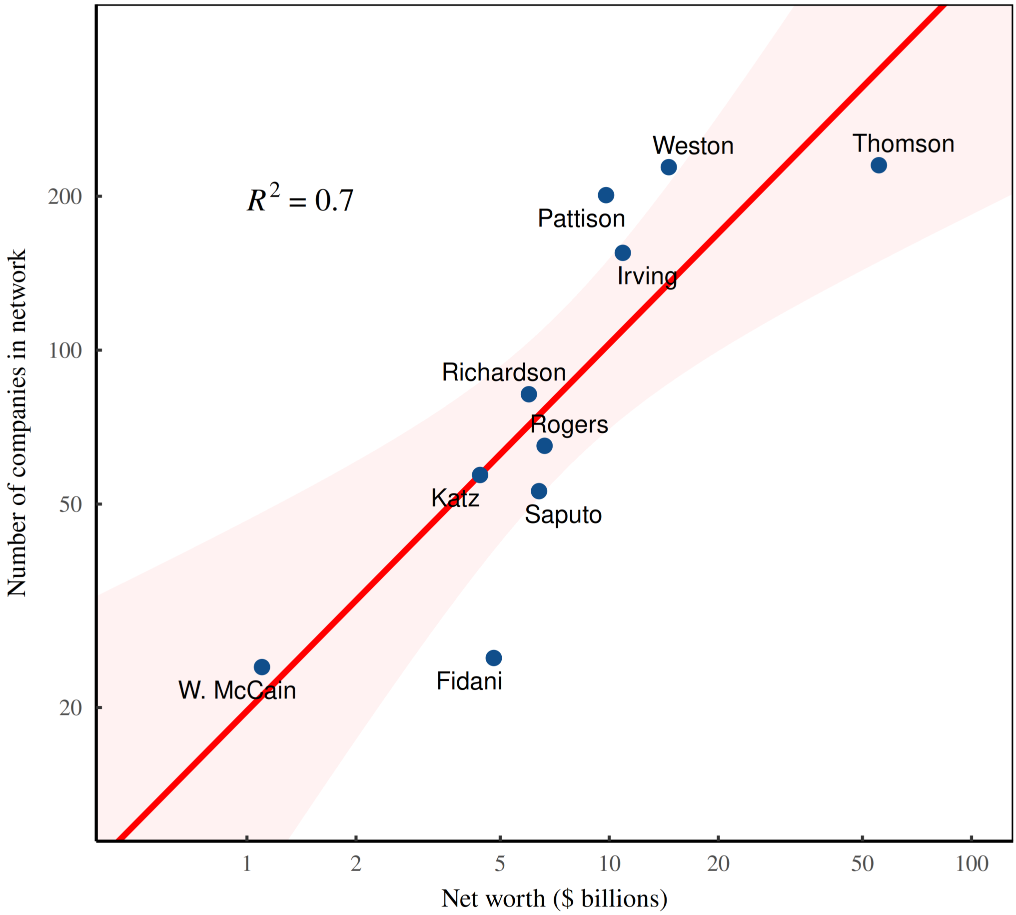

Figure 15: Accumulating wealth, acquiring companies

This figure plots the net worth of each billionaire family (horizontal axis) against the number of companies in their ownership network (vertical axis). Note that the W. McCain, Katz, Fidani, Richardson, Pattison and Irving families own private companies, which makes their wealth highly uncertain. (We've excluded the H. McCain family here because we cannot find a reliable estimate of their net worth.) Sources and methods

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Figure 15 testifies to role that acquisition plays in wealth accumulation. On the horizontal axis, we've plotted the estimated net worth of each of our billionaire families. On the vertical axis, we've plotted the number of companies in their empire. The pattern is easy to spot. More wealth comes with the control of more companies. Or reversing the logic, the control of more companies brings more wealth. And that leads to an interesting question: is antitrust policy a good way to stop people from becoming billionaires?

Antitrust as anti-billionaire policy

On the topic of antitrust, it's worth remembering that today's antitrust enforcement is a shadow of its former self. When US Senator John Sherman made the case for antitrust legislation in 1890, he did not mince words. Antitrust was about limiting *power*:

> If we will not endure a king as a political power, we should not endure a king over the production, transportation, and sale of any of the necessities of life.
>
> (John Sherman, 1890)

Today, we are subject to many billionaire kings. So what went wrong? The answer (in part) is that during the 1980s, Ronald Reagan (and his accomplice Robert Bork) stripped notions of power from antitrust enforcement and replaced them with the so-called "consumer welfare standard", which focused solely on prices.

To make their case under the new interpretive regime, antitrust prosecutors had to show that a large company explicitly raised prices beyond what would occur in an 'efficient' market. And to demonstrate that prices were 'inefficient', prosecutors had to use the neoclassical models preferred by Chicago-school economists. The result, Cory Doctorow notes, was that neoclassical economists became 'court sorcerers' who did the bidding of the powerful. Consequently, antitrust enforcement effectively died.

Fortunately, today there are signs of a revival. In the US, FTC chair Lina Khan is busy putting the teeth back into antitrust enforcement (although to date, she has been stymied by Borkian judges who still dominate the judiciary).

In Canada — which followed the US in adopting the consumer welfare standard — antitrust enforcement remains largely dormant. Case in point is the recent approval of Rogers' comically uncompetitive acquisition of Shaw Media. Despite being a blatant power grab, the merger went ahead on the basis that it would 'not result in materially higher prices'. Robert Bork would be proud.

Returning to the big picture, we think that potent antitrust enforcement is essential to reigning in the power of the billionaire class. Simply put, if capitalists cannot build business empires via acquisitions and mergers, we think it would become much harder to become a billionaire.

On sunlight and red flags

By shining light on the corporate networks of Canada's billionaires, we hope to catalyze the growing movement to build a more just and equitable society. But we're not claiming that 'sunlight' alone will be enough. As Ciara McCarthy observes, sunlight may be a disinfectant, but it is a slow one. And frankly, we don't have much time.

The power of billionaires is subverting our political systems, sabotaging our economic systems, corrupting our cultural systems, and destroying our ecological systems. The rot caused by these concentrated pools of wealth will not be eliminated simply by exposing them. That said, the more we know about the ways that billionaires gain, maintain, and expand their power, the better equipped we are to actually surmount the barriers they erect to positive social change.

And here we get to the crux of the problem. If questioned about their business empires, billionaires will surely respond that their activities are perfectly legal. And they would be (mostly) correct. But what remains unspoken is the fact that existing laws (and interpretations of them) have been crafted to the benefit of the extremely rich. In short, just because something is legal doesn't mean it is ethical or socially beneficial. The very existence of billionaires' intricately constructed empires is a massive red flag that society needs to confront.

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Sources and methods

We made the corporate network charts using the excellent R package ggraph, as well as its interactive extension ggiraph.

Ownership data

Data for corporate ownership is from the Statistics Canada Inter-corporate Ownership database.

Top 1% income share

Data for the top 1% share of income in the US and Canada (Figure 1) is from the World Inequality Database, series sptincj992.

Canadian distribution of wealth

Data for the distribution of Canadian wealth (Figure 2) is from the World Inequality Database, series shwealj992 (household share of wealth by percentile) multiplied by series mhweali999 (total wealth).

Estimates of net worth

With the exceptions of the Fidani, Rogers and Weston family, our wealth estimates come from Forbes. (Despite owning publicly trade companies, the Rogers and Westons are inexplicably absent from the Forbes list of billionaires.)

The caveat to the Forbes estimates is that six of our families (McCain, Katz, Fidani, Richardson, Pattison and Irving) own private companies. Since these corporations are not required to disclose any financial information to the public, estimating their market value is best regarded as a guessing game.

If you're wondering how Forbes constructs its estimates, here's what they say:

> To value private businesses, we coupled revenue or profit estimates with prevailing price-to-sales, price-to-earnings or similar ratios for similar public companies and applied a 10% liquidity discount.

In other words, Forbes estimates (guesses) a private firm's income stream, and then uses market behavior to infer (guess) how this income would be capitalized if the firm was publicly traded.

Fidani family net worth

According to the Globe and Mail, the Fidani family is worth between $7 and $9 billion CAD. Taking the average and converting to US dollars, we get a net worth of $6 billion USD.

Rogers family net worth

According to the CBC, the Rogers family owns 9.89% of the Rogers class B shares. And the Statistics Canada database indicates that the Rogers family owns 97% of the class A shares.

To calculate Rogers net worth, we multiply this ownership by the respective market value of each share class. Investor documents indicate that the are currently 111,154,000 outstanding class A shares, each valued at $60.51 CAD. And there are 393,771,000 outstanding class B shares, each valued at $59.73 CAD. For comparison with the Forbes data, we've converting the resulting sum to USD — by our estimate about $6.6 billion USD.

Weston family net worth

We've estimated the Weston family's net worth based on their ownership of Loblaws and Associated British Foods.

Loblaws is valued at $37.6 billion CAD and is 25% owned by the Westons. Associated British foods is valued at £14.59 billion GBP and is 41% owned by the Westons. Plugging in the numbers and converting to US dollars, we get a net worth of $14.6 billion USD.

Further reading

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Campbell, R. (1973). *KC Irving: The art of the industrialist*. McClelland & Stewart.

Nitzan, J., & Bichler, S. (2009). *Capital as power: A study of order and creorder*. New York: Routledge.