

What Women Should Know About Economic Fundamentalism

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ABSTRACT

This paper argues that the policies implicit in economic fundamentalism are not inevitable because of the logic of capitalism, but are policies that have been actively promoted by the corporate sector in its own interests. The ideology of economic fundamentalism presents a rigid conditioning framework which affects economic and other public policies which have been important for women's equality and consequently, has undermined feminist successes in Canada.

RÉSUMÉ

Cet exposé soutient que les politiques implicites dans le fondamentalisme économique ne sont pas inévitables à cause de la logique du capitalisme, mais qu'elles sont des politiques qui ont été promues de façon active par les grandes compagnies, pour leurs propres intérêts. L'idéologie d'un fondamentalisme économique présente un cadre de conditionnement rigide, qui affecte les politiques économiques et d'autres politiques publiques qui ont été importantes pour l'égalité des femmes et par conséquent, ont amoindri les succès féministes au Canada.

WHAT'S 'NEO' ABOUT NEO-CONSERVATISM?

I recently heard someone on the radio lamenting the sorry state of our society at the end of the twentieth century: he referred to Yehudi Menuhin's observation that the twentieth century began by raising hopes and was ending by destroying all illusions and ideals. This seemed to me to be a remarkably apt way of characterizing the shift in power structures over the past ten years and the resignation of the public to the prospect of a bleak future.

The hopes at the beginning of the twentieth century were for an ability to create societies which eliminated situations of gross privilege for some while most people laboured hard and died early. The century began with notions of how to expand democracy to make it an idea which could include everyone, not just white, propertied males. The century began with experiments with different ways of living together and organizing society, experiments which recognized that different circumstances of people and nations, and even different aspirations and ideals would require unique ways to meet needs. Even technology, at the beginning of the century, was perceived by many as

a leveler, a means of overcoming starvation and disease: these advantages of technology which had benefited people in capitalist industrialized nations, it was thought, could be expanded to benefit even the most disadvantaged on earth.

The century began with a knowledge that all this could be achieved only if capital could be controlled and directed in the best interests of people. This was the great project of the twentieth century. The advent of the capitalist industrial age two centuries ago was raw and brutal, producing a vicious society in which the excesses of market logic were immediately apparent. As old forms of social organization, however imperfect, were destroyed with the growth and dominance of "the market," the loss of "society" to economic relations--or at least the ways in which people related to each other in work and other aspects of social relations--forced on people the recognition that they could not survive the pure logic of market capitalism.¹ The taming of the market was not easy and required centuries of activism, experimentation, and defiance before institutions could be created which would stabilize this inherently unstable system. Throughout the industrialized world attempts were made in the nineteenth century to protect people through poor laws and factory legislation, although it was not until

the twentieth century that the idea--that regulating the capitalist market and taxing capital could create a progressively humane society--became a reality. The Keynesian-related understanding of creating a system of social welfare as integral to the functioning of a mature capitalist system seemed more than an experiment: it identified an age in which the well-being of the economy depended on the well-being of the people in it and it seemed to provide the solution to the deep contradictions of capitalism.

The other great experiments in response to the brutality of market capitalism were the socialist ones. The struggle to institute collective ownership and socialist notions of distribution were significant not only for the ideals within socialist countries themselves, but also for their demonstration effect (of the promise of socialism) to capitalist societies. The very existence of the practical implementation of socialism was a sufficient threat to the stability of capitalism to provide a significant political impetus for business and government together to respond to more egalitarian ideas of distribution within capitalist countries. The persistent need to provide for the unemployed, to smooth out the recurring booms and busts, and the need to cope with the sheer idea of economic equality forced governments to provide social programs people needed and to reshape political institutions which would experiment with new ways to include people in the decision-making process.

The message at the end of the century is that the experimentation is over. There is only one approach which can be acceptable in the ordering of public life, that associated with "free markets," and any societies which deviate from this will be banished to the periphery of public life. The apparent inevitability, through the remarkable convergence of political and economic institutions around the world, of societies shaped rigidly by free trade and competition, has ushered in The Age of Disappointment. The promise now, by political and economic elites, is not for a future with greater equality and economic security, but one in which economic stability and social welfare are, rather, impediments to the objectives of globalization.

While economic dislocation has been a consistent feature of all modern economic societies, in the past the disruptions of unemployment and increased poverty caused by economic crises were normally criticized and seen as aberrations in the system. Ideas about how to eliminate both poverty and unemployment dominated economic discussion. Now, with the restructuring associated with globalization, poverty and unemployment are not viewed as temporary phases which will disappear with the end of a specific economic crisis, but are considered to be normal features of international competition. This is the critical difference between economic change now and economic change in other eras. In the past the elites promised a better life for most people, in the long run. This progressive idea of economic change is no longer the justification for economic policy, which focuses almost solely now on the competitive benefits for business internationally. Social and economic well-being for people is subordinate to the well-being of the corporate sector: harmonization downward is perceived to be necessary so that no nation will be disadvantaged because its corporate sector cannot compete internationally. A consistent theme of the corporate sector, that the economy can no longer support expensive social programs, is directly linked to the downward spiralling of social welfare through the process of international harmonization.

How did we get to a point where as a society, we've more or less given up on the notion of controlling greed? How did freedom become so narrowly constrained to mean only economic freedom? How did human society become so decidedly an accessory to the economic system? And, how did the logic of the welfare state get broken?

The new economic orthodoxy is, in some ways, very familiar, but its "inevitability" and the fundamentalist zeal with which it is pursued gives it a disturbing new dimension. The world is certainly changing, but that is something which in itself is not new: economic restructuring has been the very defining feature of capitalism. Even the acceleration of change is so familiar that change is expected and anticipated. The ideas associated with the new

economic orthodoxy too are familiar. These ideas have dominated the world of economists and public policy makers for a few hundred years. What then, is different?

I will argue in this paper that the shift to the right at the end of the twentieth century was not inevitable because of the logic of economic forces, but was a carefully planned occurrence. Ideas about the moral superiority of personal responsibility and the freedom of individual choice have gained ascendancy through deliberate strategies of control and dissemination of ideas on behalf of the corporate elite. These ideas have, then, become the foundation for shaping international political institutions which have provided a rule book, or conditioning framework, affecting future decision-making. Throughout this process the nation state has shifted its role from one which mediated, in at least some way, between the competing interests of the rich and powerful and those of most people, to one which followed the path of least difficulty, by championing mainly the interests of the powerful. The changing nature of the state was itself made possible by the conditioning framework put in place by international political institutions. My focus on the state will be important because it relates to my final point, which is that the neo-conservative direction is not an inevitable one and collective political action could force governments to respond to ideas substantially different from those of the neo-conservative elites. This is of critical importance to disadvantaged groups because it has been through the logic of the welfare state that major advances in redistribution have been advanced in our society. These ideas and economic institutions have been critical in shaping the egalitarian successes of feminism in Canada.²

THE BREAK IN THE LOGIC

In its first issue for 1997, the *Globe and Mail's* publication, Report on Business, featured an article on the United States, "Big Brother Bows Out." The article's lead seemed to breathe a sigh of relief: "at long last, jolting reforms are in store for formerly untouchable institutions, including social security, public education and welfare."³

Just a few years ago expressing this kind of sentiment would have been unthinkable. Newspaper editors, as well as politicians knew people appreciated and loved social programs. Welfare may always have been suspect, because it was the down and out who needed it, but public education, public health care, and public old age pensions were needed by everyone. They're still revered, at least in Canada, according to the most extensive and recent surveys on the issue.⁴ Despite the popularity of social programs, the media relentlessly pushes the need for change and politicians, even those in NDP governments, are echoing the sentiment, although usually these politicians are more circumspect and do not directly advocate privatization, but rather refer to the need for "public/private partnerships" and "deregulation." With prisons and even publicly funded welfare schemes being run by private enterprise in the U.S., the ideas about reducing, redesigning, privatizing or eliminating social programs, which were once shocking and untouchable in Canada, now seem not just reasonable, but necessary. It isn't even unthinkable, as the market invades all spheres, for sense to be made of the idea that companies should make profits out of poverty.⁵ When confronted with the continued insistence that we can no longer afford expensive social programs, people in Canada quite sensibly, then, feel it is time to explore other alternatives.

The shift in the logic of capitalism which led people to begin to abandon their support of the public sector required both the idea that the public sector could no longer be adequately supported collectively through taxes, and the erection of an apparatus internationally which assured that this thinking would appear logical. These two developments are inseparable, but I will proceed to develop the argument by first discussing the ways in which the increased economic integration of nations, through trade liberalization, broke the logic of the cooperation of business, government, and people in the welfare state.

The development of the social welfare state, particularly in the shape it took after World War II, required the cooperation of the corporate sector. For a long while--from the end of the depression of the

1930s until the mid-1980s,--economic policies which focused on full employment, high wages, and social support systems made sense to the corporate community as a group.⁶ Individually each business knew that it could make higher profits than its competitors if it could reduce costs by paying low wages to its workers and avoiding taxes. But collectively the corporate world understood that if selling products or services meant a reliance on people within the nation to buy them, it would be important for these people to have the money to do so. The welfare of the people within a nation was intrinsically linked to the ability of mass production to find a mass of customers to purchase the things produced. Individually corporations could do well if unemployment rates were high because then workers would be competing for jobs and wages would fall, but this low-wage strategy could not work for all producers simultaneously if they wanted to sell all they produced. A similar logic prevailed for the provision of public works and social programs: individually firms would have higher profits if they did not pay taxes, but collectively they would suffer if the state could not afford an infrastructure to support business activities.

With the uncoupling of the production of a nation from its markets, as is the intention with trade liberalization, the logic of maintaining a high standard of living within a nation begins to lose its saliency. The growth in the significance of export markets means that higher rates of unemployment and lower wages can be tolerated, since the people within the country will not be required to buy all that is produced within the country in order for the corporate sector to maintain itself. This dynamic has been spectacularly obvious in Canada since the introduction of free trade. Canada has been a more export-oriented country than most, with historically between twenty-five and thirty percent of its national income coming from selling things to other countries. This is in contrast to other countries like Japan, which derives about fifteen percent of its national income from trade, and the U.S., whose trade-related income is even less significant to its total, usually at about twelve percent a year.⁷ Since the introduction of NAFTA the significance of trade has increased

substantially for Canada so that by 1995 thirty-eight percent of the national income came from trade. Under these circumstances the logic of a Keynesian welfare state became easier to undermine. The result is an export-led economy with unemployment and low wages as its permanent defining features. From the perspective of corporations, not having to rely on selling what they produced within the nation is ideal because costs can be lowered significantly without danger of creating economic conditions which would negatively affect their ability to sell, as would be the case in a more closed economic system. Internationally the corporations can become "more competitive," as we've seen occur within Canada.

**THE INTERNATIONAL CONDITIONING
FRAMEWORK
OR,
HOW GLOBALIZATION MAKES PEOPLE
POORER**

Globalization is normally thought of as the process of rapid escalation in the international organization of production and distribution through the universalization of capitalism.⁸ It is this, but it is something beyond this in that it entrenches values, through the structures which facilitate the mobility of capital and speculative finance, which provide a view of the world in which the interests of the powerful are defined as necessity, while the demands of the poor appear as greed which undermines economic success.

The ideology which sees increasing integration of international economies as a positive step and one which would inevitably occur, if markets are not unduly hampered by governments, is based on the nineteenth century notion of comparative advantage. The argument is that trade between nations will always benefit all parties involved. Earlier trade theory understood that trade would occur when one country produced something that either another country could not, or could produce only at great cost, (the least-cost theory) and that the objective for every country was to encourage exports and restrain imports in order to bring more gold or silver into the country: any benefit to one nation was matched by costs to other nations, so that

there were no net gains from trade. In contrast, the theory of comparative advantage understood trade to be to the advantage of both trading partners, even when one country produced everything more cheaply than the other. The explanation for this is that if each country used its resources to produce and trade things in which it had a "relative" advantage, all countries would be better off and total production in the world would increase. This was a revolutionary notion and, since it was basically a counter-intuitive notion, was not automatically taken up throughout the world. But during the nineteenth century when British imperialism was at its height, Britain's ideological dominance in trade and ideas about trade began to prevail. It was not until very recently in the twentieth century, however, that the apparatus to entrench the ideology of free trade internationally was put into place. The objective of free trade has been the governing principle of international economic organizations since the Bretton Woods conference in 1944. The threat of the return of conditions of the 1930s, which were believed to have been caused by excessive trade protectionist measures of nations, was the justification for the pursuit of the ideal. The plan was for the move toward free trade to proceed incrementally and with each "round" of the General Agreement of Tariffs and Trade (GATT), which occurred at ten year intervals, further measures liberalizing trade were introduced. The whole free trade initiative was accelerated with the Canada/U.S. Free Trade Agreement (FTA, 1989); the North American Free Trade Agreement (NAFTA, 1991); and the last General Agreement on Tariff and Trade which replaced itself with the World Trade Organization which came into effect in 1995.

Free trade is pursued because international corporations want to create conditions for the free movement of capital and freedom from the ability of nation states to inhibit business transactions. According to the UN Centre on Transnational Corporations, between 80 and 90% of the exports of industrialized countries are in the hands of giant international corporations with sales of over \$1 billion annually. There are 6000 of these throughout the world and they are responsible for twenty-five percent of everything produced in the world, yet they

employ only three percent of the world's labour force. The main point to understand from this is that the international economy has been designed with these giant players in mind and the rules for action accommodate their best interests. The narrow interests this free trade regime favours is startling when one considers Canada's export situation. A recent World Trade Organization report pointed out that only fifty companies in Canada account for about half of the country's total exports. Many of these are the U.S.-owned automotive companies which dominate exports in Canada.⁹

The ideology of free trade is a very powerful tool for international capital to shape the world according to its advantage. The belief that the pure workings of the market at the international level will ultimately sort out all human needs has almost evangelical proportions and is quite at odds with the more pessimistic message at the national level about the effect of increased competition. As one recent commentator put it, "...aggressive free trade is good. Busy sea-lanes and teeming ports are the handmaidens of prosperity for all..."¹⁰ However, even for some supporters of free trade, it is now becoming clear that the real world is not as neat as traditional trade theory would like us to believe. The profound dislocations caused by international competition are recognized by the above commentator, who is calling for some kind of international regulation of financial markets. Trade can bring huge benefits, but also can have tragic consequences for the shape of a nation's future. This has been most obvious in nations in Africa and Latin America which have been encouraged (or forced) to specialize in export production to the detriment of feeding their own people. The shift to crops or manufactured items which command lucrative prices on international markets fits squarely into the notion of comparative advantage. According to trade theory, it is rational to shift resources from small-scale, largely self-sufficient individual household production to large-scale production of products for the export market. The higher incomes from trade can then be used to import cheaper food from western countries. It is all rational until foreign markets turn sour for the specific export (something which occurs

with depressing regularity) and the price of importing food to feed the people who no longer have an income becomes ruinous. This is the common trajectory of poor nations who are hopelessly in debt to banks in wealthy countries, as they borrow during global economic downturns just to feed their populations. This has been good business for banks in countries like Canada and the U.S. According to a recent Oxfam report, *Trade Liberalization: the Corn Sector in the Philippines*, Africa has repaid what it borrowed one and a half times over. Last year alone poor nations paid the International Monetary Fund (IMF) \$1 billion more than it lent them in new loans.¹¹ The logic of an integrated international production and distribution system benefits western corporate interests but results in desperate poverty for many parts of the world.

ONE MARKET, MANY STATES

Within industrialized nations the ability of the state to control the actions of corporations appears to have been seriously restricted by the new international context of globalization. The great advantage of the new international rules of trade to multinational corporations is their ability to escape regulation of nation states. The trade agreements work toward establishing one giant global market, while, at the same time, limiting the nature of the supranational institutions to market-creating activities. These are mainly actions designed to create greater capital mobility and to expand international markets in general. Unlike the work of nation states, which over time have developed institutions either to correct the economy when the market did not function in an optimal way, such as during times of depression, or to control business, such as through labour or environmental legislation, the international replacements are being created neither to exert discipline on the market nor to function as instruments of market-correction. These functions are still the responsibility of nations, but as multinational corporations become more mobile, the ability of corporations to escape the regulation of states increases. As nations compete with each other to have businesses locate in their own countries, the ability to

control corporate activity comes into direct conflict with the increased mobility of these corporations. Unless all nations agree to behave in the same way with regard to corporate behaviour, the corporations will not be disciplined at all. Any one nation, by insisting on greater standards of corporate behaviour, will be disadvantaged and its corporations will claim that they are being made uncompetitive relative to other corporations in the international market. Since there is no mechanism for the nations to act collectively, individual state action is critically weakened. The new international trade agreements have facilitated the creation of a single market without a single state to regulate it. In this sense the growth in power of the corporate sector places nations in about the same stage of control over capital as they had at the dawn of the industrial revolution. Our national institutions are not equipped to cope with the nature of the changes which have taken place. The important point is, however, not that these changes in the control over capital were inevitable, but that the corporate sector worked hard over the years to see that they would occur.

DEBT/DEFICIT

Within nations, the conditioning framework of international trade plays itself out in a variety of ways. The most familiar device to control the economy relates to the changes in the welfare state as the result of the problems with government deficits and the accumulated debt: they seem to justify radical changes.

The usual argument from the business elites and their political supporters is that expensive social programs can no longer be supported by the public sector. This is because they require high taxes to finance them and these high taxes are bad for several reasons, including increased costs for the corporations, making their products more expensive on international markets, and putting less money in the hands of consumers for buying things on the private market. The corporate sector favours reducing government spending on social programs so that taxes can be lowered. The added benefit for the private sector is that services which had been

provided publicly then get shifted to the private sector and are provided for profit. Increasing privatization is directly linked to the debt and deficit hysteria in Canada.

The federal government deficit (the difference between government revenues and what it spends) is large, but the impression that the problem arose because of uncontrolled government expenditures on social programs is a wild exaggeration, at best, or deliberate misinformation, if one is sceptical of whose interest this impression serves.¹² The government has a deficit only because it pays a huge amount of money in interest payments on the debt (the sum of past deficits). In 1996 this is the largest single item on the government's books, accounting for about \$47 billion, or about 35% of all the revenues it receives. Without these interest payments there is a substantial surplus in government accounts. In fact in all but two years since 1988 the government has taken in more money in taxes and other revenues than it has spent on all government programs and administration. In some years the operating surplus has been over \$10 billion, but over the period between 1988 and 1995 the government has received a total of over \$31 billion in revenues above what was necessary for expenses on social programs, other programs (like defence) and government administration.¹³

Canada's debt began to become a problem in the mid-1980s for specific reasons related to the government's very conservative ideas about how the economy should be managed. The rise in government deficits in the 1980s was a response to a severe recession, one which affected Canada more than any other developed country. During this period unemployment rates soared to 12% and remained high, averaging over 10% for most of the time since then. Certain government programs which are designed to kick-in when the economy is not functioning well (that is, those cyclically-sensitive components of program spending like unemployment insurance and social assistance payments) caused government expenditures to rise more dramatically than revenues during this period. This is quite a normal occurrence during a depression period and this excess government spending would not have

caused a problem, in fact it undoubtedly prevented the recession from being considerably worse than it was.

Certainly a debt was being created, but it would not have escalated and become the problem it has become were it not for the excessively tight monetary policy pursued at this time and its reduction in taxes for corporations.¹⁴ The government's obsession with fighting inflation through high interest rates meant that each year the government paid more in interest payments for the money it had borrowed in the past.

This high interest rate policy had long-term economic consequences. It depressed the recovery in private capital spending, since borrowing was much more costly. This meant that unemployment levels remained high and since income levels were depressed, so were government revenues. In addition to affecting government revenues, the amounts paid in interest on the debt increased yearly deficits.

Another consequence which has had long-term political implications was the increased attractiveness of Canadian bonds to foreign investors because of their extraordinarily high yield. Less than 3% of Canada's government debt was foreign-held in 1970. And although this had increased to about 10% by 1980 as a result of the inflation-fighting policies of the late 1970s, this was still moderate compared to the proportion of the debt held outside the country now, which stands at about 25%.¹⁵ The increased foreign debt holdings further accentuates the need to keep interest rates high as foreign bond holders' opinions of appropriate Canadian economic policy has increasing significance with policy makers.

The restrictive monetary policy (that is, the focus on inflation as the most serious economic policy) was a severe over-reaction to a problem which did not really exist. The inflation rate in the early 1980s was high, but it fell from 11% in the early 1980s to about 4.5% when the Conservative government took power in 1984. That is, by this time inflation wasn't a problem but inflation fighting through high interest rates remained a crucial part of economic policy. Even today during an deflationary period the threat of inflation guides the Bank of Canada's interest rate policy. Real inflation does not

and has not existed for over ten years.

Canada has now had ten years of remarkably stable price levels. The strategy so ardently followed by the Bank of Canada and successive governments, despite party changes, simply has not worked.¹⁶ Monetary policy designed solely around price stability did not automatically bring about confidence in economic performance. If anything, the results have been the opposite of those promised by the zero inflation strategy and some markets, most notably the labour and housing markets, are in a chronic state of instability.¹⁷ In the name of stability the Bank of Canada has created a very volatile economy: any increase in economic activity (particularly decreases in unemployment rates) brings quick reaction from the central bank to trigger the mechanisms (higher interest rates) which generate further instability.

The main point to be made about the deficit is that it has not arisen from reckless government spending. The deficit exists because of an ideologically driven, recklessly restrictive monetary policy which has created conditions resulting in both higher costs for government and reduced revenues. The cure of reducing spending on counter-cyclical programs cannot solve either the deficit problem or the economic morass experienced by most of the country. Controlling the deficit without solving the underlying weaknesses in the economy will only mean years and years of economic hardship for some, and high rates of unemployment, and a decline in the standard of living of most Canadians.

This is where the policy procedures bog down. Economic orthodoxy suggests that just letting the market take its course will ultimately right a dismal situation. Perhaps some external event could occur to stimulate economic activity, but waiting for this to happen is not a wise strategy. An active economic strategy to ensure full employment and to meet other social and economic goals, as so often has been said, is needed.

The distinction now, between this and any other time in Canadian history, is that the ability for a government to act takes a great deal more political courage than it ever did. This is because the economic tools to discipline the market are not as readily available as they were in the past and the

decision to reassert the right to use these tools requires a bold political step. But because the tax burden has shifted more onto people than on to corporations at the same time that people are experiencing a reduction in the kinds of services they are used to receiving from government, there is a general lack of support, or even distrust of government in general. Under these circumstances, the policies which are so against the interests of the general public and in the interests of the corporate sector, seem to gain more and more support.

THE POWER OF FUNDAMENTALISM OR, WHY DO PEOPLE SEEM SO RESIGNED?

The most obvious answer is because they are afraid. What is happening to our society is unfamiliar and the reasons for change are complex and difficult to explain. People are conscious of living on the edge of the unknown, a state which not only produces anxiety, but also social paranoia. Because the reasons for the rapid and unsettling change are so complex, representing innumerable social factors interacting in a way which appear, for the most part, inexplicable, people look for clear answers. This is the attraction of fundamentalism: the relationship between cause and effect is understood as something simple and clear.

The message of the inevitability of neo-conservative change is the strongest political argument of economic fundamentalism. This idea, that there is some kind of organic-type growth which is inevitable, is not just an idea which is confined to the political maneuverings of the right--or even to its ideology, rather, it is something which is recognizable in the ideologies of both the left and the right. The classical liberal economic model was founded on the notion that there was a natural order to social organization, something akin to the natural order of the physical world. Science could uncover the rules which bound people together. The logic of this led to a sense that social relationships could be self-regulating through the market. Not too dissimilarly, the anti-utopian socialism of Marxists led to the belief that one could discover the logic of history and while people could make a difference,

ultimately, it was only at the right moment--at the moment when it would, in a sense, be inevitable.

The pervasiveness of our notion of the inevitable march of history is one of the reasons why the idea embodied in the phrase Margaret Thatcher so skilfully used, "there is no alternative," is so seldom challenged. The other reasons have a lot to do with the sheer power of those in control and the real difficulties of confronting that power. But power alone, without the supporting apparatus of the idea of what is inevitable, has been, historically, more easily challenged. Changing the thinking of people so that they believe in the inevitability of what the elites want is the real triumph.

This change in the underlying ideology, or subconscious of a nation, requires planning, careful strategies, and the exercise of power: it does not happen spontaneously. This has been carefully orchestrated in Canada to such an extent that ideas that not only were unpopular but also were bad for the country, like free trade and restrictive monetary policies, are now realities which seemed inevitable. The best example of how a specific interest group focused its attention on changing the ideological approach of public policy is the actions of the ultra-right, Vancouver-based, Fraser Institute.¹⁸

Over the past ten years or so the Fraser Institute's image shifted from being a comic example of ultra-right hyperbole to being the representation of reason, responsibility and authority on economic and social issues. No longer is its almost daily reference in the mainstream media prefaced with "right-wing think-tank." Rather, its ideas are now the norm and a recent editorial in *The Globe and Mail* even went so far as to assert that the most interesting new ideas were no longer coming from universities, but out of private research institutions like the Fraser Institute.

Respectability has not come quickly to the Fraser Institute, but instant acceptance was not the Fraser Institute's measure of success or even its objective when it was established in 1974. Its founders knew "that it takes time to change intellectual consensus, that it takes time to move the focus of ideas and public attention from where it is to where it ought to be."¹⁹ Where "it ought to be" is to understand that "competitive markets are the best

mechanism for responding to change and providing for economic and social well-being of all Canadians."

In putting forward this idea the Fraser Institute has been relentless and fearless, particularly in the early periods when what it was saying was not popular. Its particular interest initially was to find the hook--the economic justification--for their economic fundamentalist message. These "hooks" varied from the problem of "reverse discrimination," to government debt and the issue of excess taxes. Their "tax freedom" day, the day in the year when Canadians are said to begin finally working for themselves, has had an enormous impact on public opinion, but even more importantly, on public policy. Now that governments everywhere see the debt as their main problem and are all devoted to lowering taxes, the targets for the Fraser Institute have shifted to issues like eliminating the minimum wage and equity laws, and privatizing public entities like public education, public health care, public pensions, and public utilities.

The Fraser Institute attributes a good portion of its success in changing public policy to reaching the policy makers in their formative years--when they are in Universities. The focus on students in universities now constitutes a major portion of the Fraser Institute's activities because it understands that "it is through these students that we build our future." According to its literature, the focus on students began when they read the resumes of cabinet ministers in the federal and provincial governments and realized that most of them had been involved as students in campus political organizations. They understand that once young people get caught up by the doctrine of the right they will retain it and spread these ideas as they mature and take influential positions in society.

The core activity for students is a series of one-day seminars on public policy which are held in major cities throughout Canada on topics like the left-wing biases in newspapers and Canada's debt wall. They also provide university professors with up-to-date literature on public policy issues, information to distribute to classes about essay contests on right-wing subjects, and ways to involve students in research projects at the Institute.

The contrast between the presence of the right and the left on university campuses is a mirror opposite from what it was in, say, the '60s and '70s. Feminists and trade unionists seem to have abandoned the universities to the business sectors. While I'm on lots of feminist and trade union mailing lists for material because of my personal connections with them, none of the material sent me is specifically targeted at students. When students try to use the trade unions, feminist organizations or poverty groups for information the responses are not always positive. Everyone is too pressed and too busy to take the time.

There is no research and educational institute on the progressive side which has anything like the capacity of the Fraser Institute to reach students. For the right, students are a priority, for the left, reaching them is low down on the list of things to do.

Ideas are dangerous. John Maynard Keynes' oft-quoted message at the end of *The General Theory* points to the problem: "...the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else." The Fraser Institute is particularly adept at picking up ideas which are current in the U.S. (like the attacks on equity programs, and anti-deficit legislation), packaging them with Canadian content, and marketing them very effectively to the media and governments. The Fraser Institute's got it right when it says, "if you are going to change the ideas of a society then you have got to be in the ideas business."

WHY FOCUSING ON THE ECONOMY IS IMPORTANT FOR WOMEN

The dramatic changes associated with economic restructuring and the consequent attacks on the welfare state have necessitated reactive political mobilization.²⁰ Generally this reaction among feminist groups has focused on understanding the impacts of the policy changes on women and how change will affect either the way women relate to the state as providers or recipients of social welfare or how well the state protects individual group rights.

As can be seen from this article, I am convinced that social welfare relies as significantly on economic policy which affects the way the market works, including government monetary and fiscal policy, budgets, taxation, trading relationships, and development policy, as it does on those state programs more normally associated with feminist actions directed toward redistributive policies. This does not mean that the struggle over women's rights and specific programs has been irrelevant or misguided or even that the effort to preserve what exists should be abandoned.²¹ But it does mean that public policy affecting all disadvantaged groups goes far beyond the implications of specific social programs, labour market policies, and the legal status of these groups. Less clear is how to develop a strategy for dealing with the inter-relatedness of social programs and regressive economic policies and to more specifically focus action on the institutions and ideologies which are shaping the ways the economy operates.

There are alternatives to submission and the reduction of state functions to minimalist activities. Nations and people are not paralysed from acting in response to the increased power of the corporate sector. But it is important that this action be focused and deliberate and that it have a vision for the future. It is true that nations have lost the power of some of the traditional instruments through which they ensured corporate compliance with public policy, but it is equally true that governments have more power than they are prepared to exert. In showing how the ideology of the right has reshaped international and domestic institutions in ways which condition our behaviour, we run the risk of contributing to its assertion that the changes which are occurring are inevitable and "there is no alternative". Many of us who have argued against the institutions which entrenched globalization argued that there is an incompatibility between social welfare, democracy, and trade liberalization in order to gain political support for public opposition to the globalization process.²² But it is important not to over-emphasize the lack of ability to act. There is a fine balance between message of despair and those which inspire action. An analysis which shows the dangers in the

new conditions will lead to despair if the alternatives to it are not sufficiently compelling and if there is nothing concrete which can be suggested for action in the normal course of daily lives. Changing the world, or at least the trajectory which is now apparent, is an important goal, but most people will be unable to respond to this long-term initiative if there is not some relationship between it and their immediate political concerns. I see feminists as well positioned to provide leadership on both the perspective for change at the international level and for political action in concrete immediate terms.

ENDNOTES

1. The most significant explanation of the transformation of society from one where economic structures were subordinate to social ones to the capitalist industrial society where the human motivation of "gain" became dominant is that of Karl Polanyi in *The Great Transformation* (Boston: Beacon Press, 1957). For a feminist discussion of Polanyi's insights see William Waller and Ann Jennings, "A Feminist Institutional Reconsideration of Karl Polanyi," *Journal of Economic Issues* Vol. XXV, No. 2 (June 1991), pp. 485-497.
2. I develop this point more fully in my article entitled "From the Welfare State to Vampire Capitalism," in *Remaking the Welfare State: Canadian Women's Experience*, ed. by Patricia Evans and Gerde Wekerle (Toronto: University of Toronto Press, 1997).
3. Michael Prowse, "Big Brother Bows Out," *Report on Business*, January 1997.
4. Ekos Research Associates, *Rethinking Government* (Ottawa: 1996).
5. See, for example, Nina Bernstein, "Giant Companies Entering Race to Run State Welfare Programs: Powers Like Lockheed Martin Vie For Contracts," *The New York Times* September 15, 1996
6. Full employment was often an idea more related to political opportunism than to reality in Canada. Unlike countries of Western Europe, where full employment policies were actually implemented, Canada, in the post-war period, was always more conservative in its approach. Nevertheless, the rhetoric about full-employment meant that governments in the past felt compelled to shape public policy in this direction. Today not even the rhetoric of full employment exists in policy statements.
7. For a discussion about the structural problems this creates and how it relates to high rates of unemployment in Canada see Marjorie Griffin Cohen, "Exports, Unemployment and Regional Inequality: Economic Policy and Trade Theory," in *The New Era of Global Competition: State Policy and Market Power*, edited by D. Drache and M. Gertler, (Montreal: McGill-Queen's, 1991), pp. 83-102.
8. Arthur MacEwan, "Notes on U.S. Foreign Investment and Latin America," *Monthly Review*, (January 1994), pp. 15-26.
9. Madelaine Drohan, "Dependency on U.S. leaves Canada vulnerable: /WTO," *Globe and Mail*, November 20, 1996, B6.
10. Will Hutton, "Relaunching Western Economies: The Case for Regulating Financial Markets," *Foreign Affairs* (November/December 1996), p. 8.
11. For an interesting discussion in the popular media of the ways in which the international economy is making the rich richer and the poor poorer see Paul Vallely, "Famine with all the trimmings," *The Vancouver Sun* December 28, 1996.
12. A great deal of progressive analyses of the debt hysteria has come out in recent years. For a good, readable account of the ways in which the right has manipulated the debt debate see Linda McQuaig, *Shooting the Hippo: Death by Deficit and Other Canadian Myths* (Toronto: Viking Penguin Books, 1995).

13. Bank of Canada, *Bank of Canada Review* (Winter 1995-96).
14. For a good discussion of the shift in tax burden away from corporations see W. Irwin Gillespie, "A Brief History of Government Borrowing in Canada," in Lars Osberg and Pierre Fortin, *Unnecessary Debts* (Toronto: James Lorimer & Co., 1996), pp. 1-25.
15. Bank of Canada, *Bank of Canada Review* (Autumn 1995).
16. This strategy was so crucial to the Conservative government that it attempted to incorporate a constitutional requirement in the Charlottetown Accord to make inflation control the sole focus of the Bank of Canada
17. For a discussion of changes to labour markets see Leah Vosko, "Irregular Workers, New Involuntary Social Exiles: Women and U.I. Reform," in Pulkingham and Ternowetsky, *Remaking Canadian Social Policy*; Gordon Betcherman, "Globalization, Labour Markets and Public Policy," in Boyer and Drache, *States Against Markets*.
18. The information which follows on the Fraser Institute is from my article, "Neo Cons on Campus," *This Magazine* 29, 1 (July 1995).
19. The quotes are from Fraser Institute published material.
20. See Janine Brodie's discussion of restructuring and the women's movement in *Politics on the boundaries: Restructuring and the Canadian Women's Movement* (Toronto: Robarts Centre for Canadian Studies, 1994), pp. 31-32.
21. For a discussion of the trajectory this focus on redistributive programs has taken in Canada see Ruth Roach Pierson, Marjorie Griffin Cohen, Paula Bourne, Philinda Masters, *Canadian Women's Issues: Vol. I. Strong Voices* (Toronto: Lorimer, 1993), chapter 4, "Social Policy and Social Issues."
22. See, for example my articles: "Democracy and Trade Agreements: Challenges for Disadvantaged Women, Minorities and States," in *Do Nation States Have a Future?* edited by Patrick Boyer and Daniel Drache (London: Routledge, 1996) and "New International Trade Agreements: Their Reactionary Role in Creating Markets and Retarding Social Welfare," in *Rethinking Restructuring: Gender and State Responses to Restructuring Canada*, edited by Isabella Bakker (Toronto: University of Toronto Press, 1995).