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**Rational "Economic Man" in the Media:**

**A Critique of Pure Intolerance**

**Stephen Charles Block**

**A Thesis  
in  
The Ph.D. in Humanities**

**Presented in Partial Fulfillment of the Requirements  
for the Degree of Ph.D.  
Concordia University  
Montréal, Québec, Canada**

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## ABSTRACT

Ideology and the war between competing ideologies, have been the subject of many studies. Yet rarely do these studies, especially those from the left and liberal political tradition, pay close attention to the views of their competitors. Of particular importance is the left's failure to examine the goals, plans and impact of the "other" ideology upon social institutions and public policy.

It will be shown how the triumph of the classical liberal political economic viewpoint and its equivalent, the business view of public affairs, has been accomplished largely through their waging intellectual war on many fronts, without their ideas being sufficiently challenged on any of them. However, those on the conservative right and in the economic liberal camp have made it their strategy to study ideas of the left and liberal-left for some time in order to eventually use that to their advantage. This has been helped by an aspect of the economic liberal ideology which nurtures and encourages indolence. This indolence plants a seed which permits the proponents of laissez-faire to perpetually claim for themselves positions of power and moral dominance. A critical examination of the way in which this plays out, first in public affairs, then in political economy and public policy, and finally on public affairs television, will be provided.

## ACKNOWLEDGEMENTS

I would first like to acknowledge the support and the faith entrusted in me by Dr. Harold Chorney, who aside from acting as my supervisor has also been a loyal friend and colleague through a long but interesting struggle to complete this task.

As much as one can make any acknowledgement prior to any other my parents of course have priority to any acknowledgements concerning the finishing of this thesis. I hope therefore that its completion will not come as too much of a shock and will instead provide them with the nachas I always intended to share with them.

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Finally, to the memory of Patricia Sylvester who passed away in August and who forced me to become more computer literate than I otherwise would have chosen to be. And to her daughter Nicole who now faces the world with a great courage we can all learn something from.

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Conservatism "congeals into a theory only when a point is reached where it must defend itself against some opposing theory."

Armin Mohler (1950: 163)

...it has regarded such subjects as sociology as dangerous and to be avoided, which in turn makes for over-emphasis on such subjects as economics and politics.

Innis (1956: 388)

The winds of change have been unkind to Positivism. Few professional philosophers in Britain and fairly few in America still avow it. Instead they practise what Milton calls 'a fugitive and cloistered virtue'....Positivism is neither fugitive nor cloistered. It demands a say in the councils of the world....It makes a difference to all inquiry.

We shall here support the Positivist belief that philosophy makes a difference. But positivism makes the wrong difference.

(Hollis and Nell, 1975: 22)

...the most hard-headed economist is secretly a philosopher too.

(Hollis and Nell: 10)

## RATIONAL "ECONOMIC MAN" IN THE MEDIA:

### A CRITIQUE OF PURE INTOLERANCE

#### INTRODUCTION

The ultimate focus of this study is public affairs television and specifically its role in the public affairs and public policy processes. However, it is necessary to begin my study addressing issues which long predate the invention and creation of this modern medium because ultimately the questions I address here are philosophical and not just or so much those of the field of communication studies in which television is so closely scrutinized today.

In turn, the philosophical questions I address attempt to span several fields and disciplines: political philosophy, political economy, industrial relations, philosophies of science and the social sciences, public policy, and, finally, public affairs. I choose such a wide sweep because I agree with my intellectual opponents, those who embrace *homo oeconomicus* and the derivative theories of utilitarianism, laissez-faire and classical liberalism, that theories make a difference in public policy, public affairs, areas where questions of power, authority and freedom arise, in the enjoyment of one's daily life and in the quality of that life. But I disagree that their philosophy offers anything which improves on the current state of affairs. It seems to me, on the contrary, that the current hardship of life was something which has been proven to have been as predictable as my protagonists in the social democratic and left liberal camp claimed it to be.

My fear today is that even these predictions are falling silent, with few exceptions. But the fight seems to have been carried as of late by the

proponents of a laissez-faire philosophy which many in the past assailed; some in prematurely predicting its demise, while almost all correctly understanding, and theoretically postulating the destructive capabilities of its intent and its consequences. Today we see the evidence.

The goal of this thesis is to describe the public affairs and public policy processes, and the role public affairs television plays in the public policy process. This I do only as a means of offering the beginnings of a glimpse of where the problem has gotten to today. Public affairs television plays a role in that process as do the ideas which now surround us in the public affairs process. Beginning then to uncover what I see around us in the world of public affairs will first require a description of what I take public affairs to be. This is done in three sections. Each section is divided into chapters and then parts of chapters.

The first section, "Public Affairs and the Public Affairs Process", involves a description of the philosophical lay of public affairs and a discussion of the conjoining and admixing of political economy with public affairs. Chapter One, "Education Between Two Worlds", outlines the views of two very different thinkers, Alexander Meiklejohn and Milton Friedman concerning their conceptions of the duties and functions of the modern day political state. In 1942, Meiklejohn, in a seeming foreshadow to today's events, bemoans the erosion of the democratic sensibility and the cause lost at the hands of the much more ambitious and ruthless advocates of laissez-faire. Friedman, in 1962, in a seeming foreshadowing of the ideas and events of the 1980's, bemoans the fact that the state has so much power and the advocates of laissez-faire so little. Here I use their ideas concerning the role of the state

in education as an analogy for their views concerning the general role of the public sector.

That debate continues into the second part of the first chapter, where I discuss the philosophical principles and key terms involved in public affairs, specifically "the defining principles and terms" of the public affairs process. Those terms are ones which, while familiar enough to us, carry with them connotations of which few are sufficiently aware. Of special concern are their original meanings, and, indeed, the duality of their origins which has consequently fostered ambiguity in their use. Meiklejohn's views as to the consequences they have had are presented. I extend those consequences to the present day to explain how ideas, from both classical liberalism and social democracy, have come to serve the purposes of the advocates of only one side of the equation: the classical liberal or laissez-faire side.

Chapter Two, "Public Affairs Meets Political Economy", is also divided into two parts. The first part examines Adam Smith's thesis on science and economy, specifically in order to draw attention to the potential impact his pragmatic, eclectic and popularistic way of thinking and writing had upon the ideas of those who followed him theoretically and methodologically. The second part begins to examine the consequences of the laissez-faire attitude, particularly as adopted and reworked to suit the purposes of business theorists and economists in the twentieth century.

Section Two, "Public Affairs: The Prevailing Atmosphere", also has two chapters. Chapter Three, "Political Economy and Public Policy", begins by describing the contemporary public policy scene. Attention is paid to economic policy making, the rivalries and differences therein, and the impact of various ideas upon public policy and social life. I continue with a critique of the neo-Classical economic view which undergirds the business and

economic views described in Chapters One and Two. I explain why the model of rational "economic man" is an extremely powerful one, and how it achieved imperial successes. Part two expands the discussion to include the views of F. A. Hayek, an economic theorist and political philosopher whose ideas have become prominent in the neo-conservative policy atmosphere of the fifteen years. I explore Hayek's manifold representations in social theory, philosophy and economics in order to reveal what I believe to be the true philosophy of contemporary public affairs. Hayek's theory, as wrong as it might be from the social democratic perspective, is nonetheless seductive and compelling, much in the way Smith's was two centuries earlier. This in part is what makes it dangerous.

Chapter Four, "Public Affairs", describes the theories behind contemporary public affairs practices and their consequences. Specifically, the impact of business thinking upon public policy is examined. The first part examines the business view, specifically in relation to the lobbying process. The second part looks at the general impact of the business view on public policy, particularly as regards industrial relations policies and the changing constitutional approach toward industrial relations. Part three describes the free trade agreement as a form of legal enactment, binding labour to changes initiated by big business and its allies in the public policy-making process. It also looks at the negotiations surrounding the free trade agreement, in that context, as a form of collective agreement which excluded the membership in the bargaining process but nevertheless bound them to the results, following a process of "ratification".

Section Three, "Rational 'Economic Man' in the Media", focuses on public affairs television's involvement in the public affairs process. Chapter Five, "The Function of 'Reporting' in Crises and Tragic Situations", describes

public affairs television's *laissez-faire* philosophy and illustrates the consequences of that philosophy. Specifically I try to show how this philosophy fails to allow public affairs television to fulfill its self-professed function as a source of information and a window on important public policy and public affairs issues and events. I argue that it is indolence or lack of appropriate intellectual skills which is responsible for public affairs television's inability to deliver on its promises much more than it is the resource constraints under which it undoubtedly also suffers. This is followed by a synopsis and analysis of the coverage of the free trade debate and the relation between that coverage and business' involvement in the process. The position taken in Chapter Six, "Free Trade On Television: Representation on the Air and Behind the Scenes", looks at the issue of balance. I take issue with the Fraser Institute's analysis of the coverage of public policy issues and its conception of objective balanced news. My conclusion is that public affairs television, at least tacitly, accepts the criteria for balanced reporting, which the Fraser Institute suggests and in doing so, comes to reflect a *laissez-faire* attitude in the style and content of its coverage.

To conclude, my thesis is that the philosophy of public affairs, including that shown by public affairs television, is at the very least compatible with, and at worst identical with, the operating philosophy of business and the very particular and highly ideologized perspective on public affairs it has spawned. In this respect public affairs and its television coverage come to overlap quite dramatically with business' view of what constitutes good, proper, pragmatic and functional public or governmental affairs.

## SECTION ONE

### **PUBLIC AFFAIRS AND THE PUBLIC AFFAIRS PROCESS**

#### Chapter One

#### **Education Between Two Worlds**

#### **PART ONE**

#### Meiklejohn and the Fight Over the Minds of The Young

Alexander Meiklejohn (MKJ), a political philosopher and educational theorist of the earlier and middle part of this century, provides, to my mind, the most complete and cogent argument for the philosophical principles underlying the American liberal social democratic tradition.<sup>1</sup> Consequently I quote him quite liberally as I follow an argument he lays down against the (liberal) economistic view of social reality. This argument simultaneously offers a historical overview and a guide to the key terms and ideas which the two traditions share **terminologically** (even if not ideologically). Today these

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<sup>1</sup> There may be doubts that Meiklejohn is a social democrat in the Swedish or Canadian sense of the term. But it seems to me that there are no doubts that his style of liberalism, which is equated as "statist" by its enemies, exhibits many of the characteristics of the sensibility of viewpoint which advocates social democracy as a means of bringing about social justice. This liberalism's vision is of a society which does not discriminate along gender, racial, religious or class lines, a society devoted to the active propagation of truly democratic values which come to include the active participation of government in ensuring that its citizens understand their responsibilities and the role and value of the various institutions which make democratic life possible. It is on this basis that I understand Meiklejohn's position to be at the very least compatible with the social democratic purpose, aside from the explicit and positive comments he otherwise makes of its earliest proponent, Comenius. See the Encyclopedia of Philosophy, 1967, specifically the section on "liberalism": pp.458-461, and more specifically that part of the discussion which describes American-style political liberalism, quite rightly, as "statist": 460.



terms are rarely articulated to convey their original social democratic intention. In the modern era it is most often conservatives who are the primary definers of the words I will associate with social democracy's most valued tenets. (Hall, 1978) It is now conservatives who are the self-proclaimed champions of toleration, responsibility, freedom, democracy, reasonableness, equity and fairness. It is now conservatives who speak of the free flow of information and the free movement of people. Yet these beacons of social justice, I will argue, are used largely as a lobbying ploy to shed light on, and win acceptance for, other notions in the economic liberal tradition far dearer to the hearts of conservatives: notions such as free trade, governmental non-interference, "sound finance", economic restructuring, "open" and "freer" markets, which they then want to claim are ideologically connected to the other conceptions.

John Locke was not a contemporary of Adam Smith. However, perhaps no philosopher besides Smith has better articulated a philosophy of the emerging middle class.<sup>2</sup> Perhaps the greatest difference between the two

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<sup>2</sup> I am fully aware that many other interpretations exist of Locke, his influence and specifically his being a spokes-person for the emerging middle class. Most prominent of which perhaps is C.B. Macpherson's now classic rendition of this theme in Possessive Individualism (Macpherson, 1958). My reason for focusing on Meiklejohn's rendition therefore requires some explanation. I have chosen Meiklejohn for a number of reasons. The first is because of the wide ranging implications of his critique both for political theory and for the new media which carry ideas into the lives of people who are citizens of democratic societies. The implications of his thesis, in turn, emanate, ironically, from his own almost "simpleminded and single-minded" approach towards the issues he addresses. In this case the terms 'simpleminded' and 'single-minded' carry the same positive connotations Meiklejohn says they have in his description of Comenius' attitude toward social democracy. This gives both of their works a kind of ideological naivety which sets them apart from so many other single-minded and simpleminded views which are somewhat more cynical and calculated. It also leaves Meiklejohn beyond the accusation that he is an ideologue, a charge which is becoming more and more damaging to those who are so criticized (although perhaps if he were living today he would be subject to such criticisms as well). Also, Meiklejohn is a liberal of the (almost forgotten) American tradition and his views have themselves become the cornerstone thesis in the modern day defense of civil liberties in North America. He is still very frequently cited in this area over forty years after writing his seminal work in this field, Free Speech and Its Relation to Self-

philosophers, and a distinction Locke shares with no other modern philosopher is that as Meiklejohn explains, Locke enjoyed vast power and influence in the political and educational fields. This was by virtue of his having been put in charge of the British system of education, a system which the entire Anglo-Saxon world has emulated. Locke was, one might say, one of the first super-bureaucrats of the modern era and at the same time one of the earliest and most successful lobbyists for a cause or vision. Meiklejohn claims it was there, in the seventeenth century, that the quest for social democracy was lost. For it was then that the crucial decisions had to be made between a coherent and integrated system of teaching and learning available to all, as suggested by John Amos Comenius, and a force of disintegration designed to serve only the wealthy gentlemen of property and puritan spirit, as proposed by Locke. In the end, as Meiklejohn notes sadly, it was Locke's vision which was ultimately acted upon.

In the year 1641-1642, when John Locke was a boy of nine or ten, Comenius, then a man of fifty, was in London. He [Comenius] had come, it is said, by invitation of the Long Parliament, to put into effect plans for a great new institution of learning....The English Parliament, at the suggestion of a group of persons who were interested in the New Learning, was seriously considering the granting of funds, assignment of buildings for the institution which Comenius was to set up and carry on....Comenius found enthusiastic and powerful support awaiting him in London. For a time the outlook was favorable. But in the end nothing was done. Parliament... simply failed to act....What it meant

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Government. (MKJ, 1948) See for example the unpublished writings of John Dixon, former chair of the British Columbia Civil Liberties Association and Tussman, 1989, specifically the chapter "Remembering Meiklejohn". In this respect Meiklejohn's sharp criticism of capitalism, is, in my view, all the more credible and has been chosen in part for strategic reasons because I believe it is not open to the usual epithets hurled at left and left liberal thinkers these days.

was that John Locke, rather than John Amos Comenius, became the spokesman, the interpreter, the guide, in words at least, of the course of English and American teaching....*The Thoughts Concerning Education* received the hearing which might have been won by the *Great Didactic*. And the tragedy lies in the fact that, in spite of common elements of attitude and idea, the principles of these two men were leading in radically different directions. Between them was opening up the Great Divide in social and educational theory. And as one sees the outcome of England's characteristic prudence, one cannot help lamenting that Comenius was disappointed.(MKJ, 1942: 13-14)

Meiklejohn's citing of Locke's position is in part allegorical as he sees Locke's ideas as exemplary of those which have come to influence so much of the public policy of the Anglo-Saxon world in the modern era. Meiklejohn believed and feared that the institutions which prepared citizens for democratic life were being challenged as much in the twentieth century as they were in the seventeenth century, their purpose being eroded. He traced this back to the ambivalent nature of Capitalist democracy (for which he believed Locke to be the chief spokes-person). As a political philosopher writing in the early and middle part of this century Meiklejohn was concerned that the political process which surrounds democratic life was threatened not just by the so-called totalitarian regimes of Russia and Germany, but from the unresolved and inner contradictory nature of the political culture of the English-speaking "democracies". He spoke of the great transformation which had taken place over the course of the last three and a half centuries, a transformation which he saw as no more significant than when it is manifested in education itself.<sup>3</sup>

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<sup>3</sup> In a thesis which covers some of the same ground Hannah Arendt remarks: "The significant fact is that for the sake of certain theories, good or bad, all the

From church to state! In three centuries we Protestants have transferred from one of these institutions to the other the task of shaping the minds and characters of our youth. Do we realize what we have done? This is revolution. It is the most fundamental aspect of the social transformation which has brought us from the medieval into the modern world. As compared with it, changes in the gaining and holding of property, the making and enforcing of laws, even the expression of experience in literature and art, are secondary and superficial. In the transition from the medieval to the modern form of living I doubt if any other change is as significant as the substitution of political teaching for religious. [my emphasis] (MKJ, 1942: 4)

Meiklejohn began his most famous book, Education Between Two Worlds, by saying:

Three hundred years ago Anglo-Saxon teaching was done chiefly by the church....But, today, in the greater part of the Protestant world at least, education is secular....It is the state which is replacing the church....Education is not only becoming secular. It is also becoming political. It is not simply Russia, Germany and Italy [referring to the World War experience] which have made the state the successful rival of the church. In spite of our protestations to the contrary, we have been busy for three hundred years effecting the same revolution. We have, in fact, led the way.... Our protestations do not mean that we deny the fact. They mean only that, as good Anglo-Saxons, we are reluctant to face it. But the time has come when we must face it. The crucial, the decisive problem of our culture, is that of the nature and functions, the powers and limitations of the political state. (MKJ, 1942: 3)

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rules of sound human reason were thrust aside. Such a procedure is always of great and pernicious significance, especially in a country that relies so extensively on common sense in its political life." (Arendt, 1963: 178)

Here Meiklejohn means 'political' in several very specific ways. He argued that education today is more akin to indoctrination, that it is not just the so-called totalitarian countries who indoctrinate their young. By teaching children to be crafty, cynical, shrewd, unduly success-oriented and overly competitive we too "politicize" education, even if in doing so we "depoliticize" it. This too has its political implications because it produces a specific kind of person; one consumed with her or his success, even at the expense of others. That changes the nature of the political landscape for it changes the values which potential citizens have.<sup>4</sup>

For my purposes this provides an excellent starting point for the location of public affairs and the public affairs process. For public affairs itself must begin with education, with the very idea of what teaching and learning is all about. It then turns to questions of power and authority, of the nature of the political state, then to the notion of citizenry and questions of civil law and civil liberty and the intrusion of the political state. Then it naturally turns to the competence of the state to assume responsibilities (which the church once bore). This in turn generates a number of secondary issues concerning the role of political education in the life of a democratic society, which is related to the role and function of the church and/or state. This potentially raises questions as to whether the church or the state can properly educate (while tolerating alternative views). Logically this leads to the role of the state in determining all manner of behaviour through the regulation of social, political and economic life, to the role of the state in relation to its citizenry, and indeed, to the very conception of who and what a citizen is

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<sup>4</sup> See also Arendt, 1963, Hansen, 1981, and Carnoy, 1973.

and/or ought to be. Finally, it leads to the idea of political participation and political freedom.

The change of the role of the state therefore had its consequences. They were not for Meiklejohn necessarily all bad. His point, rather, was that the transfer of authority from church to state posed new problems. They had not as of yet been properly addressed, at least not with the same skill and detail with which the church had assumed its previous role as determiner of human character. And so he asked the questions he believed should be asked concerning the (relatively new) role of the state here as the educator:

What were schools for when the churches controlled them? What are they for now, as our governments support and direct and use them? And, further, can we infer from the fact that political institutions are replacing those of religion, that the two have more in common than we have usually believed? No institution can teach unless it is equipped with the ideas, the appreciations, the wisdom out of which alone teaching can be made. If, at this point, the state is to take the place of the church, then it may be that the state is, or will become, much more like the church than we have commonly thought it to be. What, then, are the human motives to which religious and political teaching have given expression?... In an earlier Europe it was generally recognized that the churches were guardians of our "way of life". They had convictions about the nature of the world and of man.<sup>5</sup> And from this it followed that they knew how men should live....Does New York City believe anything? Has it any values or convictions out of which a scheme of teaching may be made? (MKJ, 1942: 5)

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<sup>5</sup> With apologies to women. It should be noted, however, that Meiklejohn's position is, aside from his linguistic habit, significantly less sexist than would be found in the Lockean school where, as Meiklejohn himself argues, it was assumed that education was primarily for gentlemen.

The state that in 1942 was unsure of itself or ambiguously conceived, whose political culture and purpose was unstated, relatively not understood, vague and changing at best, myopic and dangerously propagandistic at worst, was ill-equipped to teach the young. The school within this context, Meiklejohn says, can hardly be expected to succeed or properly fulfill its mission.

Culturally a school cannot rise higher than its source. If a government means little to its citizens then the teaching which is given by its schools will mean just as little to its pupils. We face, therefore, a most urgent question with regard to the public schools and colleges of our contemporary civilization. Are our governments, national, provincial, and local, culturally fitted to do the work which we have assigned them? Have they the wisdom of mind, the strength of character, the sensitiveness of appreciation, which are needed by anyone who is to take charge of the development of the thinking and the attitudes of the people? Can the state replace the church, as we Anglo-saxons have summoned it to do? (MKJ, 1942: 6)

If Meiklejohn were present today he may have added that we face the implications of the decline, and even of the defeat of political culture. Now, we need not only look at whether the state is equipped to do what it is empowered to do. We have to ask whether we have the citizens to notice the difference as the responsibility to teach, to guide, and to determine what a citizen is, and, indeed what a person is, has been undermined further. Television, we can note, in this context, is not so much an arm of the state as it is a quasi-source of privatized education, political or otherwise. As such, it is a kind of surrogate for the state or government in civil society when it takes on many of the duties Meiklejohn hoped the state would assume. It is not

only another potential source of culture, which would seem to be a mirror for that of the state itself, in being *de facto* charged with the education of our children. It is even less equipped to handle that task than the state was understood to be nearly fifty years ago by Meiklejohn.

This greatly complex situation is made all the more complex when it is understood that a whole tradition has grown around the notion of 'government' in the Anglo-Saxon world which derides the function of government in general. This has the effect of contributing negatively to the source from which culture must arise. It is these (anti-public sector) sentiments which create the greatest pressures, not just for our system of education (which I use here as an illustration for the public sector) but for the system of self-government Meiklejohn would want us to better understand and defend.

The failure of the state in education is itself, after all, often taken as an example of the unfitness of the state to assume any of the responsibilities it currently assumes, in principle! This is not Meiklejohn's position and he specifically warns against it.

There are many critics of current education who would ...tell us that the learning which is being created under government direction is pseudo learning, that the teaching which is given by the state is pseudo teaching. They would remind us that the unfitness of the church for a task does not prove the fitness of the state to do it. Are they right? Is education by government inherently false in principle, futile in practice? If so, our predicament is a desperate one. Under the present circumstances to say that public education is, of necessity, a failure would seem to be the most unequivocal way of saying our American culture is doomed....



If, however, the venture of government education is to have a fair trial, two traditional Anglo-Saxon attitudes toward the state must be seriously questioned. We Protestant-capitalist democrats, in our zest for individual freedom, have been accustomed to think of political controls as hostile to freedom. As individuals we have feared the encroachments of government upon our rights, our liberties, our independence. (MKJ, 1942: 8)

If political controls are hostile to freedom then the state cannot and should not act. And if this becomes part of popular belief and understanding, at that point the project this state-run institutions (of which our schools are but one) is abandoned. But this in turn would necessarily make the reality of democratic culture an impossibility, as long as the view is held that the state is the enemy of the people. Here Meiklejohn is identifying the source of these ideas as Locke's argument that intelligent individuals would never and should never entrust their individual freedom to the state's authority. In general Locke seems to ascribe to education an entirely different role. Meiklejohn notes:

The Thoughts Concerning Education, prepared as advice on the bringing up of the son of a friend, has to do with the fitting of young men of family and property for the meeting of the opportunities, which belong to their station. Its intent is aristocratic. And, quite naturally, its ruling motive is a prudence which is closely akin to fear. Locke would not send his pupil to school. That is too dangerous. He would keep him at home, safely isolated under the care of a tutor. (MKJ, 1942, 31)

And mimicking Locke's views Meiklejohn says:

Don't let a young man take his studies too seriously....A boy goes to college to make friends, to learn to stand on his own feet, to meet his fellows

from other parts of the country, to sharpen his muscles and his wits in relatively harmless struggle of an undergraduate society.

Continuing, he sardonically points out that "his chief business is to 'make good' at that. It makes little difference what he studies".(MKJ, 1942: 29) This position is hardly ever expressed quite as candidly in contemporary life. The contemporary argument usually claims that the state threatens the free economic behaviour of individuals, by imposing restriction in the form of regulations. Economic liberals make the case that such regulations are as threatening to their personal liberty as Locke perceived the power of the state to be in many other domains of life, by compelling individuals to act socially responsibly. They collapse all liberties into economic ones as the power of the state to regulate is slurred together with abuses of power and totalitarianism.<sup>6</sup> Consequently Meiklejohn's view that the state is the ultimate promoter of political freedom, through legal enactment, enforcement and education, is left aside.

Meiklejohn quotes H.M. Tomlinson.

My church is down, My God has been deposed again. There is another God now, the state, the State Almighty. I tell you that God will be worse than Moloch. You had better keep this in mind. It has no vision: it has only expediency. It has no morality, only power. And it has no arts for it will punish the free spirit with death. (MKJ, 1942: 8)

He comments that this is the wholly negative view of government. There is, he says, "a second attitude less extreme in its antagonism toward the state...regarding it as merely negative, as merely an agency of regulation and

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<sup>6</sup> This is the subject of Chapter Four of this thesis. See especially part one which includes William Stanbury's views on the power of the state in regulatory matters.

of limitation rather than of active creation. Here he quotes R.M. MacIver stating:

Because it can determine only the external forms of conduct, the law of the State must be mainly (though by no means wholly) negative. It must for the most part be content (as the neo-Hegelians themselves are forced to admit, though they do not see the force of the admission) to "hinder hindrances" to social welfare. It can "prevent or punish wrong-doing rather than endorse right-doing". (MacIver, 1920: 35; MKJ, 1942: 9)

Meiklejohn comments that "[t]o regard as merely 'hindering hindrances' the institution which is now, for the most part, in charge of learning and of teaching, is to cut the roots of social intelligence, both intellectual and practical" (MKJ, 1942: 9). There is little doubt, however, that in the contemporary era we are given the choice between these two kinds of negativity with the former form proclaiming against and protesting the negative "regulatory" effects of the latter and the latter functioning to combat the ills created by the former. In the meantime, however, Meiklejohn's type of principled objections to either and both are overlooked and the argument between these two fixed visions all the while disguises the truer philosophy of liberalism.

In attempting to explain the true philosophy behind Lockean liberalism, which Meiklejohn believes precipitated the very debate, Meiklejohn asks us to compare the teachings of Locke and Comenius; two men he admits are both in their own right religiously pious individuals:

He [Locke] had a genuine passion for human liberty, together with an eager desire for human understanding....[but] the civilization for which he

spoke was, as judged by its own standards, essentially a self-contradictory one...The Christian culture was, in its Protestant form, destroying itself....<sup>7</sup>But, meanwhile, he held fast to the old faith. It was out of such duplicity of allegiance as this that there emerged Christian Capitalism, the culture which follow two gospels at once, the gospel of the Bible and the gospel of the ledger, God and Mammon. Locke did not make that culture. He was rather its spokesman, loyal to all its traditions and tendencies, loyal both to church and state. He was a good member of a bad society. (MKJ, 1942:57)

Then in comparing Locke directly to Comenius he says:

Comenius is a believer who says, I am a Christian: therefore..." Locke is a believer who says, "I am a Christian; but ... ." Comenius believes in God. Therefore he is a democrat. Therefore the unified study of the world is for him a normal part of the healthy living of every human being. Locke believes in the same God. But there is also in his mind something alien, something hostile to that belief. As against the teaching democracy of Comenius, Locke is a deep-dyed aristocrat. He thinks the pursuit of knowledge as a leisure-class activity to be carried on only by a few gentlemen who are by taste disposed to amuse themselves in this fashion rather than the more rude enjoyments common to their class. Comenius has a single program of learning for all human beings. Locke has one scheme of teaching for young gentlemen of property and another, quite different, for the children of the working poor. It is dramatic—not to say tragic—to see the intellectual and social unity of the Czech broken into fragments by the divisive multiplicity of the Englishman. (MKJ, 1942: 26-27)

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<sup>7</sup> For a different version of a related argument see Weber, 1958.

Meiklejohn elsewhere says:

Here is, I am sure the chief source of the duplicity which has infected England's spirit as her people have, during the last three centuries, fought their way up to dominance over the industry and culture of the modern world. Locke does not deny God. But he does limit the field of His action. He debars Him from interfering when questions of the "right of property" are at stake. (MKJ, 1942: 66)

And Meiklejohn states:

...Locke's sundering of learning from its proper function in relation to other virtues destroys all the unity which Comenius had found in intellectual life. Both men are agreed that "only the useful should be taught." But what lessons are useful? Locke finds many of them. And each is directed toward a separate, specific end. He can see that reading, writing and arithmetic will help anyone who has charge of business affairs. He strongly suggests that a course in the keeping of accounts is desirable for a property owner. He recommends the study of history, law, and politics to those who may be destined for responsibility in public office or for the control of industry...in each case his interest is specific and practical even to the limit of being narrowly vocational. His "usefulness" is shrewd and sensible.

...[On the other hand, for] Comenius, the hodge-podge collection of scattered information directed largely toward occupational interests which Locke recommends, is not learning at all. For him learning is the attempt to be intelligent about living. (MKJ, 1942: 30)

Meiklejohn's plea here sounds like the cry of a voice in the wilderness, much as he described Arnold's as being a century earlier. And his focus was,

almost exclusively, that of education, as understood from the educator's point of view. Others, such as Veblen, were more specific in their condemnation of the commercialization of education. Veblen, for example, said:

For a generation past while the American universities have been coming into line as seminaries of the higher learning, there has gone on a wide-reaching substitution of laymen in the place of clergymen on the governing boards.....This secularization is entirely consonant with the prevailing drift of sentiment in the community at large, as is shown by the uniform and uncritical approval with which it is regarded. The substitution is a substitution of businessmen and politicians; which amounts to saying that it is a substitution of businessmen. So that the discretionary control in matters of university policy now rests finally in the hands of businessmen. (Veblen, 1965: 508)

Again taking this as a reflection of changes which are occurring in the greater society, we can generalize these changes and understand the extent to which the business vision came to influence policy-making in general in the public sector, just as the school was largely dominated by the businessmen-politician in Veblen's time.

To understand the philosophy behind the private "public" vision of society we now turn to the thoughts of Milton Friedman, a thinker who has come to define and represent the conservative political economy which defines political freedom from a conservative economic policy-making standpoint. His views, perhaps more than those of any other thinker, have helped define American economic policy over the last two decades. This is true particularly as regards to monetary policy, laissez-faire domestic policies, embodied in his views on deregulation and privatization, and foreign policy, specifically in relation to socialist and communist regimes. (Friedman, 1962)

### Friedman's Freedom

In a more modern context, Friedman represents the Lockean point of view and carries on the "pragmatic" programmatic which Meiklejohn decries. As a self-proclaimed follower of Adam Smith, a thinker Friedman identifies as a successor of Locke's in the same economic-philosophical "liberal" tradition, Friedman's views have special significance in the contemporary context. This is in part true because he considers Smith's (and by implication Locke's) ideas to be as fresh today as the day Smith wrote them in 1776. Friedman thereby represents a contemporary counter to Meiklejohn, as Locke was for Comenius. Friedman in fact cites similar examples as Meiklejohn. As we shall see, to the extent to which Friedman qualifies his support for Smith, he draws it closer to Locke's skeptical one concerning the merits and shortcomings of "big" government.

Friedman writes of Adam Smith's view of governmental duties, which include funding "the institutions for education of youth". But, says Friedman:

Despite Smith's acceptance of the appropriateness of governmental establishment and maintenance of such institutions, he devotes most of his discussion to a scathing attack on the effects of governmental or church control of institutions of learning—and his comments have a direct relevance today. (Friedman, 1978:15)

Friedman then quotes Smith as saying :

Those parts of education...for the teaching of which there are no public institutions, are generally the best taught. When a young man goes to a fencing or

a dancing school, he does not indeed always learn to fence or to dance very well; but he seldom fails of learning to fence or to dance. (Smith, 1930: II, 253-254)

Of this Friedman goes on to say that "[t]oday, try talking French with a graduate of public high school—or of a Berlitz school." For Friedman neither government nor the church are fit for the role of providing education. In either case the system is both inefficient and an imposition resulting from the monopoly which both would enjoy and enforce. Hence education, as one example not subject to the proper constraints a market would impose, is inefficient in two senses of the term. It does not deliver the goods and it does not deliver them cheaply.

But Smith had said that some learning had intrinsic value. Whether there were any tangible "demand" for it, it still ought to be publicly supported.

Were there no public institutions for education, no system, no science would be taught for which there was not some demand; or which the circumstances of the times did not render it either necessary, or convenient, or at least fashionable, to learn. (II, 266)

Friedman responds by attempting to rescue Smith from the folly of believing government has any such a role to play. First he points to what he says is Smith's equivocal answer to the question "Ought the public, therefore, to give no attention...to the education of the people?" (II, 267; Friedman, 1978: 15) Smith says that "[i]n a civilized and commercial society the education of the common people requires...the attention of the public more than that of people of some rank and fortune." (II, 269) The equivocation allegedly occurs when Smith says that the teacher in such situations would be partially, but not completely paid by the public purse, lest he not "soon learn to neglect his



business [of teaching]." (ll, 270) Hence we have the idea that public servants must be as "accountable" to their public as an entrepreneur is accountable to the market (with accountability there expressed only in dollar terms and dutifully enforced). Friedman takes this as evidence that Smith did not see this governmental duty "as providing extensive scope for governmental activity". Instead it is a general lesson that public servants should be accountable, first and foremost financially, to its citizens.<sup>8</sup>

Smith, according to Friedman, was in any event not as insightful when discussing the growth and function of the public sector as he was about the (private) wealth of the nation. For example, Friedman says "...could anyone write today as he did then [that] 'The post office...has been successfully managed by, I believe, every sort of government' ?" (ll 303; Friedman, 1978: 16) Friedman's comment implies that post offices are run badly because governments run them. By extension, governments cannot they be expected to run any other public enterprises efficiently.<sup>9</sup> Friedman suggests that whenever Smith is optimistic as regards the functioning of the public sector he is wrong; a flat contradiction of Meiklejohn's view.<sup>10</sup>

As Friedman mentions, Smith had spoken of "three duties" which "the system of natural liberty" assigns the ruler. Of this view, Friedman says that "Smith provided an argument that has since been used effectively by

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<sup>8</sup> The same rhetoric surrounded the coverage of the November, 1989 U.S. Congressional pay raise debate.

<sup>9</sup> The post office, if one needs to be reminded, is a common butt of derision in the fields of economics and public affairs. It is frequently cited as an example of how public ownership is truly misbegotten; never more so than during postal disputes.

<sup>10</sup> Meiklejohn might have said this is a logical consequence of Locke's position. Locke asks "does it pay?" (MKJ, 1942: 66) Friedman responds that if it does not, it should not be in business.

"statists and interventionists". Nonetheless, Friedman says, "[t]he first two duties are unexceptionable". They are:

first...protecting the society from the violence and invasion of other independent societies; secondly...protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or...establishing an exact administration of justice. (ll, 184-85)

The first, in other words, refers to the establishment of an army. The second is a system for preserving law and order, for punishing criminals, protecting private property and for enforcing contracts.<sup>11</sup> But it is the third duty that does "mischief". It is:

the duty of erecting and maintaining certain public works and certain public institutions which it can never be for the interest of any individual, or small number of individuals, to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society. (ll, 185; Friedman, 1978: 13)

This last set of duties of course describes what is today commonly called the welfare state and what economists would call collective goods produced, therefore, of externalities (although of course the other two duties also fall within this domain). Smith's reasons for such involvement also parallels arguments made by those holding the contemporary social democratic view

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<sup>11</sup> I would claim this provides the outlines of a similar agenda which the media employs in public affairs. This is also the subject of a forthcoming paper on American public affairs television which focuses specifically on the ABC public affairs program **This Week With David Brinkley**. See also C.B. Macpherson's view of 'protective democracy' in Macpherson, 1977.

of governmental duties. (Calvert, 1984) Friedman says that in 1976 the idea that governments ought to get involved in such public works because the job could not be done just as well or better by private individuals or groups is preposterous.<sup>12</sup>

Friedman's attack on the public sector ironically illustrates Meiklejohn's belief that capitalist democracy is divided, distracted and inefficient. Meiklejohn asserted that the very existence of democratic freedom is impossible without the mechanism to transmit the democratic principles its citizens require to create and sustain a democratic society. The capitalist part of the capitalist-democratic equation, by attempting to erode and even dismantle the power of the public sector, ensures that this aspect of any potential democratic project is not successful.

For Meiklejohn, the road to social life and the life of a citizen in an emerging democratic society has an intrinsic purpose which makes assumptions about the nature of the world. That purpose or set of purposes is quite apart from those found in a market or a "commercial" society. But Friedman's relentless harkening back to Smith's vision is an attempt to deny the intrinsic or, as it is called, "essential" nature of those other purposes.

The power of the (free market) capitalist state therefore poses many seemingly contradictory or paradoxical problems for the purposes of any study. For it is at its root a 'state' which denies that it is a state and a state

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<sup>12</sup> This view, he states, is expressed no better than by Ronald Reagan, who in 1976 Friedman could only hope would some day have greater political success than he had to that date. (Friedman, 1978: 10) With his election in 1980, as it is now well understood, there was an attempt to implement this view of public policy. And there was a dramatic change in the way in role television played in the public affairs process. Both reflect Friedman's take and update on Smith's understanding of the "unexceptionable" duties of government.

which proclaims itself to be anti-statist. Meiklejohn's position, I believe, unravels this riddle and provides the firm ground upon which another set of beliefs and lessons about government life can be built. But the central focus of Meiklejohn's writings ultimately revolves around his conception of self-government, a conception quite distinct from the Lockean conception of government which has come to be the commonly accepted conventional wisdom of government today, especially in and by public affairs television. Yet the rhetoric of Meiklejohn's views live on within the body of the Lockean frame.<sup>13</sup>

Within modern public affairs television a new American contemporary view of 'freedom' is commonly slurred together with a "description", or rather a journalist's rendering of the most important issues of the day. Those issues usually are described (sic) with a dramatically bastardized view of "self-government" and an equivalent set of descriptions of the institutions most relevant to the maintenance of them and the democratic life which is supposed to surround them.<sup>14</sup>

By understanding this context, as seen through Meiklejohn's vision of liberal social democracy, the way is paved to compare and contrast the views

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<sup>13</sup> Here I am referring to rhetoric such as that concerning reasonableness, toleration, justice, fairness, freedom of expression, etc. See Locke, 1978, especially Some Thoughts Concerning Education, "The Spirit of Toleration", from Works; "Liberalism in Politics", from Works; "Liberalism in Religion", from Works. Part of the reasoning of reasonableness Locke attempts to demonstrate with the following passage from the essay "The Reasonableness of Christianity", cited in Macpherson, 1958: 224-225. "The greatest part of mankind have not leisure for learning and logick, and the superfine distinctions of the schools. Where the hand is used to the plough and the spade, the head is seldom elevated to sublime notions, or exercised in mysterious reasoning. 'Tis well if men of that rank (to say nothing of the other sex) can comprehend plain propositions, and a short reasoning about things familiar to their minds, and nearly allied to their daily experience." (Works, 1759, II, 585-586)

<sup>14</sup> I will assert in Chapters Five and Six that a journalist's rendering is too often not a description of any kind, except perhaps in a quasi-positivist sense that events in the "real world" are discrete, need no political analysis and have no underlying sociological cause or basis.

which follow. Meiklejohn's views will not take us to public affairs as such, but rather will make us aware of the social institution it perhaps pretends, or was meant to be. Through his description of the key function of institutions and ideas we will be able to develop an understanding of the sense of purpose and seriousness with which the phrase 'public affairs' might have been taken. This will be done by describing the functions, activities, duties and personæ associated with the institutions upon which democratic life was founded and without which Meiklejohn said it cannot exist.

The chief threat to democratic life, according to Meiklejohn, is the utilitarian, commercialist, in-egalitarian, self-interested conception I argue is inherent in the economic philosophy of the "rational 'economic' man". Meiklejohn himself makes no specific reference to this school of thought. But his philosophical critique of the notion of "human nature" does identify the same socio-political landscape in John Locke's seventeenth century political and educational philosophy as would be later expanded upon in the 'economic man' argument. My concern, on the other hand, is to show how this philosophy gets played out through an influential institution in contemporary democratic life: television.

## PART TWO

### Public Affairs: Defining Principles and Terms

The purpose of this section is to explore many of the philosophical principles which are commonly asserted as being fundamental to our "democratic" conception of social life. It will begin to outline the way in which philosophical principles, or terms, as they acquire common usage, are used as touchstones in public affairs. Part of my interest here concerns the extent to which such terms are commonly and seemingly even systematically imprecise, ambiguous and misleading, especially when used on television. The most significant of these terms is "freedom". But there are others which are either used or implied in much of what is said in the reporting and analysis of political events. Terms such as 'liberalism', in both its social democratic and more purely economic meaning, is a good example. So are the notions of reasonableness and toleration, as are the ideas of "rights", the "state", "democracy", "science", "expert", "efficiency" and even "politics" itself. All these are commonly used terms, but rarely are they adequately defined when they are used on public affairs television and elsewhere.

The facile manner in which these words are used is a great part of the reason, I will suggest, that public affairs television is so mis-informative, by design, by routine practice, and through carelessness or ignorance. For if we believe public affairs television ought to be performing an educative service, it stands to reason that the meaning of these terms must be clarified in order for anyone to even determine what really is being said, by whom, and perhaps most importantly, toward what end or purpose. Without such

clarifications I will claim television serves only to promote the preachings of sophistic demagogues (who often appear as experts) or paid lobbyists who have targeted public affairs media as a venue for their ideas or for the ideas, of those on whose behalf they act. (Drier, 1982)

For my purposes here, the idea of 'political freedom' and its many offshoot conceptions, such as free speech, freedom of information, freedom of the press and *laissez-faire* (freedom from control), are among those which are commonly manipulated to convey the opposite meanings their originators intended. It is the idea of 'freedom' which perhaps more than any other defines the contours of public affairs. More specifically, however, I would argue that it is derived from an older conception of public affairs which, by virtue of its being a social democratic one, had, until very recently, come to be considered archaic and arcane.

Regardless, the social democratic vision still provides a compelling backdrop against which newer conceptions can and should be compared. My eventual conclusion will be that the newer conceptions of public affairs use key terms and ideas which are parasitical of the ideals traditionally found in the (liberal) social democratic contexts of the past. However, today they are twisted in order to convey meanings which now appear to be identical with, or at very least compatible with, ideas from the liberal economic tradition. Today, it is the "liberalism" associated with (neo-Classical) economics which purports to carry on that tradition. As a consequence, public affairs has become a significantly more conservative field, one now dominated by practitioners who see public affairs more as a field associated with publicizing than with discussion as such.

Another implied purpose of this section therefore is to begin to illuminate two methodological approaches of the two perspectives of political

and economic liberalism, which in modern day terms constitute the social democratic and the neo-Classical (positive) economic perspectives, respectively. The latter is presently often conjoined with neo-conservative social policies and monetarist monetary policies, and are represented here primarily through the writings of Milton Friedman, Adam Smith and Friedrich Hayek.

As it turns out, on the contemporary scene, the assumptions of social democracy are more usually laid out by critics of social democracy than by its proponents. This is partly due to the fact that it is the critics of the welfare state and social democracy who have become the primary definers for most political perspectives and events. As such, the assumptions of social democracy's political goals of social justice are usually only raised and explained as issues within the context of discussions of the failure of social democracy or socialism, specifically in areas relating to social justice! And as one might appreciate, the critics of social democracy tend to delineate the social democratic program(matic) without the detail and sophistication social democrats would themselves use, if given the chance.<sup>15</sup> This is true enough when discussions turn to foreign matters concerning socialist countries. (Here I include both democratic and non-democratic socialist countries from China and the Soviet Union to Sweden. For surprisingly little distinction is made between the regimes in these countries when "socialism" is described.) But is especially true when the discussion turns to domestic events, particularly those with an economic focus.

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<sup>15</sup> It could perhaps also be argued with some justification that social democrats have been too lax in explicitly establishing their case, for fear of alienating their audience in what is so often described as being a "conservative" era.



Nonetheless a considerable amount of attention is thereby given the social democratic platform, either indirectly, through the critique of its alleged program overseas (as in the Soviet sphere or in Scandinavia), or more directly through its being slandered domestically by critics of the welfare state. On the other hand, the real assumptions upon which the liberal economic view is based are seldom, if ever, laid out by either side, even though a significant amount of public affairs is taken up with talk which concerns these assumptions. In part, this is because proponents of these latter views wish, as a strategy, to down-play those aspects of their policy views which they apparently consider potentially too controversial or unpopular. (Stanbury, 1986)

Now while the same philosophical principles inform both the method and theoretical content of social democratic principles and policies, as expressed in the previous pages, the same cannot be said about liberal economy. For it is informed by principles which were initially designed to suit the "scientific" examination or "study" of human behaviour, which at least one philosopher has said stemmed from the desire to dominate, manipulate and control human behaviour. (Winch, 1972: 98) In that respect, the neo-Classical adherence to "scientific" methodology is largely the result of the unreflective (scientistic) nature of the discipline (economics) and its unexamined intellectual heritage, insofar as it is plainly inconsistent with other of its claims to promote individual liberty.

In addition, liberal economic theorists see the tenets of their discipline as incontestable (scientific) axioms.<sup>16</sup> It is this philosophical utilitarianism,

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<sup>16</sup> Exceptions, such as Keynes and Marx, are considered either heretical or mistaken in their views by the neo-Classicals and much effort has been devoted to discrediting these dissident views. The successful marginalization of these views, especially on

in both its method and philosophy, as manifested both within and without public affairs, which is both the focus of this thesis and this section. As I will show, however, the abuse of science, reason and human rights is much more commonly laid at the door of socialism and social democracy.

The more purely philosophical principles invoked in public affairs, such as reasonableness, toleration and freedom of expression, are often invoked, in fact, in the name of economic liberalism. This is the case even though these principles are appropriated from the [non-utilitarian] social democratic tradition economic liberals otherwise oppose philosophically and politically. The purpose of following the logic of the economic liberals as closely as I do, then, is to isolate and distinguish the claims and beliefs inherent in their philosophy and literature from those they make publicly. Economic liberals are today fond of taking credit for many aspects of social and intellectual life which may be assumed to be an essential part of the way reasonable and open-minded people think and behave. They do so in the course of attempting to discredit the true intentions of the philosophical (liberal-social democratic) foundations upon which these are based. Taking credit for them, as it turns out, becomes the best method for economic liberals to "manage" ideas such as those of "freedom" or "democracy", the "public" or "national" "interest". These they redefine, or publicly sign on to, as a way of hoarding any benefit the invocation of such ideas might bestow.

Public affairs, seen in this light, is, for advocates of economic liberalism or neo-Classical economy, a highly competitive blood sport. The prize is public support and the field is wide open. The ammunition includes the ideas of friends and foes alike. The rules are extremely flexible, and the object is to

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television, tends to reflect at least a *de facto* bias, and explains their present lack of influence.

kill the enemy regardless of the consequences (which sometimes even can be life or planet threatening). The point, then, is to prove the consequences positive rather than negative. Public affairs, I will argue, largely functions to allow economic liberals the opportunity to get their message across. This thereby improves their credibility in part by taking credit for ideas which they otherwise reject; however they nevertheless realize that the ideas enjoy considerable respect and popularity.<sup>17</sup> The impact this has on popular understanding has been quite dramatic. Positive assumptions come to be associated with principles of economy and society which economic liberals accept but social democrats or political liberals do not.

Because of this successful stage-managing on the part of the right, the views of social democrats come to be thought of as ideological: seldom reasonable, mostly mysterious, clandestine, and, on mainstream public affairs television, hardly if ever associated with the positive principles which spawned them, except in very selective circumstances. Instead they come to be associated with any number of the grievances neo-Classicals lay at their door. Many of them were in fact grievances social democrats originally had laid at the door of economic liberalism: exploitation, poverty, environmental insensitivity, anti-democratic sentiments, starvation, immiseration, joblessness, homelessness, de-skilling, the destruction or insufficient appreciation of culture, intelligence, independence or creativity. Other familiar themes borrowed from the left critique concern its authoritarianism

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<sup>17</sup> As I previously mentioned, I define economic liberalism in a way closely related to one of its most important spokes-people, Milton Friedman. Its key components therefore are of laissez-faire, deregulation and unfettered and unbridled capitalism combined, as it often is, with a quasi-authoritarian discipline-of-the-market logic of "letting the market to decide" anything from prices to wages, to who should be in business, to what responsibilities ought to be borne and by whom. The focus is usually on the responsibilities borne by corporations and taxpayers.

and humourlessness, the genocide it has been responsible for, its lobbying on behalf of special interests or privileges, its greediness, monopolism and imperialism, among many others. <sup>18</sup>

The "Study" of Human Polity and Economy:  
The "Locke" on Political Sensibility

We continue, by exploring Locke's influence on the very nature of politics itself, looking at its contemporary consequences. Locke's political philosophy is often thought to contain the cornerstone principles of capitalist democracy, indeed of democracy plain and simple: liberty, civil rights, democratic or self government and freedom of expression. So it is enlightening to note Meiklejohn's claim that Locke's views concerning liberty are highly conditional and accessible to relatively few, that they have an aristocratic nature and are the essence of the anti-democratic perspective.

Locke's aristocratic sensibility, in modern day terms, and his attitude toward and conception of politics, would be called 'elitist'. Within the context of Meiklejohn's comparison of the aristocrat and the social democrat it would also be called 'individualistic'. Here again the theme of the war between the individual and the social, the governmental, or the collective, arises. Meiklejohn underscores the usual way in which philosophers debate such questions by explaining the purpose of developing abstract philosophical conceptions of government, the state and politics. The notion of the 'political'

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<sup>18</sup> Hence in an article on the socialist and former Mayor of Burlington Vermont, Bernard Sanders it was stated that he "may be humorless, authoritarian and doctrinaire; he also happens to be a fiscal conservative who, over four terms, ran the best managed city hall Vermont's business capital can remember". *The Gazette*, Montréal, Tuesday, November 6, 1990, p.1. The implication seems to be that although he had some of the negative attributes of the socialist, being "humorless, authoritarian and doctrinaire", he nonetheless had some of the positive attributes of the business man in being "a fiscal conservative".

itself is difficult to understand and even more difficult to explain. Consequently Meiklejohn attempts to explain it by asking us to consider the idea of 'politics' in the abstract by refers to a rhetorical device by which philosophers have attempted to isolate the implied meaning of the term.

Locke and Rousseau are agreed, in general, as to the origin of the state. For both of them, it is made by men. It arises out of a social contract. Both thinkers describe this human achievement by drawing a contrast, which is rhetorical rather than factual, between human life in a "state of nature" and human life in a "civil state". They are not saying, when they use these phrases, that men ever did live in a state of nature. They are merely imagining what human living would be if there were no political institutions. By this rhetorical device they try to single out the influence of the political factor. It is their figurative way of expressing the relation between the state and the rights of the individual. (MKJ, 1942: 79)

Meiklejohn's point is in part to call attention to the very sense of the political, which is increasingly absent in contemporary public discussion. Locke's vision in this respect is quite crucial. For it expresses a conception of the relationship between the individual and the state, similar to the one Meiklejohn calls Protestant-capitalist. It is an expression of individualistic mistrust, cynicism and skepticism about the power of the state and is a pronouncement concerning the sanctity of individualistic prerogatives. On the face of it, it appears as if the purpose of Locke's skepticism serves primarily to elevate the rights of the individual over those of the state, especially in matters where conscience arise. Whence the modern day understanding of the notion of civil liberties and civil disobedience is derived.

But the situation is not quite so straightforward for Meiklejohn. The issues which are to be considered matters of conscience matter; for instance, there should not be an imposed limit on ideas considered to be too controversial for polite company. It matters whether politics itself is considered compatible with the private property considerations Protestantism cultivates. If not, the 'political' becomes no more than a code word for the trouble, bother, conflict and social responsibility most would wish to avoid. In this context "true" matters of conscience become perversions; self-indulgences which serve only individual desire for personal gain. This thereby provides a rationale and rationalization for avoiding social responsibility. And the 'political' is thereby chased from the domain of polite company.

And from this it has followed that whenever, in the Protestant-capitalist world, the morality of the individual and the prudence of the government have met in conflict, the individual has brought to the advocacy of his claims a smug and dogmatic moral superiority by which mere "political" considerations have been shamed and driven from the field. "One with God is a majority" we Protestants have said. And since each of us has found "the voice of God" in his own conscience each of us has been the "one". Each of us, with arrogant judgments of his fellows as something essentially inferior in kind to the dictates of his own will. (MKJ, 1942: 83)

Has it not arisen that this morality is a rule unto itself, immune to outside advice or criticism, unfriendly or even hostile to any question of outside authority or "interference"? Within this context, might it not become immune to the suggestion that one ought to moderate one's claims to think

and do exactly as one pleases, even if this has socially deleterious consequences? This does not deny the importance of moral conscience, even that which is religiously inspired. Meiklejohn is decrying the conditionality of this morality—a morality which in many respects denies the application of morality, and even debarb moral action and argumentation from certain spheres, especially the private sphere of property. And yet it is highly "moral" in other spheres, such as in social life and in relation to some issues many might argue are private matters—where, for example, the right to an abortion may be at issue.<sup>19</sup>

To underscore Meiklejohn's point here perhaps we can consider the distinction we can make between the British word 'privacy' (pronounced privvicy), and the North American notion of it. The upper class British view has the connotation of privilege, of the right to protect those things which are exclusively ours. Hence Meiklejohn points to Locke's visceral comments concerning the "abhorred rascality". (MKJ, 1942: 32) There is therein the deep sense of contempt; a morality which asserts that what I do is my business and no one else's. Again Meiklejohn is not denying the right to privacy. He is only decrying the licentious collapsing of private rights with the avoiding social responsibility and the "trouble" that responsibility brings.

So this is the privacy of privilege and not that of the inalienable right. The idea of a "right", however, is eventually skewed to mean the "right" to

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<sup>19</sup> And so on one of the many occasions where the issue of abortion was discussed on television, it is framed on the Brinkley program of January 11, 1987 as a moral issue involving privacy rights and the right of a woman to control her own body (which here is remarked upon as if it were a regrettable possibility. The moral issue at hand here was whether "people with wombs" ought to do things which technology would enable them to (such as rent their wombs) but which perhaps they ought not otherwise do. This sort of comment, made by George Will, was saved for the issue here of surrogacy but never made in relation, for example, to military technology and its use, the spending on which was the subject focus of the rest of the program.

take from others, as long as that is done legally or successfully defended rhetorically; even if part of that defense involves misrepresenting alternative viewpoints and claims.

Meiklejohn's words, written in 1942, have considerable resonance today given the legacy of the 1980's. During the 1980's, in the name of defending the individual against the collective and the state, the state has intervened, as never before, to roll back the fortunes of labour, women, minorities and the poor. Much of the message of that decade, coming especially in the first part of it, was uttered by conservatives (among them Protestant clergy) who could have themselves asserted that "One with God is a majority" and that "since each of us has found 'the voice of God' in his own conscience each of us has been the 'one'". One result has been a very effective campaign to depoliticize the North American electorate thereby discrediting the political left in the process.

It is not, however, as if this view has no political implications. From Meiklejohn's point of view they are understood by comparing Locke's views with those of Comenius. There Locke's conditional understanding of democratic life is revealed.

For Comenius, mankind is one fellowship, one society, bound together by the common purpose of using intelligence for the making of a common life. For Locke, mankind falls apart into groups, classes, sects, factions, nations, individuals, which, seeking each its own ends, inevitably tend to plunge into hatred and struggle, one against another. For Comenius, thinking is a single inquiry. For Locke it is a miscellaneous collection of separate studies which connection with living only as each serves to guide some specific useful enterprise. Comenius brings men together. Locke tears them apart. It never seems to occur to Locke—he leaves that to someone else to inquire—why "other" boys are so vicious that they threaten contamination for "his" pupil. Nor does he care to inquire whether anything can be done



to save them from viciousness. He does not try to discover what, in the social order of England, are the evil influences which make servants such despicable associates for children. He simply accepts the fact. He does not inquire how England has brought it about that her common people are an "abhorred rascality" nor what conditions are at work to keep them in a degradation in which lying is "proper to them". He is a realist. He faces with hard, shrewd common sense the multiplicity, the incoherence of an actual social order. His Puritan individualism justifies him in going about his business, with the understanding that other people will go about theirs. When he plans for the education of a boy of his own class, his interest is directed solely toward the welfare and prosperity of that boy. But when he proposes arrangements for the training of the children of the poor his interest is not in them, but in the crafts and industries of England, of which they are to be made docile, dependable, industrious, obedient instruments.

Out of the same Bible in which Comenius finds the democracy which would have made England one people Locke derives and establishes the vicious aristocracy which, throughout the technological era, has divided her into two industrial classes, the masters and the servants. He has managed, without realizing what he is doing, to state the gospel of that competitive struggle for wealth and power which has arrayed man against man, class against class, nation against nation, as England has lead the way in the creating and maintaining of the industrial activities of the modern world.<sup>20</sup> (MKJ, 1942: 34-35)

Perhaps we can reflect for a moment of the implications of these comments for the modern world. It is a world within which not only does "mankind falls apart into groups, classes, sects, factions, nations, individuals, which, seeking each its own ends", but that the activities consequent to this fact comprises much of what today we come to know as "news". And how is

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<sup>20</sup> Again, this resembles Macpherson's argument, but especially in relation to Hobbes, that Hobbes' metaphysics was that of *bellum omnium contra omnes*. In this context he quotes Hobbes as saying that "because the power of one man resisteth and hindereth the effects of the power of another; power is simply no more, but the excess of the power of one above that of another. For equal powers opposed, destroy one another; and such their opposition is called contention." (Hobbes, Thomas. *Elements of Philosophy*, part i, ch. 8, sect. 4: 6, (Hobbes, 1930) in Macpherson, 1962:36).

this news largely "reported"? As the realist would: without much care "to discover what, in the social order" might be the cause of any of it. The reporter faces with hard, shrewd common sense the multiplicity, the incoherence of an actual social order." For this he is praised for doing his job. "His Puritan individualism justifies him in going about her business, with the understanding that other people will go about theirs."

Social life may be largely about making bargains, lobbying for one's own interest and protecting oneself from the dangers posed by others who would have competing claims. In this context the "right" to avoid trouble, to be sheltered from the strife of the world, to be protected especially from the very consequences of one's own actions and beliefs comes with a premium. Reporting these "facts" then just becomes part of the bargain, a mere "representation" of these "facts".<sup>21</sup>

Believing as he did that the state posed a far greater threat to liberty than did the actions of individuals or even powerful groups, Locke's view of liberty seems to describe liberty as something a person of privilege takes or receives "naturally", rather than something which is defined politically and is guaranteed legally by the political state. Meiklejohn would say that Locke's view becomes self-fulfilling. We can see this no more clearly than within the modern day context of public affairs. There the argument is between two very different conceptions of who and what better preserves freedom. For example, it is asserted that those who favour liberty fear "the state". But this is often

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<sup>21</sup> As a consequence, accepting this explanation allows us to agree that these are in fact the facts, and without resorting to an unnecessary debate concerning fact/value distinctions, we can still conclude that such factual representations are themselves imbued with the immorality to which Meiklejohn alludes.

done by, or at the behest of, powerful lobby groups which perhaps Locke may also have argued pose equal threats to the political freedom of others .

The question might well be re-posed, then, as being one of the following: When the privileged few, represented by lobbyists arguing (a specific economic point of view) on their behalf, are under attack, by the many, or by social democrats who claim to represent the many, the argument is made, by the former, that social democracy threatens individual liberty. It does so by restricting the free working of the market and/or the property rights of individuals. But when such people of privilege find themselves threatened, they counter by attempting to discredit their opponents; sometimes by attempting to restrict the rights and/or power others might have to influence their activity. This they do and have done in any number of ways. The most prominent method involves the influencing of "key actors" in the policy process through lobbying (Stanbury, 1986). The aim is to ensure that the political party in office, or the rule-makers and decision-makers along the way, become convinced by and of their reasoning. (Stanbury, 1986; Baetz, 1985)

In the modern context, as we shall see, this approach has had some success in changing the rules of the game of politics. For example, both the way in which bargains are made in the industrial relations sphere and the way in which governments wield power and influence in relation to the private sector have been altered. In the meantime the rhetoric of "opening up markets" or creating a more "efficient" system is used and equated with well "reasoned" or "common sense" approaches. But the results are those which also happen to exclude public ownership, control or access. In that respect these changes threaten the rights of all citizens, but especially those who wish

to assert them or enjoy them without having to resort to being involved in the policy process (as lobbyists, for example).

### On Mental Distractedness

Meiklejohn describes Locke's vision as duplicitous: containing an implied advocacy of the class war which Meiklejohn argues is the prime cause of social disintegration and the destruction of culture. He cites Matthew Arnold's (the British educationalist of the 19th century) belief that aristocracy, (and by implication Locke's vision) "...is the enemy of culture. It is hostile to 'right reason'". (MKJ 1942: 52) Meiklejohn says:

Arnold discovered that England could not educate her children because she herself was uneducated. Following the lines marked out by John Locke she had created a world-wide empire of industry and commerce and finance. But, by that very achievement, she had brutalized and stupified her people. (MKJ, 1942: 55)

Meiklejohn elsewhere notes the impact of property "rights", not just on conceptions of social justice but even on the very process of articulation:

We have said that our Protestant-capitalist civilization is involved in a dilemma. As we enter upon the attempt to discover the ideas and motives out of which that dilemma arises it may be worth while to note some of the forms which our fears and doubts are taking. They give striking evidence of the inner contradictoriness, the mental distractedness, of the culture to which we belong. (MKJ, 1942: 7)

Returning to the earlier discussion of economics, we discover in fact Friedman's view, following Smith's and Locke's, poses just the dilemma Meiklejohn had in mind. Meiklejohn wants to know how a system of self-government can survive when it is surrounded by the thoughts, words and deeds of those who believe that government itself is a threat to freedom; that a separate morality and sense of piety exists for matters of property.

This is the internal contradiction of Protestant-capitalism. It also purports to believe in self-government, but its notion of self-government assumes a model of individual action which is the logical equivalent of one derived from a conception of individual economic actors.<sup>22</sup> It places an emphasis almost exclusively on the self side, and defines self-government, within that context, in very limited terms. It is "representative" in that policy is formulated which primarily considers the interests of concerned groups or individuals as expressed through a lobbying process.<sup>23</sup> "Concerned parties" are those with interests pertaining to the transacting of business in what they regard as a fair, orderly and equitable way. All "parties" concerned would therefore be presumed to be ones interested by virtue of having a financial stake. And such interested parties, it could further be assumed, would be left to define the terms and rules practically under which transactions are to be conducted. In an economic context this would be known as self-regulation.

Other potential parties, in this context, would potentially and quite likely, be factored out as insignificant in such an economic process of

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<sup>22</sup> In the modern policy context this is no better represented than by Nobel Prize winner for economics James Buchanan and his work on "public choice" theory. See Buchanan, 1972.

<sup>23</sup> 'Stakeholders' is another term to describe those who participate in this form of interest accommodation.

evaluation, as the primary interest would be on those "factors", to use the economic term, which create wealth. This parallels the way in which so-called "non-economic factors" (social issues) are ignored as largely irrelevant by neo-Classical economists, except and until they become potential nuisances or hindrances to production. Then they are factored in, lest they become unnecessary costs. Health and safety standards, anti-pollution laws or investment policy, for example, pose such threats. The object of the "interested parties" then would be to manage the intervention of "outside" parties, thereby controlling the way the public policy agenda is shaped to face these so-called "non-economic" factors, costs and issues. That government is party to this at all (hence the modern phrase 'business-government relations') only reflects the extent to which Locke's mitigated notion of self-government defines the rules and terms under which matters of public policy and economy are conducted today.

It is easier now to understand the source of the ambiguous conceptions of the function of the political state, political rights and individual liberties. As I already mentioned, such terms are used to underscore the values of political democracy, while still referring merely to the representation of the interests of "interested" parties; a minority only. Public affairs television's recent influence has only fixed these ambiguities in stone. And as I will want to show it is the views of Locke, Smith, Friedman and others in the liberal economic tradition, which command the most attention and respect in the modern medium of television. It is their words and ideas, and not those of social democrats, which provide the defining terms television also employs.

## On True Liberalism

Meiklejohn says in 1942 of the term liberalism:

The term liberalism, as used in our tradition, indicates a pattern of culture which criticizes itself, which challenges its own validity. Such a culture has a double pattern. It has customs and standards of behaviour. But it also has the habit of free and active questioning of its own dominant beliefs and standards. And this means that in a liberal social order both customs and intelligence hold sway. It has a "way of life" which is authoritative. But it has also activities of criticism by which that way is tested. Neither of these can replace the other. It is by a combination of the two that liberalism is created and sustained.

It need hardly be said that the "liberal" state of mind, as thus defined, is an uneasy one. It is easy merely to believe—if you do not doubt. It is easy to doubt—if you find no basis for belief. But the liberal is not content with either of these 'easinesses'. He will both believe and doubt. He doubts what he believes and he believes what he doubts. To give up either one of these is to abandon the way of intelligence, to cease to be a liberal. (MKJ, 1942: 113)

Here he is defining liberalism not in the way Friedman would have in the economic liberal sense, but rather according to the sensibility of the liberal principles Comenius stood for; the liberalism in and of social democracy. It might be easy enough to recognize the implied promise of public affairs television to adopt this latter liberalism, with its "habit of free and active questioning of its own dominant beliefs and standards". And it is common enough for journalists to comment on the difficulty or complexity of an issue being dealt with. But this, I will argue, has more to do with the stylistics of public affairs media and the methods of performance preferred and

encouraged than it does with methods of analysis, critical scrutiny and assessment. It must be understood that most of these claims are framed quite tightly within a framework which is entirely illiberal.

Public affairs television's skepticism, for example, when it is apparent, is usually saved for the activities of public sector functionaries or public sector spending. However, remarkable latitude is afforded to those who profess piety in matters concerning the private rights of citizens (taxation, property rights, licensing laws etc). This exempts them from close scrutiny, even when their motives are not so noble. The phrase "taking the high road" is used time and again to describe the behaviour of conservatives in office.<sup>24</sup> Generally, as I argue later, very different techniques are used to interview people on the left or to examine issues pertinent to the left, than are used to interview business people. Whereas journalists manage to find their critical skills when interviewing the former, the "critical" approach to the latter is decidedly immanent; i.e., bounded by and confined to the logic of the interviewee and as such quite polite.

The framework for public affairs television, where it takes its cues from a "liberal" philosophy at all (as it is often accused by conservatives of doing), takes them from economic liberals, not political liberals, at least not anymore. Milton Friedman, in a seeming rebuttal to views similar to Meiklejohn's, asserted in 1976 (in defense of Adam Smith's original vision of trade liberalization) that the original (economic) meaning of the term 'liberal' had been subverted by those with another more liberal political agenda. That agenda, Friedman claimed, belonged to those who wished to restrict

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<sup>24</sup> See the final chapter, p. 279 for example, where David Halton describes how Mulroney did well by avoiding a "slanging" match. (CBC News, 11/23/87)



"freedom" by propagandizing on behalf of government interference into the economic behaviour of free individuals .

The invisible hand in politics is as potent a force for harm as the invisible hand in economics is for good. At the moment, unfortunately, the former seems to have the upper hand. But the outlook is not entirely bleak. The far greater capacity of the many millions of ordinary men to find ways around government regulations, than of the fewer millions of bureaucrats to plug the leaks, provides some measure of freedom. The inefficiency of government arouses the resentment of the citizen, offers the chance of a tax revolt, and encourages a widespread anti-Washington sentiment. Perhaps it is not entirely chimerical to hope that our own corn laws will one day be overturned. (Friedman, 1978: 19)

By "the invisible hand in politics", Friedman refers to the view that some supra-market force might exist, presumably in government, which, through its intervention into the market, controls the workings of the market. This invisible hand is also, as is the case in economics, proposed at least as a force for progressive change where, unbeknownst to those in the market, this force nonetheless compels those within the market to act in a way which they had not intended, i.e., for the common good. In the case of the market Smith claimed actors ended up acting for the common good by pursuing their own interests. The common wealth, or welfare, therefore, was an unintended consequence of their self interested activity. But Friedman argues here that the opposite prevails in the political sphere. Beginning with the opposite intentions, and working toward opposite goals, those of social justice, a supra-market force also prevails and also has the opposite effect. The road to hell, inefficiency and tyranny, for Friedman is in fact paved with the

best intentions of those who proffer beliefs in social justice. As we shall see, this view summarizes the position articulated some decades earlier by another key theorist of the right, F.A. Hayek.

But it is significant for several other reasons. It implies that any force of politics, "the political", in the sense Meiklejohn means it, is dangerous for freedom. It hovers over the market not, as it were, as an invisible hand but a dead hand.<sup>25</sup> Friedman's views are themselves quasi-religious tracts on the mysteries of the market. They are coupled with a positivistic view of science which, quite consistently on one level, asserts that understanding the workings of the market involves the most abstract of principles, quite in the way scientists construct their theories involving the physical world. His view really is then that supra-market theorists, Keynesians, could not possibly know what they are doing and defy the mysteries of the market with their brand of science.

A large measure of Friedman's analysis presupposes that those who intervene into the affairs of the market do not and cannot know what they are doing because they are out of touch with the inner workings of the market, and disrespectful of them. Their procedures are portrayed as being as mysterious as those of the market itself. <sup>26</sup> Friedman's method, on the other

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<sup>25</sup> Pertinently, during the close coverage of events which befell Eastern Europe in the late fall and early winter of 1989, continual reference was made to the "dead hand" of the state or the "dead hand of communism".

<sup>26</sup> Keynesians, however, attempted, in a far less deductive and axiomatic manner, to understand the workings of the market based upon the study of how people within the market actually are motivated; what drives them; what incentive really looks like and how it is that generalizations can in fact be formulated. And so Keynes himself writes: "It seems to me that economics is a branch of logic, a way of thinking; that you [Roy Harrod] do not repel sufficiently firmly attempts to turn it into a pseudo natural-science. One can make some quite worthwhile progress merely by using your axioms and maxims. But one cannot get very far except by devising new and improved models. This requires as you say, 'vigilant observation of the actual working of our system'. Progress in economics consists almost entirely in a progressive improvement in the choice of models. The grave fault of the later classical school exemplified by Pigou has been to overwork a too ample out of date model, and in not seeing that progress lay in improving the model;... The object of

hand, is one which does not apologize for its level of abstraction. Based upon the assumption that that which he is studying, the mysteries of social and economic life, are essentially unknowable, he believes his method of highly speculative abstract "science" is justified in much the same way that the science of physics would be.<sup>27</sup> And so Friedman says:

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statistical study is not so much to fill in missing variables with a view to prediction, as to test the relevance of the model.

"Economics is a science of thinking in terms of models joined to the art of choosing models which are relevant to the contemporary world. It is compelled to be this, because, unlike the typical natural science the material to which it is applied is in too many respects, not homogeneous through time. The object of a model is to segregate the semi-permanent or relatively constant factors from those which are transitory or fluctuating so as to develop a logical way of thinking about the latter and of understanding the time to which they give rise in particular cases.

"Good economists bemuse the gift for using 'vigilant observation' to choose models although it does not require a highly specialized intellectual technique, appears to be a very rare one.

"In the second place, as against [Lionel] Robbins, economics is essentially a moral science and not a natural science, that is to say it employs introspection and judgments of value." (Keynes, 1987: 296-297).

It will be wise to keep these thoughts in mind when Hayek's critique of Keynes and socialism is offered in Chapter Three. For these sentiments explain that Keynes' view of science was non-scientistic and he did not suffer from the naive belief that social science ought to be tied to the physical sciences befitting the hegemony of the latter during that period of time in which the former was developing. And so Alfred Schutz similarly comments: "This unsatisfactory state of affairs results chiefly from the fact that the development of the modern social sciences occurred during a period in which the science of logic was mostly concerned with the logic of the natural sciences. In a kind of monopolistic imperialism the methods of the latter were frequently declared to be the only scientific ones and the particular problems which social scientists encountered in their work were disregarded. Left without help and guidance in their revolt against this dogmatism, the students of human affairs had to develop their own conceptions of what they believed to be the methodology of the social sciences. They did it without sufficient philosophical knowledge and stopped their effort when they reached a level of generalization which seemed to justify their deeply felt conviction that the goal of their inquiry could not be reached by adopting the methods of the natural sciences without modification or implementation. No wonder that their arguments are frequently ill-founded, their formulations insufficient, and that many understandings obfuscate the controversy. Not what social scientists *said* but what they *meant* is therefore our main concern in the following." (Schutz, 1962) The same applies, it seems to me, to at least a large body of socialist thought which is attacked for its "scientism". See Hayek's thoughts on this in Chapter Three part three.

<sup>27</sup> Of interest to philosophers it ought to be noted that although in fact it is Friedman's method which is almost entirely based upon metaphysical speculation, it would be Keynes' views which would be called "speculative" in the philosophical sense, because Keynes did not strictly adhere to the orthodox methods of his intellectual trade; much in the way speculative metaphysicians deviated from the more purely "logical" and "positive" dictates of philosophy in the early part of this century when it too was under the influence of the Vienna school of logical positivism. In this respect it was Keynes' **lack** of orthodoxy and not his "transcendentalism" which was the true target of conservatives. The speculative aspect was therefore merely underlined as a means of justifying the ideological war

Positive economics is in principle independent of any particular ethical position or normative judgments. As [John Neville] Keynes<sup>28</sup> says, it deals with "what is," not with "what ought to be." Its task is to provide a system of generalizations that can be used to make correct predictions about the consequences of any change in circumstances. Its performance is to be judged by the precision, scope, and conformity with experience of the predictions it yields. In short, positive economics is, or can be, an "objective" science, in precisely the same sense as any of the physical sciences. (Friedman, 1953: 4)

The fact that such assertions lie in ruins in the field of philosophy and that this position is largely discredited in so many other areas of social science has never deterred contemporary neo-Classical theorists from adhering tenaciously to these earlier bald claims. It should be noted that it is this notion of "objectivity" and science which is objected to in the field of social science and the humanities generally, and more specifically when such claims of objectivity are made by journalists. So that to reject this notion of "scientific"

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waged against his views. Keynes refused to be bound by this logico-deductive method of philosophical enquiry which denied both the empirical reality of social conditions and the possibility that the reasoning process might be used to resolve social and economic anomalies and problems. This is not to say that he denied that life was unpredictable and that there was much that was not and could not be known. In fact much of the thesis of his life's work revolved around the notion of uncertainty. But there it was to show that economic agents were not rational and that life could not be made more "predictable" simply because positive theorists wished it to be—for the sake of their analysis. Also Keynes' understanding of what it is to "know" was significantly different from that of Friedman's for whom "facts" and "values" were distinct (in keeping with the dictates of the logical positivist mood). Knowing for Keynes was a function of honesty and truthfulness. Positivists (and post-positivists) as well, got around this consideration by framing "truth" as an epistemological question. But the question as to whether one is being entirely truthful, which is a moral one, and whether what one is saying is absolutely the truth, which is sometimes an epistemological one, should be kept separate in a way they are not in positivist theory. This is why Keynes also decried the essential duplicity of the utilitarian system of ethics and justice specifically as articulated by Hume. (Fitzgibbons, 1990) And he rejected Say's law because he believed it was morally wrong in blaming the victim of unemployment for her own plight. In that sense it also had to be incorrect. This was something Friedman's logic would never grant: that a moral principle, such as that of social justice, could invalidate the "factuality" of an empirical claim.

<sup>28</sup> Not to be confused with John Maynard Keynes, who was Neville Keynes' son.

enquiry, which many people on the left do, does not necessarily compel one to reject the possibility of a scientific social science or the claims made by some on the left that they have accomplished, through better technique or more faithful study, a better understanding of the actual workings of the economy of the policy process. Therefore, it should be made clear that Friedman's view of a science of human experience is rejected by Keynesian and Marxists both in relation to his analysis of economics and his positivist approach. For Friedman's view of science is premised on two seemingly contradictory assertions: one, that social life is essentially unknowable, and two that a science is judged on its ability to make predictions.

But how can one make predictions of that which is unknowable? In articulating his positivist argument he stated that it was not necessary to have an exact understanding or description of reality in order to develop theories which when applied produced accurate and correct results. Hence theory could be abstract, seemingly incorrect, and yet in practice be powerful and highly practical in producing the proper results.(Friedman, 1953: Chapter one) Therefore, in some respect rejecting the possibility of some other form of disinterested or empirical method a priori suggests a quasi or post-positivist acceptance of one aspect of Friedman's view: namely that social life, and economics, are essentially unknowable. This is a conservative view, I will argue, which is held by a great number of journalists.

Friedman's comment on the corn laws followed from his assertion that the repeal of the corn laws in England signalled the greatest change in the field of the expansion of international trade and commerce and hence also in the overthrow of the restrictive nature of the Mercantilist system which had until then prevailed. Mercantilism guaranteed protection for a small number

of wealthy manufacturers who had preferred that their success in the then restricted marketplace not be tampered with.<sup>29</sup> The repeal of the corn laws threw open the doors of the competitive market system. Friedman's point was that the interventionist nature of the U.S. government (then in 1976) was virtually as bad as in the Mercantilist era. Contemporary protectionists, calling themselves "liberals" had, according to Friedman, usurped not just the term but the freedom economic liberals claimed all should enjoy. Hence these political liberals favoured an invisible hand in politics which Smith had envisioned only for economics.

Meiklejohn wished to make the opposite point. He said:

It is one of the absurdities of current social discussion that men speak of liberalism as if it were organically connected with the cotton mills of Lancashire. Apparently they regard it as an invention of the English Liberal Party. They deal with it as if it were an offshoot of the individualism of the laissez-faire theory of economics. They talk as if Socrates had been born in Manchester. (MKJ, 1942: 113)

Elsewhere Meiklejohn points to the consequences of the (Lockean-Friedmanian) view of the laissez-faire doctrine with which liberalism and its most poignant tenet **toleration** has been affected. Here again he distinguishes two forms of toleration. One he takes as a cornerstone for a social democratic or a political liberal conception of it. The other he says displays all the tempers of the other view economic liberalism:

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<sup>29</sup> This is admittedly a simplistic analysis which does not underscore the positive aspects of Mercantilism anymore than the modern day contemporary arguments accurately reflect the strong points of the modern day "protectionist" arguments made against specific free trade arguments. See Schumpeter, 1954, for an interesting historical account of mercantilism.

There are two kinds of tolerance. One of them springs from hope. The other springs from despair. The first is a form of intellectual co-operation. The second is a form of mutual non-interference. The toleration which arises from hope regards men as working in a common cause....Each finds in the work of the other a correction, a supplementing of his own partial achievement. This is the toleration which a group of scientists have for one another. They are workers in a common enterprise. They differ, but even those differences are of value in pointing the way which all alike must travel if the common work is to be done....It is the toleration of mutual respect and co-operative effort.

But there is another toleration which springs, not from hope but from despair. It accepts differences of belief as final, as irreducible. It regards the minds of men not as working together but as working separately and independently. Each individual, in his own way, is building up his own reaction to his situation, his own interpretation of the world about him. If those views conflict, what shall be done about it? The answer is "Nothing". Each man accepts the brute fact of difference. On that basis they can bargain with one another. "I will agree not to interfere with your belief, if you will agree not to interfere with mine. Let it be understood between us that each man's opinion is his own private business". This is the negative toleration of non-interference. It has none of the quality of intellectual co-operation. It is simply a practical man's way of avoiding trouble. [my emphasis] (MKJ, 1942: 112-113)

In Meiklejohn's liberalism, healthy skepticism leads to knowledge. It does not lead to hopelessness, cynicism, abnegation, apathy or contempt. It does not need to assert that differences are irreducible, irreconcilable or final. It is the task of the intelligent mind to find common ground where possible. Skepticism must thereby be balanced and tempered; it is a skepticism which is

at the same time self-consciously informed by the self-critical tradition out of which it was borne. It is the skepticism of the inquiring mind, the ideal jurist who assesses fairly, is cognizant of the circumstances and somehow intuitively understands the extent to which an inquiry must continue before anything resembling a conclusion can be drawn. Friedman's idealized vision, on the other hand, wishes to attribute understanding to the activities of the scientific thinker. If there is to be any skepticism it ought to be directed toward the pretenses of those in the field of politics who would wish to operate within the confines and according to the dictates of the invisible hand of politics and of the state. Again, this appears to have much in common with the attitudes of many contemporary journalists, for whom the role of watchdog has been reduced to attacking the role of the public sector.

Much of what critics of journalism find wrong in the journalistic pretense of objectivity, as I have just said, comes from its conformity to the rules of social scientific enquiry as laid down by Milton Friedman and the positive school. The practitioner of such objectivity is turned into the careful calculator, a person removed from the site of the evidence. Meiklejohn said such a practitioner is "a servant of prudence rather than of virtue", as Friedman's very distinction between the 'is' and the 'ought' suggests (MKJ, 1942: 67)

In that sense being removed from the site intellectually is a form of moral distancing. Remaining "neutral" entails remaining non-responsible. In the jargon of psychology, to be "objective" in this sense is to be in denial of the reality which surrounds one. Hence the notion of "sanitization". My description of the rules of social life, in the later chapters, which include a characterization of the activities of those who work in public affairs



television, suggests that such prudence and claims to virtue are indeed interwoven and often confused for one another.

Meiklejohn's view, on the other hand, falls back on Rousseau's dictum concerning the only acceptable science for the teaching of children, and by implication, the only science to be used in the formation of human character and the formulation of a science of humanity. He points out that no science, except the "science... of the duties of man", is to be prescribed. (MKJ, 1942: 73-74) This study does not mean making assumptions, as many enlightenment thinkers and economic liberals following them did, that liberty emanated from so-called "natural rights". Rather it is to recognize that:

Human rights are political. To be a member of an organized and governed society is to have rights. And vice versa, to have civil rights is to be a member of an organized society, a governed, society. Locke's "natural rights" are nonsense. Man is a political animal. (MKJ, 1942: 82)

The study of the science of the duties of humanity then begins with an understanding of the social, cultural and political nature of that study. Friedman's study, as with Locke's, begins with fixed conceptions not just of natural rights and liberties but of "human nature" and of the nature of human behaviour itself. Without these fixed conceptions, the "objective", "scientific" nature of the enquiry, the very capacity to "predict" in the way Friedman means the term (in essence by making or seeing human behaviour as predictable), would be impossible. By extension, therefore, Friedman's vision is also nonsense. And his conception of objective social science is a self-fulfilling prescription and not an abstracted scientific description.

## Chapter Two

### **Public Affairs Meets Political Economy**

#### PART ONE

#### Adam Smith's Method: As Revealed in his Psychologism of Science

The most sophisticated and clearest statement of the beginnings of theories of social science, especially in relation to science and economics, is found in the writings of Adam Smith. So it is to Smith's views that I now turn, to set the tone for the eventual debate between (political) liberals and conservatives in the modern era, and to set the scene for the eventual description of the many (social scientific) assumptions inherent in public affairs television.

An important kernel of Smith's method is captured in Andrew Skinner's book on Adam Smith's philosophy entitled A System of Social Science. Skinner himself employs a kind of psychologism which nonetheless I believe accurately captures a key ingredient in Smith's theoretical success. Skinner describes Smith's adaptive and pragmatic style, a style which is as important to that success as the actual content of Smith's work. Skinner believes that Smith's genius lies in his pragmatism which was neither consciously nor purposefully developed. He also notes that Smith was not a particularly original thinker. But what he did do well was to adopt the assumptions of another great Scottish philosopher and, with true pragmatic

skill, translated these assumptions into the creation of a logic of a science of economy. Skinner says:

...Smith had surprisingly little to say on the subject of method (in the sense of considering the techniques of analysis and synthesis), but there can be no doubt that he too followed Hume's lead. It is also quite clear that he made use of Hume's Hypothesis with regard to the constant principles of human nature, especially in those works which deal with the activities of man in society. For example, in his economic analysis Smith makes use of the hypothesis that man is motivated by a desire to seek pleasure and avoid pain; that he is self-regarding, possessed of certain propensities (for example to 'truck and barter') and objectives (for example, 'to better his condition'). These judgements are used throughout Smith's economics and lie at the basis of his explanation of the way in which resources come to be allocated between alternative uses. (Skinner, 1979: 15)

We therefore already have the germ of the view that a 'science' of economics is not only possible, but that its rudimentary and not insignificant beginnings lie in Smith's undertakings. Skinner correctly points out that Smith takes Hume's philosophical pronouncements as the starting point of the scientific enquiry, by focusing on "the hypothesis that man is motivated by a desire to seek pleasure and avoid pain that he is self-regarding, possessed of certain propensities".<sup>1</sup> In other words, Smith focuses not on the human being as a social or political animal in the sense that Rousseau or Comenius

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<sup>1</sup> It will be wise to recall these presuppositions when we encounter Hayek's view that beginning at the "beginning", having created a presuppositionless social theory is pointless because it is impossible. The point being that Hayek does not properly identify the presuppositions with which his theory begins and therefore it is not open to the careful scrutiny the theories he attacks are.

would have; rather, individuals were sensors of pleasure or pain, and hedonistic calculators possessed of certain definable properties, much in the way inanimate objects would also have fixed and identifiable "natural" properties. This 'man', then, is neither political nor social "by nature". Rather, it is only understood as a phenomenon, not unlike other phenomena, whose "behaviour" at the hands of various forces, influences and pressures could be measured or assessed. Presumably, enabling us to understand and predict how humans might act. By removing 'man' from this social and political environment, she could be observed as if under glass.

Skinner says Smith was fascinated with the role of "the imagination in scientific discourse". (Skinner: 17) He identifies two separate aspects of Smith's study of astronomy, the psychological and the historical, which frame his entire approach and hence eventually his "science" of economy. Skinner describes Smith's observations concerning the psychological need of theorists to 'improve' upon theories, because of the dissonance a theory created, or the dissonance which various components of a theory created. What is most noteworthy is that Smith's method, itself, according to Skinner, is driven by a more or less complete pragmatism and by the very principles of pleasure and pain of which the very theory of economy is made. A theorist changes a theory to avoid the displeasure of dissonance, or is attracted to another view because it is pleasing, is elegant, is charming, is fascinating. Skinner comments on this as if it were merely another interesting aspect of this one theorist's work. But in fact it reveals the rather fickle and imprecise vagaries of Smith's "objectivity". It also reveals the extent to which the notion of 'preference', and the axioms of pleasure and pain from which this notion is directly derived, become the cornerstone principles upon which the science of

economy is based. In other words, the science of economy is little but a theory which asserts that pleasure is good, pain is bad, all other things being equal.

For Smith, this had as much force as the very principles upon which astronomy are based. However, in the case of the former, its axiomatic design is predicated upon the psychological, and not the scientific, principles upon which the latter is based. That is, the scientist, in the case of the astronomer, changes her theories to achieve popularity and acceptance and proves himself successful in doing so. (Barber, 1962; Mahoney, 1976) But presumably, in this case, the theory and the thoughts about the theory and its acceptance are in some respect distinct, even though certainly it can be argued that the theory has been corrupted by the scientist's fear of rejection and ex-communication from other scientists or from those in authority. In the case of the science of economy, no such distinction seems to be made between theory and reasons for changing it. The theory itself asserts that life and intelligent living become nothing but the adopting of the principle of adapting for pragmatic reasons, in order to maximize pleasure and minimize pain. In this case consonance is maximized, while dissonance is minimized.

Neither Smith, nor his followers centuries afterward, seem concerned with the question "Is the theory correct"? Nor are they any more taken up with the attempt to understand or define a method which would allow us to answer this question. What is correct, today as then, seems to be the theory which has not so much the greatest explanatory power but rather the greatest utility in posing fascinating, captivating and compelling "explanations" to queries inveterately posed or orthodoxies which came before. The question of evidence seems beside the point. So if a theorist believes that the earth is the center of the universe, consonance would have it, 'evidence' temporarily notwithstanding, that an elegant theory which described the earth at the

center of the universe will be well received until, of course, such a view no longer found favour in learned ranks.

Here in fact we find a kind of aristocratic, sophistic conception of what composes good science. It is good, to paraphrase Plato, if it is pleasing to its readership and causes no dissonance. But it is not consonant because it is good. Insofar as it does cause dissonance, it will have to be modified if its author expects the theory to gain wide acceptance. Here we have no sense that dissonance would be caused because a theory were incorrect but rather that the history of science is the history of changing theories. The evolutionary process never ending, a theory in that context is thought to be good if it is in fact in fashion!<sup>2</sup> And although Smith does not himself suggest it, and indeed even argues against the logical conclusion of this thesis, the implicit reading is that scientific understanding improves with time.

Smith says that resistance to truth is just as likely as acceptance of it. Unfortunately, as we shall see, Smith's historical overview tends to lend credence to, and indeed anticipates, evolutionist theories of knowledge which 20th century thinkers such as Hayek have put forward.

### On The Indolent Imagination

Smith's psychological assumptions about the nature of knowing are, however, essentially conservative. Skinner cites Smith's view of pleasure in relation to a state of the imagination: "What may be called the natural state of the mind, the state in which we are neither elated nor dejected, the state of sedateness, tranquillity, and composure...". (*Imitative Arts*, II...20; in

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<sup>2</sup> This belies Hayek's view, to be explored in Chapter Three concerning the spontaneity of, and progressive nature of, social change.

Skinner, 1979: 18) Skinner states that "[i]n this case such a state may be attained where the mind contemplates subjects which satisfy certain conditions".

Those conditions are:

Connected variety, in which each new appearance seems to be introduced by what went before, and in which all the adjoining parts seem to have some natural relation to one another, is more agreeable than a disjointed and disorderly assemblage of unconnected objects. (Smith, 1976 V.1.9)

Because, as Skinner says remarking on Smith's view that " we derive a feeling of pleasure...from the contemplation of relation, similarity, or order; from a certain association of ideas", where in Smith's words "[t]here is no break, no stop, no gap, no interval", Skinner paraphrases Smith's thought by stating:

The ideas excited by so coherent a chain of things seem, as it were, to float through the mind of their own accord, without obliging it to exert itself, or to make any effort in order to pass from one of the them to another.<sup>3</sup> (Astronomy, 11:7; Skinner, 1979:18)

Here Smith offers a very plausible description of the conservative mind in a state of stasis. He however means it as a general description of the operation of "the mind". Over time, this has become a prescription for the way the mind ought to operate and, by extension, a comment on the criteria of acceptability for methodology and methodological change. This seems especially true in economics, where methodological developments are largely driven by the ideology of the profession and therefore are particularly

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<sup>3</sup> These last passages offer a compelling description of the psychology of t.v. programming. See Williams, R. 1967, Chapter Four and specifically his discussion of "flow". See also Gibson, W. 1980. See also Mander, 1977.

unreflectively achieved. Here Smith's thesis itself might, for example, be judged as being "correct" or acceptable, especially to like-minded conservative thinkers, because it is pleasing, pleasant or pleasurable. Therefore it would be seen as having great utility in its explanation and easiness with which it can be understood. This befits a theory in a hedonistic world, but not because it is without fault or weakness. And so Joseph Schumpeter writes of Smith:

His very limitations made for success. Had he been more brilliant, he would not have been taken seriously. Had he dug more deeply, had he unearthed more recondite truth, had he used difficult and ingenious methods, he would not have been understood. But he had no such ambitions; in fact he disliked whatever went beyond plain common sense. He never moved above the heads of even the dullest readers. He led them gently, encouraging them by trivialities and homely observations, making them feel comfortable all along....while Smith taxed the reader's patience with his masses of historical and statistical material, he did not tax his reasoning power. He was effective not only by virtue of what he gave but also by virtue of what he failed to give. Last but not least, argument and material were enlivened by advocacy which is after all what attracts a wider public: everywhere, the professor turned his chair into a seat of judgment and bestowed praise and blame. And it was Adam Smith's good fortune that he was thoroughly in sympathy with the humors of his time. He advocated things that were in the offing, and he made his analysis serve them. (Schumpeter, 1954: 185-186)

Now for my purposes here, and for the present moment, I will merely mention the resemblance this obviously has to the techniques used by politicians such as Thatcher and Reagan. The similarities of method and the reasons for success also evoke comparisons to television: its lack of



intellectual ambition, its disdain for anything other than the common sensical, its inability to grasp anything more profound, its refusal to move "above the heads of even the dullest readers", its being "in sympathy with the humors of his time"(presumably by design), and advocating "things that were in the offing", making his "analysis serve them." All these reasons are given by Schumpeter as reasons for Smith's success; and in doing so Schumpeter certainly notices the irony. It is not, however, I would argue, a harmless irony.

Both Smith's description of intellectual history and Schumpeter's description of Smith's place in history also capture, even if inadvertently, how the conservative mind is in essence not an inquiring, active and discovering one, but rather a passive one driven by external forces; encountering newness by accident, but never discovering through anticipation, insight or planning .

The imagination, in fact, is "indolent", according to Smith. So when "appearances" are irregular or unexpected?

We are at first surprised by the unexpectedness of the new appearance, and when that momentary emotion is over, we still wonder how it came to occur in that place....The stop which is thereby given to the career of the imagination, the difficulty which it finds in passing along disjointed objects, and the feeling of something like a gap or an interval betwixt them, constitute the whole essence of this emotion.

And Skinner explains that for Smith "[w]onder, in short, involves a source of pain (or dis-utility); a feeling of discomfort which gives rise to 'uncertainty and anxious curiosity', to 'giddiness and confusion', which can in extreme cases lead to mental derangement." (Astronomy II: 9, 10; Skinner,

1979: 19) Consequently, wonder, which for some is the basis for discovery and joy, is for Smith a source of pain and is therefore to be avoided. Again, as a description of a certain kind of mind, this is insightful. But as an assumption about "human nature" and about the nature of all inquiry it is disastrous and dangerous. Unfortunately, it is one to which 20th century theorists of the right continue to adhere. Our having the benefit of hindsight, Smith can be somewhat forgiven for his inability to provide an historical overview. But his 20th century followers should not escape with the same lenient assessment. We must, therefore be vigilant in our assessments of imaginative indolence in any field of inquiry, whether in the academe or in journalism.<sup>4</sup>

Smith, as Skinner points out, goes on to explain the ultimate purpose of philosophy, which is "the repose and tranquillity of the imagination". (Astronomy, IV: 13; in Skinner: 22) Philosophy, then, is the counter-reaction to wonder, since theory's purpose is to introduce

order into this chaos of jarring and discordant appearances, to allay this tumult of the imagination, and to restore it, when it surveys the great revolutions of the universe, to that tone of tranquillity and composure, which is both most agreeable in itself, and most suitable to its nature. (Astronomy, II:12; in Skinner: 22-23)

A somewhat positive image emerges of the philosopher as the practitioner "whose trade it is, not to do anything, but to observe everything; and who, upon that account, are often capable of combining together the powers of the most distant and dissimilar objects". (Smith, 1930, I, i: 9; Skinner: 23) However, the picture is also that of someone with a superior

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<sup>4</sup> Later my argument will imply that journalists use resource scarcity as an excuse for their indolence. See Chapter Five.

capability to classify and compare objects; i.e., to calculate in a quasi-scientific manner. Nowhere is there mention of capacities less tangible or measurable, or related to the rhetorical devices Meiklejohn mentions through which we come to understand human society, devices upon which other theses of social science would be based.

So now Smith's explanations for the advance of the science of astronomy are plausible. But they also reveal the relation of the conservative form of theory-building and its 'scientific' forms of explanation, to the eventual discussion of public affairs issues. Smith, in updating the history of astronomy, states that the Copernican thesis, as Skinner puts it:

proved to be an attractive hypothesis to some, not merely because of the beauty and simplicity of the system, but also because the novelty of the view of nature thus provided excited a certain feeling of wonder and surprise. (Skinner, 1979: 29-30)

But it remained unacceptable to many because of its disconcerting assertion that the sun did not move and worst of all that the earth did. Kepler's "gentler" explanation in this area then helped to smooth out the ruffles and completed Copernicus' work. Skinner says:

...the coherence and simplicity of the Copernican system was qualified by the unfamiliarity of one of its central principles; a problem which was so important as to render a more complex account more acceptable to some than it could otherwise have been. Interestingly enough, Smith represents subsequent developments as involving an attempt to make the more elegant system (of Copernicus) acceptable to the imagination by removing the basic difficulty — that is, by providing a plausible explanation for the movement of the earth. In this connection Smith argued that the astronomical work done by Kepler contributed to the completion

of the system, while research on the problem of motion by Galileo had helped to remove some of the more telling objections to the idea of a moving earth. (Skinner, 1979: 30-31)

The "telling" objections were in fact largely the result of the indolence of the imagination. The Church at the time also had other objections derived from religious dogma which Galileo and others encountered, such as the new astronomy was blasphemy. In that context the objections were not really 'telling' as much as that those with the objections found this point telling: that the Copernican system had this "telling" weakness of being discordant with established ways of thinking. Once again the strength or weakness of the Copernican system is not here assessed for its accuracy as much as it is judged for its obedience to established models of thought. (Kuhn, 1968)

Although Smith himself does not mean to judge the Copernican system according to this criteria, his psychological method built around the principles of averting from pain and being attracted by pleasure, has come down to us very much intact. It is the cornerstone of the liberal economic tradition, and influences many mainstream social scientific inquiries.<sup>5</sup> Smith's psychological and scientific explanations also provide much insight into the inner logic of television. For much of what is contained in this early empiricist and psychological style of analysis forms the basis for what becomes the defining principles of neo-liberal and neo-conservative thinking, its pragmatic style of theorizing, information gathering and dissemination.

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<sup>5</sup> See Easton, 1955; Dunlop, 1958; Craig, 1986 and specifically the discussions of "systems".

The Role Of Human Intelligence In Social Affairs  
And the Problem Of Method Revisited

If we then return to put this back into the context of what Meiklejohn had to say, we begin to understand the greater implication of Meiklejohn's argument against Locke's view of knowledge and education. Locke's ideas both anticipate Smith's method of inquiry and casts a shadow over much of what Smith had to say (even given differences which would have derived from Smith's other greatest influence, Hume). For while Meiklejohn's social scientific method is guided by Comenius' and Rousseau's prescription concerning the study of humanity as a complex social and political being, Smith's is guided by principles of science and psychology which miss the complexity inherent in the thoughts of the other thinkers. In Smith's world, for the most part, that which is not quantifiable is, for the purposes of theory at least, not significant or relevant.

In this context Meiklejohn's conception of the problem of method, which he sees as inextricably bound up with the understanding of what constitutes human intelligence, seems more relevant. Both method and intelligence, in his view, ought to form the basis of any inquiry into the question concerning the role of the state (and hence in the evaluation of the efficiency of state-run institutions). For Meiklejohn, the state is the extension of the human mind. We therefore know nothing about the state unless we first have a clear understanding of the role of human intelligence. As we shall see, in Hayek's rendering of this same issue, Meiklejohn's view is rejected as an unfortunate anthropomorphism. On the other hand, Meiklejohn would likely have seen Smith's psychological treatises as an admission of the failure of the econom(ist)ic liberal view, with the idea that the imagination is indolent being at the heart of the problem.

Meiklejohn had quoted Comenius on the failure of the old Scholastic formalism in "inordinately seek'ng knowledge": it pursued "nothing but intellectual progress." Of this Comenius then asks: "But with what method or with what success have they done this?" His response:

In truth the only result achieved was the following. For five, ten, or more years, they detained the mind over matters that could be mastered in one. What could have been gently instilled into the intellect was violently impressed upon it, nay rather stuffed and flogged into it. What may have been placed before the mind plainly and lucidly, was treated of as obscurely, perplexedly, and intricately as if it were a complicated riddle. In addition...the intellect was scarcely nourished even by the actual facts, but was filled with the husks of words, with a windy and parrot-like loquacity, and with the chaff of opinions.... Such a disgraceful waste of time and of labor must assuredly arise from a faulty method." (Comenius: ll., 230-231; MKJ, 1942: 15)

The irony here is that Smith's very indolence might itself have been the product of the scholastic training of the day. But by offering a more plain, lucid and gentle style, which unfortunately lacked the profundity Comenius had in mind, he effectively was able to steal its thunder. But it is the methods of Locke and Smith which were supposed to rid us of the past complaints attributed to Scholasticism (in the field of learning) and Mercantilism (in the field of economy). It is hardly clear, given the legacy of the teaching method employed in modern day economics, that this field has been any more economical in its approach to the understanding of questions of efficiency outside its own theorizing. Where Smith believe he was only describing a turn of events and was only providing an historical review of the evolution of the scientific mind, Meiklejohn, following Arnold and Comenius, would

have asserted that Smith had rather put his finger on one of the very sources of inefficiency of the laissez-faire system: its indolence of imagination. Comenius put his finger on the other: its resort to force to achieve obedience and make or "prove" its point. All this was indicative of a profound lack of understanding of a method and a program which would efficiently take advantage of or harness and nurture human potential in a way which both understood and respected human dignity.

So Comenius was just as concerned with the notion of efficiency as Smith and Friedman, but for radically different goals and for significantly different reasons and purposes. For Meiklejohn, these goals were every bit as practical as understanding how to create wealth and produce goods cheaply. The creation of a democratic society surrounded and bolstered by a sense of community was made impossible by a laissez-faire sensibility. In this respect it was this sensibility which was inefficient, as a transmitter of democratic culture. Comenius's integrated system of teaching and learning, which was social democratic at its core, provided the most efficient method for training the young for a life in a democratic society. However, it was the indolent imagination at work in Locke's prescriptions and Smith's theories and descriptions, which were winning the day.

Smith and Friedman's methods would have seemed to be as inefficient, in the long run, as the system Comenius wished to rebel against. In the end it produced the same "husks of words, with a windy and parrot-like loquacity, and with the chaff of opinions" without "the intellect...scarcely even nourished by the actual facts" as the medieval system had. Meiklejohn refers to the way in which our reverence for a notion of efficiency is derived from the fields of science (as we understand it) and technology wreaks the

same havoc in the fields of politics and social affairs. Meiklejohn cites Matthew Arnold's view of the benefits of science and economic-technical progress and compares them to the critical capacity which the liberal tradition otherwise would have promised. Meiklejohn says "Arnold... challenges our smugness", for

[w]e who are 'modern' and 'scientific' are wont to speak of Victorianism as smug and dogmatic. But where, among the practitioners of our new sciences and technologies, can be found any self-criticism which approaches in severity and honesty that which Arnold gave to the England that he loved? He knew that he did not know how men should live and teach. We do not know either. And yet we are boastful of our "new" methods, our "new" techniques, our "new" efficiencies. We seem incapable of self-assessment. In a world which is rushing to its own destruction because of its own intellectual and moral disorder we glory in our "new" knowledge. We "know" so much that we can no longer "think". (MKJ, 1942: 49)

The inability to think is for Meiklejohn the source of our greatest inefficiency, liberal economy's "dead hand". Without the ability to think, culture is impossible, as is the transmission of ideas from one generation to another. Arnold had said that aristocracy was the enemy of culture. The aristocratic mind wished to avoid the bother and displeasure which the creation and maintenance of culture involved. The aristocratic "preference" for easinesses and pleasantness, which the modern world also offers, was both its strength, and key to its success and was the key to its destructiveness and the tragedy which constantly surrounds it. Choosing such easinesses (perhaps understandable, given a "choice") is a disaster, in Meiklejohn's view, from



the perspective of attempting to achieve and sustain democratic culture.<sup>6</sup> It is by virtue of such choices, preferences and easinesses that Meiklejohn says that "our teachers are nonconductors who, by their very intervention, make sure that nothing will happen in the way of genuine transmission of culture". (MKJ, 1942: 64)

And for Meiklejohn, and for my purposes here as well, the method of inquiry and analysis, as well as the method for evaluation and assessment in an intelligent world, should incorporate the goals of fairness, toleration and disinterest. These are also, of course, the stated aims of journalism. But how would they be achieved: by returning to the scientific conception of "objectivity" found in Friedman's methods, or rather through a method of assessment compatible with the social and political goals of our enquiries? Of bias and prejudice, Meiklejohn says, "the 'intelligent' mind, we assume, would rise above these limitations. It would be 'disinterested.'" But, he asks, "what does that word mean?"

It suggests a human quality which lies at the very heart of all organized society, all genuine education. Every teacher would wish his pupil to become not only "interested" but also "disinterested" in his judgments of human affairs. We shall not understand either society or education except as we are able to give exact and dependable meaning by which to control the use of that term. (MKJ, 1942: 116)

"What, then, does it mean to be 'disinterested'?", Meiklejohn asks. "It certainly does not mean that a man who judges fairly has no interests, that his thinking is indifferent to human values", as Friedman's prior conception

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<sup>6</sup> This reference is to the neo-Classical conception of "choice" as the basis of all human activity.

of evaluation suggested it would. "To be 'disinterested' does not mean 'lacking in human interest'", for to be an "impartial judge", one does not rush to support the "interests" of one side or another. One is not in that sense an "interested" party, although one perhaps ought to be concerned with the welfare of both parties. "But", says Meiklejohn "[o]ur impartial judge...[should have] other interests as well", which are not private. For our experience of putting interested parties in charge of the adjudication, for example, of international conflict, should not only result in the interests of the judge, or the group that judge represents, being served.

The question then becomes for Meiklejohn "What group...does an impartial mind serve?" He goes on to ask:

Whose interests dominate him and determine his decision? He must have some ends to further. Otherwise there would be no use in making a judgment. What are those ends? To whom do they belong?

Meiklejohn refers to the discussion which arose when Roosevelt moved to make suggestions concerning the appointment of Supreme Court personnel. "And", he says:

the waging of that dispute gave far too convincing evidence that the terms "judicial" and "objective" and "disinterested" have not for us, as a people, any clear or dependable meaning. (MKJ, 1942: 117)

Meiklejohn states that even though "[o]ur national institutions...make their final appeal for direction to the decisions of the courts..." and "[a]t this crucial point we assume 'disinterested intelligence'....for "[t]hat is the form of judgment of any society which is governed by laws"...."[w]e do not know what

the assumption means. We even doubt at times whether it has any meaning whatever."

Meiklejohn then says:

Here, finally, is the problem which our modern non-theological development has forced upon us. We cannot longer say to the man who is to judge [between the warring interests of one country and another], between labor and capital, between isolationism and internationalism..."Follow after the mind of God: come as near as you can to the decision which He would make."

The current conception of "disinterest", therefore, is one which we also use much the same way we use the term 'conscience' — as something between me and my God. It is for this reason that Meiklejohn concludes that "[w]e must have a man-made meaning of objectivity, of disinterestedness. Without that meaning our plans for social practice...are vague and fluctuating and lifeless."(MKJ, 1942: 117)

Our contemporary operating principles of intellectual discourse have been drawn from the ideas of Adam Smith and his school of political economy which asserts that the role of the state in the lives of its citizens is too great. Meiklejohn would likely take this as evidence of the indolence of imagination Smith himself describes. And, he says, "[u]nless we know what a man's mind should be we do not know either what a human society...should be. What is a mind for? What does it do when it is working properly?"(117-118)

It is these questions which also ought to be at the heart of public affairs and the investigation of human affairs. But they are not. Instead, as I will presently explain, we seem to follow a hodge-podge of the moral and economic dictates inherent in the writings of Locke, Smith, Friedman, Hayek and others. Meiklejohn begins to offer a way out through the consideration of contemporary conceptions of political freedom as the ultimate source of ambiguity facing a democratic society, but also as an ultimate source of its self-definition and propagation. It is through the ambiguity of this idea and ideal that we will then be able to lead into the discussion of the modern day relationship of public affairs and public affairs television to public policy and governing itself.

### Freedom and Control

If we then return to Meiklejohn's original comments on liberalism, we find that his point is that implicit in liberal culture (as he defines it in its political and non-economic fashion) is the understanding that there are important social questions which have no easy and immediate answers. He contrasts this with the Lockean view, which he had symbolized as being concerned more with superficial considerations such as "making good", being physically active and fit and an array of pragmatic considerations which allowed matters to be settled with ease and speed. By Meiklejohn's account, the Lockean conception wished to avoid the hard work involved in the very process required for democratic 'liberal' life. As Smith might have said, that

work was unpleasant and dissonant with other more normal (sic) enjoyments of life.

In fact it is not difficult to anticipate the full blown theory of freedom which logically follows from these views. Here freedom would not presuppose the carefully analyzed conceptions Meiklejohn's view considered. Nor would it demand of its citizens the kind of preparatory work or commitment to democratic institutions his view would also build upon. Instead it would offer, as it has in the past two decades, the view, put forward during the Nixon era, that the citizen did not have the responsibilities which radical liberals of the 1960's insisted they might: of being politically sophisticated and engaged, or of being concerned with the intricate details of their government's activities. (Gitlin, 1980) There and then we saw Locke's view of representative government played out and taken to its logical conclusion (albeit extremely cynically.) The citizen did not have to trouble him or herself with the weight of the problems of the world. The rulers would take that responsibility and enough citizens, it would seem, would be happy to turn that task back over to them.

In the Reagan era, the economic liberal argument was finally put forward as public policy. Citizens could fantasize that they no longer had the obligation to pay taxes.<sup>7</sup> Small government was good government. Deregulation and political liberty were linked. Regulatory commissions were declawed. The people no longer even had the responsibility to worry about the consequences of their actions or those of their government's actions. Tax reform would create wealth. The system would self-regulate. Environmental

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<sup>7</sup> In truth the only taxes which they were spared were the progressive taxes which would have been fairer; although clearly this is not the way the Reagan régime argued the case.

issues were exaggerated and the proponents of environmental protection were quirks. Citizens in short no longer had to trouble themselves with anything. In fact, it became the responsibility of the rulers to not trouble the ruled with either the details of government (and, at least in rhetoric) or with burden-sharing (except on the occasion of war, which was more or less a constant).

In being socially irresponsible, on both an individual and governmental basis, and in ignoring the welfare of others, the economy would nonetheless be stimulated, to grow in leaps and bounds and deliver prosperity by virtue of this hidden consequence of social irresponsibility. It would therefore accomplish the same goals as political liberals wished without government involvement and intervention, and without the downside of the expense required to maintain a welfare state. The Reagan administration was thereby giving notice to its citizens that they had the right to be oblivious as part of the American dream. The pursuit of happiness was being returned to them. The serfs were being freed from the bondage of big, intrusive, obtrusive government.

That so many Americans accepted this view shows the extent to which the Lockean conception of representative democracy was held by Americans. According to this vision, citizens became the consumers who only wanted an active and well functioning marketplace which created an abundance of wealth to share and goods to enjoy. Government's role was to be compatible to this vision insofar as anyone attempted to understand equivalency for the public sector. Government would do its job and citizens could then be free to pursue theirs. Taxes were to be dissolved. Inflation would go away. "Special interest groups", such as unions, blacks, women and environmentalists,

would no longer impose their views. (Herman & Chomsky, 1988) Freedom then became associated with being left alone.

Keeping this in mind, we can broaden the discussion to include first a redefining of political freedom from a liberal-social democratic point of view. Then we can examine the economic liberal view of political freedom in greater detail, moving towards the eventual goal of understanding the role of the later views in the public affairs process.

## PART TWO

## Public Affairs Meets Political Economy

Now Meiklejohn has described two forms of liberalism: one whose assumptions come down to us from the tradition we otherwise know as social democracy, and the other, which is derived primarily from liberal or laissez-faire economics. This section will critically analyze various strains of thinking within the non-social democratic liberal tradition. This will involve examining its assumptions and assertions concerning the correct method for the social sciences, a broader discussion of a conception of freedom, or 'liberty' as it is more commonly referred to by Hayek, Friedman and others within this tradition or family of traditions, as well as a look at the conflicts within this tradition among various thinkers.

This will lead to several other considerations, such as the relation between methodology and public policy. Another will examine the dispute concerning the term 'rationality', a key assumption among rational expectations theorists, public choice theorists and those neo-Classical economists who endorse what has been called 'methodological individualism'. Methodological individualism of the neo-Classical school assumes social theory ought to have a decidedly liberal economic standpoint; that it is imperative to begin with individual actions and "preferences" and construct a social theory, on that one basic building block of individual behaviour. The neo-Classical variant also builds assumptions into its methodology which attribute rational economic motives to behaviour, assuming thereby, that most people consciously calculate their every move and deed in order to maximize profitable outcome. This aspect is rejected by Hayek for reasons I will make plain presently. But otherwise his thesis has



much in common with those of other economic liberals. Hayek's critique of rationality nonetheless comes with its own, I will claim, highly questionable assumptions, not about human nature or rationality, but about the limits of reason and the spontaneous nature in which societies and moralities evolve. Hayek's view of the central role of competition in the evolution and survival of ideas will be looked at as well, especially in light of the fact that one of the outcomes of his philosophy means the effective elimination of theories on the political left.<sup>8</sup>

A common focus of public affairs, and hence public affairs television, is the subject of freedom. But like many of the other terms described in the previous sections, this term has its ambiguities, both in its legacy and in its definition, even though its meaning is usually assumed to be unambiguous. This lack of a clear definition itself, Meiklejohn would say, contributes as much as anything to the limiting of freedom. It leaves open the possibility of misunderstanding the purpose and goals of the political system, whose basic tenet is political freedom.

The purpose of this section, however, is not just to define political freedom; it is also to begin to demonstrate the extent of the ambiguity in its usage. I will begin by clarifying what the ambiguity might be. Then I will look

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<sup>8</sup> Marcuse, Wolff, and Moore, 1969, addressed this outcome in A Critique of Pure Tolerance. But with the benefit of hindsight I believe they somewhat mis-described the nature of the liberal "pluralism" criticized. This analysis, compelling when it was articulated more than twenty years ago, claims that by treating all ways of thinking as if on a par with one another, this effectively systematically crowds out critical thinking. And in effect nothing is considered very carefully or very well in the end. My view will be, however, that we can find inherent in classical liberalism, as accurately described by Hayek, the mechanism whereby the concerns of social democrats and socialists are rejected *a priori*. This accounts much more pertinently, I will say, for their exclusion from intellectual discussions, although it is also obviously implied in the notion of 'protective democracy' referred to previously in footnote 9, Chapter One of this thesis.

at its appropriated meaning in the economic liberal tradition. It will be important to clarify the differences in definition so that we can decipher the meanings as they occur in public affairs television, for the term 'political freedom' has become a slogan, a rallying call, a means to make political mileage and a way to gain the advantage in the lobbying process. I will identify public affairs television as a major site where both the public affairs process and more importantly the public policy and lobbying processes get played out. Consequently the definitions of, and the uses for, the terms we will examine and have examined will have an importance far beyond the semantical. Understanding the way terms such as political freedom are used, or how it is suggested they ought to be used, will enable us to properly interpret what economists, journalists, lobbyists and commentators have to say.

We already understand, from previous chapters, that for Meiklejohn the notion of freedom presupposes control, as it presupposes engagement, concern, sophisticated political education and thought. It does not then presuppose being oblivious, assuming that governing is someone else's responsibility. For Meiklejohn, "rights" are not naturally granted but are politically constructed. And they are granted, as such, only through legal guarantees defined by the political state. At the same time such freedom is not a clarion call for stability and order at the expense of individual liberty. Nor is it to be a defense of individual liberty at the expense of political institutions.

Meiklejohn's positive view of the state asserts that in order to fulfill its obligation, it must be in a position to guarantee liberties and define them socially and politically, not just economically. In other words, the idea of freedom becomes a term which does not just apply to the individual, although it is to individuals that it is perhaps most notably given. Rather, it is

a term which is defined in relation to social and political institutions which are intended to become the conduits for the implementation and enforcement of these "rights". At the same time, by virtue of that, the state can then and only then completely guarantee the "rights" which a political constitution underwrites.<sup>9</sup>

But in saying this we still have not defined political freedom adequately. It remains ambiguous (as Meiklejohn points out in Political Freedom: The Constitutional Powers of the People). Meiklejohn's argument is drawn from the American experience. He points out that "under the [American] constitution there are two different freedoms of speech, and hence, two different guarantees of freedom rather than only one." (MKJ, 1960: 9) He continues by stating that "civil liberties, in general", at least as far as they are defined in the American constitution, "are not of one kind". There are two kinds of liberties, "though radically different in constitutional status," they "are easily confused."<sup>10</sup> And that confusion has been, and is, disastrous in its effect upon our understanding of the relations between an individual citizen and the government...". (MKJ, 1960: 8)

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<sup>9</sup> Again, this is a positive view of the state which is not arguing to restrict rights by putting collective rights over individual rights as much as it is saying that the state has a moral obligation to sustain rights, including collective rights, such as collective ownership of resources, and a policy which does not discriminate against certain of its sectors, while sustaining a sense of compassion and social justice as part of the obligation of the state. This is not then an argument against individual rights but rather an assertion of the positive aspects of corporatist rights and an argument that the assertion of the former ought not to rule out the latter.

<sup>10</sup> For my purposes here, I will accept the definitions as provided by the U.S. constitution as the operative definitions. I do so for two reasons: one practical the other intellectual. The practical reason is that the American view has been universalized (much as Locke's has) and is invoked almost exclusively when matters of freedom are considered publicly. The second reason is that I find the constitutional consideration of political guarantees compelling as originally written, even if at the time they only applied to a small minority. The third is that strategically, social democrats must find themselves arguing the cause of the state, as unpopular as that is today. Its unpopularity does not diminish its rightness. It simply makes the task more difficult and a little less pleasant in that respect.

Hence he says:

As an instance of the first kind of civil liberty I would offer that of religious or irreligious belief....so far as the constitution is effective, men are free to believe and to advocate or to disbelieve or to argue against, any creed. And the government is unqualifiedly forbidden to restrict that freedom. As an instance of the second kind, we may take the liberty of an individual to own, and to use the income from, his labor or his property. It is agreed among us that every man has a right, a liberty, to such ownership and use. And yet it is also agreed that the government may take whatever part of a man's income it deems necessary for the promoting of the general welfare. The liberty of owning and using property is, then, as contrasted with that of religious belief, a limited one. It may be invaded by the government. And the Constitution authorizes such an invasion....

Our constitution, then, recognizes and protects two different sets of freedoms. One of these is open to restriction by the government. The other is not open to such restriction.(MKJ, 1960: 8-9)

Meiklejohn then says that "[i]t would be of great value to our argument and, in fact, to all attempts at political thinking...if there were available two sharply defined terms of civil liberty." We "speak of freedom of belief and the freedom of property as if, in the Constitution, the word 'freedom,' as used in these two cases, had the same meaning."(MKJ, 1960: 9) In the end, and as I have previously shown Meiklejohn to have asserted, it is the freedom of property which is assumed to be an inmitigable right, inalienable and exempt from political or moral interference. According to Locke's view, it is this freedom which **should** be inalienable, while other rights are conditional and mitigable. Both Locke and Friedman, for example, believe that all other freedoms flow from the property right. Locke describes the power of

government as a potentially alien force whose powers must be limited in relation to issues of property, whereas he is much less absolute when it comes to defining and erecting mechanisms to guarantee political freedom.

In fact, Meiklejohn argues that Locke's view is quite authoritarian.

Are there limits to the obedience which a citizen is required to render to his government? If so, what are those limits? Under what conditions, if any, is a citizen justified in disobeying and even in rebelling?

Now, in Locke's dealing with these questions, it is the negative answer of the first treatise which is decisive, more than the positive answer of the second. If God had given authority to the rulers of men then that authority would be unlimited, unconditional. There would be no right of disobedience whatever. (MKJ,1942: 63)

It is this set of ideas which forms the umbrella under which that representative government lives. It presumes to protect the freedom of specific individuals (of power and influence) who then, through their bargain, decide upon the public agenda for the day. This system of "representation" invites the "noble lie"; the aristocratic idea that the political leadership is in the best position to run the affairs of state. Once the bargain is made it is the duty of all to obey. Meiklejohn points out that Locke's view of obedience is as unconditional and rigid as is his view of freedom, as a "natural right", is licentious in its individualistic mistrust of others and the authority of the state.

In the modern era Milton Friedman provides the more contemporary but essentially Lockean conception of political freedom. He expands on Locke's concern with property rights and conflates such rights and matters of conscience. And so Friedman begins his famous book, Capitalism and Freedom by stating:

It is widely believed that politics and economics are separate and largely unconnected; that individual freedom is a political problem and that material welfare an economic problem and that any kind of political arrangements can be combined with any kind of economic arrangements....such a view is a delusion...[as] there is an intimate connection between economics and politics ...only certain combinations of political and economic arrangements are possible, and...in particular, a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom. (Friedman, 1962: 7-8)

Here Friedman, in conflating his economic liberalism with political freedom, proclaims the anthem of the 1980's. In it we have perhaps the ultimate expression of the irreducibility of differences and the incompatibility of perspectives. From Friedman's point of view, it is not a question of tolerating a differing view. Rather it is a question of protecting the individual, economic freedoms socialism denies; i.e., defeating socialism. The great argument between capitalism and socialism, by extension, is that:

The triumph of Benthamite liberalism in the nineteenth-century was followed by a reaction toward increasing intervention by government in economic affairs. This tendency to collectivism was greatly accelerated both in England and elsewhere, by the two World Wars. Welfare rather than freedom became the dominant note in democratic countries. (10-11)

Hence Friedman not only equates economic liberalism with freedom, but also equates welfare with collectivism and the curtailing of such freedom. It should be noted, however, that the political definition of freedom he provided was not from the U.S. constitution but rather was derived from the

Benthamite philosophy, and is only conditionally guaranteed there, as Meiklejohn suggests. "Plans" and "programs", Friedman suggests, have the same function in Russia as they would have in the U.S. or the U.K. They destroy political freedom by restricting the workings of the market system. Ultimately they do that through regulations. The purpose of regulations, Friedman says, is, in any event, to protect a consumer from "coercion from a seller". But this is superfluous because the consumer is already "protected from coercion by the seller because of the presence of other sellers with whom he can deal."(14)

So Friedman takes Locke and Smith to their logical conclusion. He assumes that the capitalist system is entirely self-regulating and that consumers' choices effectively impose constraints upon merchants, thereby making laws unnecessary.

But he says:

The existence of a free market does not of course eliminate the need for government. On the contrary, government is essential both as a forum for determining "rules of the game" and as an umpire to interpret and enforce the rules decided upon. (15)

Generally speaking, however, "[w]hat the market does is to reduce greatly the range of issues that must be decided upon through political means, and thereby to minimize the extent to which government need participate directly in the game."(15) Consequently all that is needed, from Friedman's point of view, is that we adequately define the proper role of government as rule-maker and umpire so that regulations can be kept to a minimum.

## Economy Si, Social No

Friedman's view is also based upon a distinction made in neo-Classical economic theory between the economic and the social realms, involving economic and social costs or economic and social factors. According to this thesis, it is the job of the entrepreneur to maximize profits, to satisfy shareholder demands and expectations. In so doing he or she automatically contributes to the social good, even if this is not the intention. Consequently, no further performance requirements need or ought to be demanded (from other outside social agency, such as government). This distinction between the economic and the social philosophically revolves not just around the distinction between economic and social costs, but also around the distinction between economic and social good and finally, between individual (or economic) and social responsibility. As Friedman puts it, the "business of business is business". Therefore the responsibility of business is profitability because the business must be accountable to the shareholder and ultimately to those for whom it provides employment.

Friedman rejects the thesis that the public good is intrinsically a greater good than the private one. Indeed, the nature of most of his philosophical work is devoted to demonstrating just that. Pursuing one's private interests maximizes utility and eventually the public good. Therefore, social costs (which are extraneous to production, and hence to the private interest of entrepreneurs) ought not to be factored when accounting (economic) costs. Forcing business to do so constitutes both bad policy and interference.

The notion of non-interference, interestingly then, takes on its own life, ideology and political significance, as Meiklejohn suggested it might. The assumption becomes not just that interference is bad for the economy but that



it is ideologically bad: it limits freedom. In Capitalism and Freedom Friedman argues that there is an identity between non-interference in the private affairs of business and freedom on a social scale; that unregulated capitalism means political freedom, while a regulated economy, which puts goals such as social "justice" first, necessarily means tyranny. Friedman thereby defines the responsibility of the business person as being that of conducting business; nothing more nothing less. He thereby establishes a link between the rejection of (the notion of) social responsibility and a definition of 'freedom'. Unregulated market activity ultimately therefore means not only the maximum economic benefits but maximize the social good as well. This provides the rationalization required for stating that fighting for an unregulated economic social environment is tantamount to fighting for the social good even though, as he himself admits, the purpose of doing so ultimately is to maximize profits.

By including shareholders in this scenario, the impression can also be left that the process and the concerns are "democratic" in that the "public" "good" is being upheld.<sup>11</sup> (Elsewhere, shareholders become, in the parlance of contemporary management theory, "stakeholders"; stakeholders really is a code word for the elites or "interested" parties which must be "accommodated"). Businesses are "accountable" to their shareholders in a way governments are not (accountable to their people). As we shall see, this all lends an air of righteousness to the rather deliberate attempts to influence

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<sup>11</sup> Now clearly, if the shares are widely enough held the power of ownership rests with a population. But I do not believe this undermines the essence of my argument against Friedman. For ownership, even of public institutions and enterprises, while being crucial, means less if policies are controlled by those who oppose their purpose, and the trend toward widely held shares often comes with the privatizing of publicly owned goods. In that respect it can become a means to sweeten and mask the bitter taste of its significance.

and control the public policy agenda through the use of public interest and social responsibility arguments which business lobbyists have become adept at making in the past decade.

In Capitalism & Freedom , under the heading "Social Responsibility of Business and Labo[u]r", Friedman proclaimed, in attempting counter the public interest argument that:

The view has been gaining widespread acceptance that corporate officials and labour leaders have a social responsibility that goes beyond serving the interest of their stockholders or their members. This view shows a fundamental misconception of the character and nature of a free economy. In such an economy, there is one and only one responsibility of business— to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud. Similarly, the "social responsibility" of labour leaders is to serve the interests of their unions. It is the responsibility of the rest of us to establish a framework of law such that an individual in pursuing his own interest is, to quote Adam Smith again, "led by an invisible hand to promote an end which was no part of his intention [the public good]. "(133)

Friedman's not so subtle sleight of hand must be noticed here when he slurs the responsibility of the labour leader and the businessman. The slur occurs when he conflates or equates the social responsibility of the labour leader and business people, in that they both aim to serve "the interests of the members of their unions", and the interests of their stockholders respectively. Here he plays upon the fact that in a modern day capitalist society union

workers and businesses have conflicting interests. But it does not follow from this that hence, both sides are acting only in their self-interests and with no intention of serving other ends, such as the public welfare. In fact labour organizations' beginnings are noted for great lobbying efforts by their leaders to affect public policy to enlist the support of government to protect the welfare of large numbers of people not within those organizations' ranks.<sup>12</sup>

Nor does it follow that by pursuing their selfish interests they both uphold the public good.<sup>13</sup> It is Friedman's very philosophy which compels workers to fight for their rights precisely because business refuses to accept any wider responsibility than that of making profits. The narrow 'Gomperian' view of unions indeed has it that workers' strength is organizational and that high levels of unionization enhance worker power, but that little other social or political obligation lies beyond fighting for their self-interests in demanding higher wages and greater benefits.<sup>14</sup> But this view is, in any event, incompatible with neo-Classical labour economic theory that a restricted supply of labour (which is caused by highly organized work forces) is responsible for wage rigidity and for markets not clearing. Therefore it is assumed (Say's Law) that unemployment is thereby voluntary because it is a

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<sup>12</sup> In fact the Industrial Disputes Investigations Act of 1906 was passed on the suggestion of the then Minister of Labour Mackenzie-King because he trusted neither side with the public welfare. See Mackenzie-King's Industry and Humanity (Mackenzie-King, 1918) See also Craig, 1986 Chapter Six and Panitch and Swartz, 1988.

<sup>13</sup> See Desmond Morton's chapter "The History of Canadian Labour", in Anderson & Gunderson, 1982.

<sup>14</sup> Gomperism refers to the style of leadership performed by Samuel Gompers. While he was known for his great organizing skills, he was not popular among unionists for whom unionism had intrinsic purposes beyond bargaining for better wages and benefits. Gomperism in fact is seen within the context of the original socialist conception of the trade union as an aberration. In fact this view of the union worker as ultimately greedy is one which is both promoted and decried within Friedman's theoretical framework. It is ultimately both praised and blamed, here and elsewhere, for being responsible, for example, for overheating the economy through its wage demands.

chosen trade-off of some workers demanding and receiving high wages in exchange for, and at the expense of, other workers receiving lower wages and less work, given a finite pool of wages in the economy. Keynes argues that this proposition is in fact immoral and incorrect as it blames the victim. Workers could only bargain within the parameters of what an employer deemed he or she believed the labourer's wage to be worth, in relation to marginal calculation, and not in relation to any absolute real wage. In other words, real bargaining power of workers was exaggerated significantly, but that exaggeration was nonetheless built into Say's Law even if the way in which wage offers were calculated reflected a lack of labour power.

In terms of Smith's view, it must be noted that Smith was writing in the eighteenth century when his view was both radical and compelling, but for reasons significantly different than those attributed to him since. In modern times we can imagine the spirit of the times recently past when people no longer felt compelled to abide by the formalities of social behaviour and instead opted to pursue goals which pleased them, even at the risk of offending those in authority or those who had a more conservative sense of propriety. They too were accused of not being responsible, and they too might have responded that their individual actions, though different, contribute to the well-being of society, by virtue of being the product of a new sense of adventure, creativity, curiosity, discovery or entrepreneurship. They too had a sense of contributing to a greater social good through unregulated (here social) behaviour. And besides, who is to decide, it was argued, what is responsible behaviour and what is not.

It should be noted that during this period of social change it was business which accused such people of irresponsibility for pursuing their own interests in disregard of the corporate interests of their society. It was their

licentious behaviour which was deemed not consistent with the public welfare.<sup>15</sup> Conflating behaviour not good for business with that incompatible with the public good may be seen as a self-serving attempt to marry the public good with business' particular interests; a ploy which has continued today with considerable success. And in that respect the business lobby comes to resemble mercantilists (understood pejoratively) more than do those who argue against protecting the self-interested behaviour of business.

During the recent period of social change, business developed a private and peculiar interest in seeing that the behaviour of the young was brought under control; it focused on those young who could potentially be their employees. Enforcing the "discipline of the market" became a code phrase for doing just that. What would Smith have said to such undertakings undertaken, as they were, in the name of the free market? Would he have said that the pursuer of the private interest, here the business person, was still unbeknownst to him or herself promoting the social good, especially and specifically in opposing the special interests of the anti-free market mercantilists who resisted? Or would he have said that the situation had clearly changed, so that it was now the business class with the vested interests and that a new group had emerged pursuing their own private interests in a way which would, perhaps in this case be knownst to themselves, promote the social good?

Milton Friedman wishes us to keep the picture turned around so that it were as if we were still living in 1776 when Smith wrote. Then he could

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<sup>15</sup> The PBS documentary series "Making Sense of the Sixties" captures this in a number of its interviews with the parents of "boomers". They articulated the same position, that it was the obligation of young people to go out and earn a living as everyone had done before; the alternative being living off the public dole.

'legitimately offer the defense of capitalism Smith had offered two centuries earlier. This he attempts to do when he says:

Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders. This is a fundamentally subversive doctrine. If businessmen do have a social responsibility other than making profits for stockholders, how are they to know what it is? Can self-selected private individuals decide what the social interest is? (Friedman, 1962: 133-134)

Smith's work was an attack, in many significant ways, on the "very foundations" of the way of thinking current in his times and in his society. Friedman's view has the opposite purpose, however. It is to preserve rather than challenge those foundations. It sets forward the ideology of the status quo wrapped in the flag of liberty. He subverts Smith's libertarian argument by turning it into its opposite: an argument for preserving the foundations of the society which he says enable freedom to exist. But Smith was merely attempting to create the circumstances under which people could carry on commerce ( in part through attacking the moralism of his day). Friedman, however, is equating the rejection of socially irresponsible behaviour with moralism.

Smith's work was at least partially a critical or self-critical appraisal and evaluation. Friedman defends a set of practices well established since Smith's time. In this respect, Friedman has little reason or excuse to represent, as Smith does, the notion of social responsibility in quasi mysterious terms (with the contemporary allusion to the invisible hand). For today it is no mystery what people might mean by the term 'social

responsibility'. It means that economic costs must be evaluated along side social costs.

In fact, as Stanbury has shown, the issue is not the understanding of the issues involved nor of what socially responsible behaviour might be. The issue is compliance or avoidance, cooperation or obfuscation. The admitted purpose of Stanbury's own venture is to explain to prospective and currently active business people how to avoid compliance or how to avoid the eventuality of compliance through their own "pro-action".<sup>16</sup> So in this case there is nothing suggested by the term 'social responsibility' which threatens "the very foundations of our free society". Contrarily, the problem lies with those who develop theories which provide rationalizations to defend those who wish to avoid acting socially responsible. This should hardly count as an attempt to defend the "very foundations of our "free" society", but it does.

Here we have a conflation of the views that social and political freedom (and freedom of action of the individual) are very much linked to the "pro-active" activities of business people and that these activities are inextricably linked to the "very foundations of our free society". (Hence the notion of "constructive engagement".)

In addition, Friedman's argument is premised upon the assumption that managers act as custodians, as preservers rather than as discoverers or adventurers. And they are the custodians of established private interests. It would therefore have to be of the greatest coincidence and convenience, for in preserving such interests, the social interest is also best served. Indeed it is better served than had it been the other way around. But for Friedman, as we saw, there is a political message here that "an intimate connection between

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<sup>16</sup> A favourite term these days in management studies, it literally means interdiction - a military term.

economics and politics...and... a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom". So socialism provides the mystery and the subversive ideals which ought to be guarded against, and questions of social responsibility provide the slippery slope toward socialism.

As we turn to the next section it will become evident how this ideological message is played out, specifically in the public affairs domain. There the dominance of this political message, delivered through economic rhetoric, and the economic message, delivered, on the other hand, through political rhetoric, becomes evident. To understand its success, power, influence and incarnations, we now turn to the role of political economy in the public policy and public affairs process.



## **SECTION TWO**

### **PUBLIC AFFAIRS: THE PREVAILING ATMOSPHERE**

#### **Chapter Three**

#### **Political Economy and Public Policy**

##### **PART ONE**

##### **The Modern Battlegrounds of Public Affairs**

There are at least five different sets of views which usually participate in contemporary economic policy debates: the neo-Classical, the monetarist, the Hayekian, the Keynesian, and the Marxian school. While the Keynesian and Marxist schools are distinct, seeing the other schools as distinct is somewhat misleading. Nonetheless I will continue to describe all five of these schools as if they were distinct, though the boundaries between them are not so clear. Monetarists, for example, often team up with the neo-Classicals in agreeing on methods to control inflation through tight monetary policies. Both accept aggregate statistical analysis (a macro level overview which uses Gross National Product or Gross Domestic Product) as a means of determining the state of the economy and policies. The monetarist school, as championed recently by Milton Friedman, has generally had a major influence on the neo-Classicals, especially since the early 1970's. Hayek, although not a monetarist *per se*, accepts the monetarist analysis that

inflation must be controlled through monetary policy, and that not doing so would be disastrous.<sup>1</sup>

Keynesians and Hayekians agree on certain aspects of Keynes' critique of the theory of rational economic man and monetarism. However, Hayek's view is generally ideologically compatible with the neo-Classicals, with their common vision of the need for an unfettered market. Both these latter positions are from the classical liberal economic tradition, from which Keynes' theory evolves and steps out of.<sup>2</sup> Keynes, on the other hand, accepts Hayek's critique of the limitation socialism puts on human freedom but differs from Hayek's view that all economic planning comes to grief. Hayek and the neo-Classicals disagree theoretically (but not ideologically) on the etiology of the free market system and the nature of many of its functions. Finally, Keynes disagrees with all the other theorists from the liberal economic tradition, the neo-Classicals, the Friedmanites and the Hayekians, concerning the essentially perfect, infallible or self-correcting nature of the unintended market .

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<sup>1</sup> Some may wish to argue that in fact Hayek was a monetarist. But this is not what he himself claims. Gray writes: "Contrary to popular opinion, Hayek has always disassociated himself from orthodox monetarism...Hayek actually endorsed Keynes' first departures from orthodox quantity theory of money [with a footnoted reference to O'Driscoll, 1977] and, on the other hand, he has repeatedly asserted that it was a disaster when the crude view of the quantity theory was dropped from public doctrine... In the area of public policy, the quantity theorists made the error of suggesting that a successful stabilization of the general price level would of itself coordinate economic authority. Keynes himself, throughout many changes of view, seems to have held that the coordination of economic activity could be **restored** by an increase in aggregate purchasing power. In both cases, the error is committed of supposing that qualitative and structural economic discoordinations may be overcome by policies which act upon statistical aggregates and averages. Both Keynesian and monetarist analyses mislead public policy, which ought simply to allow the spontaneous cleansing process of recession to take its course." (Gray: 89-90) What can be added perhaps to this debate is that it has predominantly been monetarism of the Friedmanite kind or the spontaneous cleansing policy advocated by Hayek which has dominated public policy in the last decade or so and continues ever more so to do.

<sup>2</sup> See "The End of Laissez-faire" in Keynes, 1971-89.

Beginning with the monetarist school championed today by Milton Friedman, its politics in the modern era can be characterized as neo-conservative even though its main proponent describes himself, as we have seen, as a 'liberal'. The main belief is in the key role of the quantity of money: controlling the quantity of money so that money growth is stable and predictable effectively steers the economy, and has a controlling influence on all activities within the economy. According to this view, tightening monetary expansion during inflationary periods brings inflation under control.<sup>3</sup> The ideal is a stable supply of money—the belief being that business cycle recessions will be of short duration. In exceptional circumstances such as the Great Depression, the monetary authorities erred in not allowing the money supply to expand sufficiently to accommodate the collapse in expectations brought about by the stock market crash. Keynes' view, on the other hand, was that additional spending was required to revive demand and restore confidence, in addition to allowing the money supply to expand.

The central role of the quantity theory has generally been brought to bear during inflationary periods (often preceding severe economic recession which Keynesians argue are caused by the overly zealous monetary policy of restricting the supply of money). It is a policy which is generally practiced by conservative or neo-conservative governments, although in the last fifteen years both German social democrats and French socialists have adopted it as well.

Using such a policy has its advantages politically. Its use appears to be technical, acting merely as a mechanism for control. The tightening of the

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<sup>3</sup> The quantity theory of money asserts that as  $M=K(PQ)$  or, (M) money (supply) = (P) price x (Q) output (with K as a constant being equivalent to  $1/V$ , velocity) and output being more or less constant, prices could thereby be shown, it is alleged, to be linked to the money supply.

supply of money is at the same time supposedly only at the disposal of the central bank; a body allegedly at arms length from the policies of governments. Monetarism is therefore also a very sellable and plausible policy position, and provides governments with a way of avoiding the blame for the harsh measures which the policy inflicts on the population. Such monetary policy solutions thereby keep government out of harm's way by providing alternatives to wage-and-price control which are generally more unpopular, and during the implementation of which governments become clear targets for discontent. Such monetary policies have, in short, proven to have been more successful in the selling of the bad-medicine-for-good-results argument which all governments must engage in from time to time, sometimes more disingenuously than others.

Since the early 1970's the economic policies of Western countries have been largely influenced by such a monetarist thesis at the macro level. The theme has been one of economic discipline, also known variously as "short term pain for long term gain", "belt tightening", "increasing productivity", "getting inflation under control", becoming "competitive", or "saving". This is so even though many theories suggest that lack of discipline on the part of those most affected by monetarist belt-tightening, the wage-earners and the unemployed, had nothing to do with causing the slowdown in growth which ensued in the 1970's. Others have claimed that productivity losses were due to a drop in interest, on the part of the wealthy class, in being involved in the productive part of the economy.

Others blame the epidemic of bankruptcies, which began in the 1970's, as an example of what happens at the end of a business cycle at the end of an expansionary economic and productive phase when the wrong (expansionary) monetary policy is used when economic contraction is at

hand. According to this view, it was the lack of recognition of the end of the short term cycle by firms, coupled with the extension of unjustifiable loans and generally loose credit policies by the government (and presumably private lenders as well such as credit card services), which lead to the period of bankruptcies and high unemployment. This "shakeout" in the economy is, it is nevertheless claimed, in the long run good and a perfectly natural part of the evolutionary process within the market. But it would have been easier to take, it is argued, had firms and individuals not been encouraged to get into debt beyond manageable limits.

In the end, however, it is Keynesian deficit financing, high governmental spending and loose monetary policy at the highest levels which is blamed. The view concerning Keynesian policies is that they inevitably led to the creation of unmanageable inflationary pressures by allowing prices and wages to rise uncontrollably, especially in periods of full employment (which according to Keynesian analysis was thought to be about 4%; Chorney, 1990). Keynesian policies are accused of being generally expansionary. They are seen as expansionary, in part, because they use incomes policies, not monetary policies to fight inflation, and because they believe that the expansion of government spending, or deficit financing, provides a more equitable way out of recessions.

The monetarists can be broken out into a number of camps. The rational expectationists argue that all government intervention of any kind is misguided. The best policy in a recession is to do nothing and allow the recession to take its course (a view similar to that of Hayek). The more moderate monetarists believe that while fiscal stimulation is clearly ruled out, some monetary loosening is desirable. Finally, supply-siders, who are often not monetarists, have a different approach. They believe that the best

option is to cut taxes for the wealthy — the only current alternative to kick-starting the economy. Keynes, as was mentioned above, disagreed. He believed that the existence of uncertainty and the possibility that the economy might get stuck in a situation of chronic stagnation justified the use of both monetary and fiscal policy.

Clearly, however, if in fact we are living in an era where the wealthy are less inclined to be involved in investing in productive enterprises, so-called supply-side options such as tax breaks are pointless, expensive and further undermine productivity. (Gigantes, 1990) They do so by encouraging speculative behaviour, such as attempting to make profits by securing existing assets of established enterprises through leveraged buy-outs, "down-sizing" them, primarily through layoffs, and selling off profitable parts rather than investing capital in profitable enterprises. Among other evils, the global effect has been to reduce competition and focus attention on making "profit without production". (Melman, 1983) Turning the attention of managers away from productivity within the work-place itself has been responsible for a great decline in productivity, which is otherwise blamed on Keynesian policies, specifically those which were allegedly responsible for the "stagflation" of the 1970's.

It was the Keynesians who were blamed for the double bind of inflation and economic stagnation which befell the economies of the West in the 1970's. During this period, inflation remained high even though economies moved into recession; this, conservatives claimed, Keynes did not anticipate and his theory was supposedly ill-equipped to handle. It should be noted, however, that this coincidental effect occurred during a period where conservatives had been in power for four to five years in the U.S. (as it has again occurred in Canada after almost eight years of similar Tory policies into

the 1990's). Consequently their attack on Keynesianism should be understood as being political; a means to finally get back at the man who had displayed a mastery over them for three decades. Nor is it clear, therefore, that it was Keynesian policy of that day, or of the decades preceding it, which "caused" this effect.

The conservative notion of cause and effect in this instance is, in any event, quite convoluted. It asserts that Keynesianism caused stagflation in part because, it was said the inflation of the 1970's had to be brought under control by tighter monetary policy. That resulted in stagnation occurring while inflation still existed. Therefore there was a period where monetarist solutions were not working, in terms of bringing inflation under control, but they were having the side-effect of stagnation.

It is therefore not clear whether it was Keynesian (monetary and fiscal) policy, or the monetarist policy designed to counteract it, which was to blame (even discounting other arguments against the monetarist claims which are equally compelling). Events since have tended to show that monetarism is quite capable of causing stagnation without the help of Keynesian policies. But conservatives would likely respond that it is still the expansionary policy which was to blame, for it "caused" the Central Bank to tighten credit.

Blaming the inflation of the early 1970's on Keynesian fiscal policies also ignores the fact that social expenditures (such as Lyndon Johnson's "War on Poverty") were taking place at the same time as those on the War in Viet Nam. It also ignores changes taking place in the international monetary system. (Triffin, 1986; Van Dormael; Loxley)

In any event, some Keynesians would argue that in fact Keynes had foreseen the possibility of stagflation and did have a solution which was not one proffered during the 1970's. On this account alone, his theory was not to

blame. Stagflation can then be explained as a phenomenon of attempting to slow down the economy through monetary policies which created the recession, the bankruptcies and unemployment that entails.

Keynes' view was that during a period of stagnation governments should expand the supply of money and extend easy credit to borrowers, regulate investment and undertake public investment in certain circumstances, thereby smoothing out the downturn in the economy by stimulating demand for goods and services. If this did nothing else, it would bring or keep people in the market who were less speculative than those entrepreneurs who play the economy the way they play the market, moving in and out of it when it is to their advantage to do so. In other words, it would socialize the investment in the economy, greatly reducing uncertainty and make it less like the casino to which Keynes compared the stock market itself.<sup>4</sup> Inflation could then be controlled through cooperative, tripartite planning, made compulsory through governmental policy.

So one of the big debates, particularly of the last two decades, has centered around government expenditures, their relation to inflation, and other means of managing the economy through macro-economic means. (Hayek's view is that it is on the micro level that true management, through self-regulation and equilibration, occurs; and, it occurs spontaneously.) Another debate then follows whether to cut taxes or expand spending and credit to stimulate the economy out of a recession. The former solution, it could be argued, has the advantage of not being inflationary. Choosing to cut taxes, as J.K. Galbraith suggested to Kennedy in the 1960's, opens up a

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<sup>4</sup> So the economy need not be a zero-sum game even if and when the stock market is.



Pandora's box of conservative economic solutions by encouraging so-called "supply-side" arguments. These suggest that wealth is created, maintained and most evenly distributed when the taxes on wealthy people are low. Again this encourages socially irresponsible behaviour and suggests that it will, unbeknownst to itself, in the long run best serve the social good. Its main problem, according to Galbraith, is that once offered as a solution, it becomes the only solution palatable for the wealthy. Tax reform, cutting capital gains taxes, and deregulating the economy to create economic incentives, all policies which were implemented in the 1980's by neo-conservative governments to stimulate growth, are part of what has been called supply-side economics.

Supply-siders believe that economic well-being is achieved by encouraging investors to invest. Following Say's Law, which asserted that "supply creates its own demand", it was speculated that by encouraging people with wealth to invest, the conditions will be created under which wealth will be created naturally. Also, the private investment, and not the public spending side of the economy, will be in control. Incentives are created, supply-siders therefore argue, by cutting taxes, deregulating the economy, down-sizing government, eliminating all but the most necessary functions of government and removing the governmental factor in the economy. <sup>5</sup>

Supply-siders believe government spending "crowds out" private investment and leads to a situation where governments compete for loanable

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<sup>5</sup> To decide what functions of government are unexceptionable, we need only go back to the writings of Smith and Friedman in the previous section. However, in the Reagan era, few felt compelled to justify their positions. They were treated as self-evident truths, first, as one would expect, by policy-makers, but then quite shortly afterwards, by journalists. This is the subject of Chapter Five of this thesis.

funds with private individuals who do not have the ability to compete on the same grounds. However, it is not obvious in a period of stagnation that any such finite pool of funds exists. Consequently money could be available for all, if interest rates were kept low and deficits were financed through greater monetization in such periods. (Chorney, 1990) It should be pointed out, however, that this antipathy towards government spending is often not expressed or argued on technical grounds. In the Canadian context, for example, William Stanbury has compared the growth of the public sector to a Leviathan: "a sea monster embodying evil." (Stanbury, 1986: 48) This polemic in fact, it might be said, drives the technical argument and not vice versa.

The government deficit has therefore become a target for neo-conservatives, supply-side economic theorists, as well as for those conservative members of the big business community and their lobbyists. It is, I believe, not unfair to point out that the call for deficit cutting is in fact a rallying cry, a lobbying ploy, to enhance big business' position vis à vis government (as business believes that its position is enhanced if government loses its ability to regulate and manage the economy). Consequently there has been a call for cutting back government spending on these grounds as well. Cutting the deficit, which is a code phrase for cutting government spending, does of course change who is in charge of the economy. It shifts the control to the private sector and effectively removes government from its function of determining economic policy, even though, of course, it is only governments and governmental policy which could put the private sector in control of economic policy-making. (Eisner, 1986; Chorney, 1990).

## Labour's Love Lost

Putting the private sector in control of the economy is usually accompanied by other attempts to create "incentives" for producers and investors. Such incentives include tough policies in relation to labour unions and labour in general. This may mean not enforcing existing rules and laws, ranging from anti-scab legislation to health and safety rules, not increasing minimum wages, not enforcing union contracts, to siding with entrepreneurs hostile to labour in cases of buy-outs. It may also mean arbitrary and uneven-handed treatment of unions during contract negotiations, and in extreme cases, breaking companies, industries or services up into parts, or over-seeing or encouraging it, thereby undermining the power of the unions involved.

Franchising, contracting out and privatizing are three other common ways of undermining or encouraging the undermining of union power. These are all common practices in the U.S. But recently in Canada they have been actively employed by many governments at the municipal, provincial and federal levels. Usually such policies are made in the name of efficiency, but these gains have never been demonstrated. More will be said about these issues in Chapter Four, part three.

Most of what I described above identifies the various ways in which social democratic theories of government and economy have been under siege in the West (depending upon one's degree of orthodoxy), at least since the early 1970's. But this nonetheless identifies the political-economic issues of the day and the usual sides taken on these issues.

One thing remains to be reconsidered before moving to the critique of the "economic man" position. Freedom also increasingly had the

connotations predominant in the Cold War era, of being something which "we" in democratic countries had to preserve, through military means (and hence expenditure). It had to be protected against external threat. Communism became the external threat in the modern era to justify one of Smith's "unexceptionable" governmental duties. In that respect the conservative vision laid out the pre-conditions to target, scapegoat and vilify social democracy in its perverse contemporary formation, communism, even without the other ideological baggage communism brought with it. The other baggage, of rejecting capitalism and setting its sights on either compelling it to reform or be undermined, made it a threat on political grounds. Government spending on the military thereby became one of the unquestionable (unexceptionable) sacred cows of the era, for it performed one of the unexceptionable duties of protecting the country against the "external threat"; here, by chance, communism. <sup>6</sup>

The external threat of communism was in fact primarily political-economic in nature and could therefore technically be said to lie beyond the realm of the threats which concerned Smith. But spending money to fight communism could be brought back as a legitimate duty if the argument could be made that communism was also a military threat. Economic liberals therefore had their own motivations to conflate the two threats. For with their concern with social legislation at home, and the incursion of the liberal welfare state into the domain of market practices, they could use the

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<sup>6</sup> Chapter two of Meiklejohn's book (MKJ, 1948) is entitled "Clear and Present Danger", an obvious allusion to the constitutional stipulation of what would be required to put the U.S. on the war footing Meiklejohn claimed the U.S. had been on from 1939 until the end of his life, and presumably the present day. The appendix to that book contains previously unpublished documents of Meiklejohn's attempt to argue philosophically against McCarthyism and cites his testimonies and letters attempting to do so. Meiklejohn's point also was that no "clear and present danger" existed from internal subversion (by agents of a foreign power), therefore the unusual measures taken were not justifiable.

communist threat as an excuse to increase public sector spending, as long as the increase took place in the military budget. (Hence the term 'military Keynesianism'.) This helped prop up an ailing economy while at the same time permitting the targeting of social spending for cut backs, blaming it for inflation, the deficit and the decline in productivity. In the U.S. especially, socialism is identified as a more extreme variant of political liberalism.<sup>7</sup> In doing that, the argument could be made not just that either were a threat to efficient government, but also were threats to freedom and liberty—an external threat on the same logical footing as the one Smith considered. Therefore the apparatus of the state could legitimately be used in a way economic liberals otherwise said it should not: as a magnet for increasing sums of revenue in order to enforce political projects. Consequently government spending on the military could be made an exception to the liberal economic rule against such spending. It also could be used as a wedge, both against domestic spending on the social side and as a means to fight an ideological war against those countries whose visions of economy and polity were not within the economic liberal tradition.

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<sup>7</sup> Socialism has been, in the lexicon of American conservatives, one step beyond "hyper-liberalism", a term used to describe sympathizers to various radical political causes. Journalist Jack O'Brien, for example, points out that Josephine Baker was considered a "hyper-liberal" during the McCarthy era which eventually landed her in trouble in the U.S. See the PBS special "Chasing a Rainbow: The Life of Josephine Baker" which aired on WCFE, Plattsburgh, as part of Black History Month in 1990 and then again on Sunday February 10, 1991.

## PART TWO

Rational Economic Man: The Critique from the Left

The theory of the rational economic man was but a logical extension of the assertions Smith and the utilitarians made concerning human nature. From the premise that humans, by nature, seek pleasure and avoid pain, we can then develop theories of economy, polity and sociology which by extension explain how humans behave in various arenas. In the economic field, for example, we know two things: first that man acts in his own self-interest, and second, that in doing so she is guided by an invisible hand to do good, unintentionally.

From that, utilitarians and neo-Classical economists surmised the following: man goes into the world to seek his fortune and find his pleasure. By doing so, and by virtue of doing so, he blesses the world. The system of economy which he develops is perfect, or close to perfect. What remains imperfect is the result of imperfect knowledge of (the information in) the market. Luckily, an (unseen) auctioneer acts to bring buyers to sellers together and generally provides for the relatively uneventful exchange of information required to keep the market operating.

The system of economy, being self-correcting, operates close to a point of equilibrium. It has self-correcting mechanisms which work when it is left alone to seek its own level and find solutions to its own problems. Only government interference in that respect causes "distortions" which are not manageable. Because of the considerable interference of governments in economies, this explains why markets are never perfect. According to this vision, not until the function of government is removed entirely from the market will the market be able to emerge and do the job it is designed to do.

The market, therefore, requires no regulations. Dysfunctional behaviour is rewarded with failure. Failure is a good thing in that respect because it is a sign that the market is doing its job. Regulation of industries is also not required as industries, wishing to stay in business will regulate themselves.

The real problems of the market then occur as a result of (exogenous) distortions created by governments. Government action provides an example of inefficiency rather than efficiency. Governments subsidize inefficient companies and industries, not allowing for natural entry into and exit out of the market. Government have non-economic, that is to say, social concerns, all of which distort market operations.<sup>8</sup> Governments regulate not just economic exchanges and behaviour, but also enforce social rules which the market would never impose. Those rules include health and safety standards, pollution control legislation, minimum wage, working conditions and industrial and labour relations laws. None of these rules are internal to market logic (endogenous) but are external (exogenous). They are part of the logic of socialism, which imposes social regulations which do not benefit those within the market.

As the argument was made earlier by Friedman and others, business has limited responsibility which it performs when it achieves a profit, thereby staying in business. It performs its responsibilities and fulfills its obligations that way first to its shareholders, then next to its employees, and finally to its

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<sup>8</sup> Carnoy speak of "distortions" as positive, as having the effect of producing equity, breaking up monopoly and socializing education. See the Introduction to Schooling in a Corporate Society where he says "Perhaps the real goal is not the "maximization" of everyone's potential, but only the potential of a few-the elite or ruling class." In which case "'distortions' and inefficiencies... would not necessarily be distortions at all, but rational and efficient parts of a system with very different desired outputs." (Carnoy, 1972:2)

community by virtue of staying in business and doing its job well and providing a product to the market. Nothing else should be imposed upon a company or expected of it.<sup>9</sup>

Theorists of the neo-Classical school then distinguish between the necessary, or 'economic' costs and the peripheral, incidental, imposed so-called "social costs". Social costs are those which a company must endure because a government (or a society) has insisted upon their being borne. But generally speaking they are not calculated into the cost of manufacturing the way other costs are. In calculating the cost of production, costs are calculated by accounting for and pricing "factors of production". Because social costs, such as the installation of anti-pollution devices, are, strictly speaking, not necessary for production, except by governmental edict, companies may have in the past ignored social costs until they could no longer do so. So they planned their manufacturing as long as they could without factoring in these supposedly extraneous considerations and costs.

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<sup>9</sup> It should be noted that many economic and management theories today describe acceptable behaviour in the market as that which will both keep businesses viable while not being so selfish as to be counterproductive. This moderated version of the maximizer thesis claims that "satisficing" is an adequate form of profit seeking and that maximizing is not necessary to be a winner in the marketplace. Indeed maximizing may be counterproductive because it is too inflexible, hard-nosed and uncooperative and in the end will do little but alienate those with which one needs to maintain good relations: customers, suppliers, employees, and, to some extent, competitors. Maximizing, in the marketplace today, is seen in some theories at least, as an overly zealous and ruthless mode of behaviour. (Miles, 1986) In some respects this brings neo-Classical economics back into line with what Hayek sees as the basic tenets of classical liberalism. But the basic theory behind rational economic man model, however, retains this belief in the maximizer even if now alternative models are now being used in management theory, such as game theory (Alt and Shepsle) and more institutional approaches (North, 1990) which operate on the assumption that the market does not work the way the neo-Classical model has it because certain contingencies cannot be anticipated which can ruin any strategy or attempts at prediction. So in that respect the assertion that 'economic man' is rational is extreme even within business theory. It certainly is not unanimously embraced as a form of business activity either. But even here the attempt seems to be to find non-Keynesian solutions to the problem of uncertainty.



Now from these assumptions comes a "science" of economy described previously; the purpose of the science is to explain economic behaviour and make predictions and generalizations logically deduced from certain premises which make up the economic man model. For as it is assumed by Friedman and others, economics is, or can be, a science much like the physical sciences. In that respect, Friedman shares this one aspect of his methodological approach with neo-Classical economics, which sees its enterprise as equivalently scientific.

But what kinds of predictions and generalizations are possible in positive economy? Hollis and Nell (H&N) ask:

[Why is it that...[n]ot all generalizations inspire the same confidence [in positive economy]. Why are we warranted in adopting some and rejecting others? For instance we accept it as a law that when a price rises, demand tends to fall, but do not accept that the rate of profit tends to remain constant at about 12%. Yet there is much evidence for the latter hypothesis, enough to warrant a claim to have a law in more orthodox cases. Why does successful testing confirm the hypothesis that consumption rises when income rises but, apparently not the hypothesis that in every developed country labour receives a constant share of the national income (about 40% in the U.S. and U.K.)?

Clearly, from their point of view, it is unacceptable if one workable generalization is accepted as law-like whereas another does not seem to get the same attention or inspire the same confidence. They go on to say:

Furthermore, evidence, even when accepted, always points in more than one direction, and confirms several conflicting generalizations. What warrants adoption of one over another?(H&N: 11)

From Hollis and Nell's perspective this proves that the essential problem is an epistemological one.

We suggest, in short, that economic theories are to be judged partly by whether they are backed by a suitable scientific method which is itself backed by a sound theory of knowledge, which has an answer to the Inductive and Deductive problems. (H&N: 13)

The problem of induction centers around an assumption such as "What has happened in known cases will, *ceteris paribus*, happen in others. But", Hollis and Nell continue, " how do we know that? It is a claim beyond the evidence of the senses alone and so is not sufficiently warranted by observation." This raises the issue that such generalizations presuppose certain assumptions which must be granted. But this suggests that certain things are known a priori. For they are not observably knowable, yet they must, for the purposes of the coherence of theory, be assumed to be true, and more so, true with certainty. But if this is the case, according to the positivist canon they are "empty of all factual content" (as all a priori truths are thought to be within that canon) and therefore merely have the weight of a tautology, not an empirically verifiable truth upon which a generalization may be based. (H&N: 11)

The problem of deduction is in some way related but somewhat reversed. The creation of a science requires a body of axiomatic knowledge where one set of principles, laws or generalizations are operational by virtue of their being lendable to use in a process of deduction. In other words, theories and laws are established, and on the basis of this, other facts or assertions may be deduced and considered proven within the body of

knowledge. But then this means that so-called "synthetic" or empirical truths are being deduced through a procedure which itself is known a priori. Here they are being deduced from a set of assumptions which undergird the axioms of positive economic theory: for example, that supply creates its own demand, or that government spending causes inflation. Or they are deduced from a set of assumptions about "human nature": such as that "man" is "rational", "maximizes pleasure and minimizes pain", etc.

Hollis and Nell's critique seems to point out that positive economy has become a melding of scientific logic and teleological economy with tautological analytic philosophy. Problems in neo-Classical economy arise, Hollis and Nell surmise, because neo-Classicists only concern themselves with what is inherent to their interests or the logic and purpose of their enterprises. In other words, Hollis and Nell believe neo-Classical economy is ideologically based and that the problem in neo-Classical economics lies in the circularity of the theory which defines their style of approach as a science of economy. They then look at the way in which the prior definitions and assumptions concerning human nature and the nature of "rational economic man" are built into this empiricism.

Our economic quarrel with neo-Classicism, is firstly, that it concentrates on market interdependence, neglecting the deeper technological interdependence...; secondly, that it ignores institutional and especially class relationships, so misrepresenting the nature of payments to 'factors' and neglecting the economic significance of power and conflict in societies. (H&N: 3)

Neo-Classical economy, then, ignores social factors: class distinctions, the relation between power and wealth, the difference money makes to social

relations.<sup>10</sup> It focuses only on occurrences which supposedly take place within the domain of the market and ignores all else. Hollis and Nell also call into question the constant problems of "proof" which occur within this science. If the science were as axiomatically solid as is claimed, why the constant fights over the interpretation of "data" and "results"?

...the thickest fighting of all is around the fountain-head of analytic economics, which is distribution theory or the determination of the relative shares of wages, profits and rents....

Why does testing not settle these disputes? The stock answer is that tests are not enough. Results need proper interpretation if only to make sure that they have not been distorted by non-economic interferences. (H&N: 23)

And so it is not just markets which are distorted by non-economic interferences (governmental activity in the market), according to neo-Classicals. The very theory which explains market activity is equally negatively affected. So both thoughts and deeds are upset by non-economic factors and interferences. One of the chief purposes of the science then is to carefully distinguish between the economic and non-economic (or social) so as to be able to factor out the non-economic so that the results yielded will be true ones.<sup>11</sup> Hollis and Nell on the other hand want to show that true science is one which can factor in all the social factors as well. <sup>12</sup>

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<sup>10</sup> See also the argument against the "neutrality of money" thesis in Davidson, 1972, especially in the appendix to Chapter Four where, on p. 105-106 "The Impact of Speculation on Economic Activity" is discussed.

<sup>11</sup> In this they share a certain logic with Hayek's view, which wishes to eliminate such extraneous considerations but on "epistemological" grounds, as we shall see in the part which follows.

<sup>12</sup> Recently "game" theory has attempted to explain "cultural" (although still to date only corporate cultural) phenomena such as hierarchy. But for the most part most economic models, and the public choice theories they spawn, ignore cultural and social factors. And when they address them they usually begin with a Lockean 'tabula rasa' approach which ignores social institutions except to concentrate on

This being the case, Hollis and Nell remark:

The difficulty, we shall contend, is to be blamed less on economics than on the Positivist canon. 'Testing' we shall argue is neither so straightforward nor so decisive a process as a simple version of Positivism suggests. It will turn out to be unclear in principle what exactly is being tested and what the test shows.... Positivism is a fighting philosophy. It offers both the supply and the demand sides of the neo-Classical picture a defence against some inviting (and, we argue later, largely correct) criticisms. (H&N: 24)

What was wrong with the old testing procedures, according to Hollis and Nell, were the simplistic assumptions presumed before the tests were conducted. Positivism, as a fighting philosophy, would do anything to defend its ground against the unwelcomed intrusions of those who wish to remind its proponents of certain sociological dimensions they wish to steadfastly ignore.<sup>13</sup> In fact it is part of the very defense of positive economy as a science that its defenders attempt to claim their opponents to be less than expert concerning the "science" of economy. In a quasi-imperialist manner they wish to claim their analysis holds the monopoly.<sup>14</sup>

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day-to-day "social" factors which may slow down production. In part this does prove the "imperfection" of the market. But mostly it ignores those imperfections by operating according to a model which still closely resembles the 'economic man' one H&N disparage. See Alt and Shepsle, 1990.

<sup>13</sup> See Harold Innis' essay, "The Church in Canada", in which he has this equivalent thought about the resistance of the Catholic Church to the logic of sociology. (Innis, 1956: 388) See also the Frontispiece to this thesis.

<sup>14</sup> This will in large measure explain why they are so concerned (in their public appearances) to be considered "experts" on economy (even to the point where they question the credentials of those who do not use the same mathematical [econometric] models and methods in their analysis). And, I will claim later, self-styled experts (in this case on matters of economy) fit the bill, on a number of levels, when journalists go looking for experts on economics. There is then a certain dovetailing of interests.

As examples of the problems which positive economic analysis brings

Hollis and Nell comment:

Indeed the whole idea of testing the marginal analysis is absurd. For what could a test reveal? Negative results show only that the market is defective. Various interpretations can be given—observed values are not true values of variables, or there has been non-economic interference, or that cost curves although truly recorded, are ill-behaved or that the market is imperfect in some other way. But one interpretation is not possible—that the marginal analysis has been refuted. (H&N: 34)

In other words, it is not just markets and humans which behave perfectly. Nor is it just market activity which will perform flawlessly if only the correct information were available. And not just markets are infallible. This infallibility carries over to the form of analysis used to describe markets. It is further asserted that neo-Classical economics therefore is perfect by abiding by the same logic of the market. Economists of this field need only have the correct information to act upon. Nothing, in short, falsifies the theory or the findings. In case of facts which cannot be accounted for, unlike in other sciences where, for example:

...the chemist, when his model fails to match reality, blames the model; ... the economist, when reality fails to match his model, has the option of blaming reality....(H&N: 41)

What does this do for the description of events and people within the model? What then is a rational economic man? "Rational economic man is not an actual man. He is, rather, any actual man who conforms to the model

to be tested. (H&N: 55) In other words, the vision of what rational economic man is exists prior to the creation of the model used to explain and describe the behaviour of this man (as we already know because we find this model in the writings of Hume, Smith and the British utilitarians). So in fact, such a model of analysis is little but an extensive gloss on the prior assumptions which went into the description of 'economic man' as rational, self-interested, maximizing, hedonistic and calculating. It is then not surprising, as Hollis and Nell assert, that "[w]hatever fits a model, behaves as the model predicts." But, as Hollis and Nell proclaim, "that too is a tautology and, from a Positivist point of view, empty of all factual content." (H&N: 38)

Hollis and Nell's point here is that if the economic model is based upon a self-defining truth, then it is "empty of all factual content". Consequently, it cannot, following the logic of another of the Positivist Canon, be part of scientific enquiry because it is a tautological truth. It is only facts which can be the subject of scientific investigation, and it is only facts which can be the building blocks of any science, according to positivism. Tautologies, being "empty of all factual content", therefore cannot be part of the basis required to construct a science of economy. For to do so implies that such a science is but a series of axioms deduced from each other. In such a respect, this should hardly be considered an improvement on the Cartesian Rationalism it supposedly was to replace.

Hollis and Nell's conclusions are that this science of economy is therefore no science at all but is an ideology, a template. Far from being empirical, it ignores facts, especially sociological facts, is arbitrary in its assumptions and its accumulated generalizations, and is monopolistic in its epistemology in being unfalsifiable and hence unverifiable. (Popper, 1963)

### PART THREE

#### Hayek: The Road to Serfdom Evolutions and Crystal Revelations

Friedman acknowledges that his view of the relation between economic and political freedom was inspired by the early writings of Hayek, especially his work the Road to Serfdom. In that book, which was a detailed critique and condemnation of socialism, Hayek wished to argue two things: first, that socialism destroyed liberty, even when practiced by people with good intentions, and second, that socialism was self-defeating in its goals to provide for the security and happiness of its people. In other words, it was also not efficient. His argument against socialism is however based upon a position which he outlines in several of his works and has broad implications for theories of politics and economy with which his views are far more compatible. Some of its assertions are that

1) Socialism destroys the information seeking and discovery process of the market rendering its potential practitioners incapable of conducting their trade (except insofar as they engage in black-market activities). (Hayek, 1944)

2) The knowledge of those in the market is of a different sort than those envisaged by social planners and believers in rational mechanisms for creating wealth or regulating economies. The knowledge which makes an economy go, the knowledge which is of any value, is "fragmented" knowledge which is necessarily incomplete. "This structure of human activities consistently adapts itself, and functions through adapting itself, to millions of facts which in their entirety are not known to everybody." (Hayek,



1973, vol. 1: 13; Gray, 1986: 28) In fact real social knowledge is impossible as it presupposes an objective or transcendental viewpoint (which socialists presume in their theory, according to Hayek). Acting in accordance with the belief in social knowledge crowds out the contingent and practical knowledge of entrepreneurs. Hence the belief in social knowledge, which leads to the belief in the possibility of a centrally planned economy, also leads to the banning of entrepreneurial activity or to measures, such as regulations, which disturb the market's capacity to create wealth by providing information.

3) Socialism is based upon a form of rationalism (constructivism) which assumes that social knowledge is possible and that a central standpoint is also possible, from whence the good of a given society may be overseen and determined. Hayek equates such rationalism with that of a controlling intelligence, and hence with the limiting of freedom.

4) Hayek also, on purely methodological grounds, rejects rationalism in liberal economy, a field within which many of the views expressed are otherwise compatible with his, ideologically. He rejects the view that most decisions are made as a consequence of rational calculation. Instead he says they are largely instinctual, reflexive, directed unknowingly toward goals which sometimes only become clearer once people have acted.

If there is any purposiveness in behaviour, it is for the survival of the group or a culture or an idea. Rationality concerns a tacit or unconscious purposiveness which Hayek accounts for theoretically in a kind of socio-biological argument. (Becker, 1976) Gray states, for example, that those religions which emphasize "the importance of private property and which support the institutions of the family will enhance the life prospects of their practitioners by creating conditions of high productivity in which there will

be relatively more numerous infant survivals." (Gray: 32) Gray goes on to say that "social or cultural evolution is directly continuous with evolution at the classical Darwinian level and embodies the same fundamental principles of natural selection." (Gray, 33; with reference to Hayek, 1988)

5) Hayek rejects rationalism in economics largely for pragmatic reasons. The real world does not operate according to the principles of rational agency, which is presupposed in the *homo oeconomicus* argument. More so the hedonism which underlies it leads to a kind of anarchy for which the assumptions within the economic man position provide rationalizations. In other words, if humans are by nature rational calculators and pleasure maximizers, then what of the rule of law, morality, convention and social stability?<sup>15</sup> Aside from this Hayek does not believe the market order requires the rationality built into the economic man assumptions for its strength in its spontaneity of evolution and adaptation. Hayek sees in capitalism a "catallaxy" of decentralized decision-makers (and sources of money) which he compares to crystalline formations. ( Hayek, 1967; 1988) This view is that capitalism's strength is not in its rational ordering (which in the end causes disorder) but in its instinct, its practicality, its predisposition to search and discover. He calls the market system one based upon a discovery procedure. (Gray: 41)

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<sup>15</sup> Here Hayek offers an opening to the social democratic views which I explored in the first chapters. (Meiklejohn's view is itself based upon the fundamental assertions concerning the importance of the rule of law in ensuring that competitive forces will not create the chaos Hayek also says may potentially arise.) It also leaves the door open to Keynes' equivalent economic argument concerning the anarchic vagaries of a market system unattended, although Hayek certainly would deny that. For here Hayek only speaks of rules or laws which, in principle, will provide the floor of protection upon which all must compete. He does not speak of the need for particular regulations in the market but rather of the need to dispense with the vision of the maximizing individual utility, and here only for practical reasons; because he does not believe a market's success is dependent upon the rational activity of maximizers but rather because of the information a market system makes available to anyone who cares to take advantage of it.

But methodologically, by only considering matters in the abstract his approach is consistent with the classical liberal tradition for which he professes to speak.<sup>16</sup> For example, when he says that in theory and in principle it is the rule of law which must prevail, he does so without stipulating which rules and which laws, as if the assertion of the notion of the rule-of-law itself is sufficient to guarantee the results (such as liberty) which the abstract assertion at least suggests.<sup>17</sup> Nor does he specify any purposes beyond those which Smith or Friedman, for example, would envision.

6) Hayek then says three other things following from this. A) That all descriptions of social reality are essentially theory-laden. But in being so, little, aside from general schematic assertions, can be claimed in describing social reality; B) That human activity is rule-bound; and C) That rules and laws, as with social conventions, are determined, not rationally through deliberation or choice, but through a process of evolution and natural selection. But he also says that knowledge in, through and from the market is, like all other "traditional" knowledge, general, known to members of a society generally, and not just known to individuals are having individuals as its source. Life is then tied together by social rules; rules according to which people tacitly act and therefore tacitly acknowledge, but the essence of which escapes most people, except on the instinctual, on which they make use of them.

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<sup>16</sup> This is not to deny that he does speak or that he can speak for this tradition. It is only to point out that he does in fact believe that what he is saying falls within that tradition.

<sup>17</sup> Meiklejohn's views, on the other hand, are quite specific concerning the kinds of violations of the law which ought not to be tolerated but which are commonly committed. In Political Freedom The Constitutional Powers of the People, (MKJ, 1960), he details the way in which the American constitution was meant to work and cites the example of the creation of the House Committee on Unamerican Activities as a specific example of how the U.S. constitution is systematically violated by Congressional practice.

Hayek then offers the critique of socialism which became popular among conservatives after the Second World War. In so doing he provides some of the most powerful arguments in favour of the market, many of which have come to predominate in public affairs discussions of the 1980's and into the 1990's. Much of the strength of these arguments, I will claim, lies primarily in the fact that their theses, evidence, logic and conclusions have been uncontested and are in fact treated as if they are essentially uncontroversial and incontrovertible. In so being, the atmosphere and the logic of Hayek's own thoughts are replicated faithfully in such public affairs scenarios.

Hayek's views in The Road to Serfdom, for example, emphasize the dual complaint commonly made today against socialism (actually against communism, but Hayek makes no real distinction between the two views). First, the kind of planning which socialism proposes is self-defeating and inefficient, and second, that socialism destroys individual liberty in its attempts to control human behaviour. In addition to the views found in this highly influential work, Hayek's works offer unusually complete insights into the liberal economic point of view in a way that Meiklejohn's work offered similar insights into the social democratic view. And his views cover not just the fields of economy and political economy but also epistemology, law and philosophy of social science. Indeed, Hayek discusses the same issues of polity and economy which are current in today's public affairs fora.

Carefully examining Hayek's view has the advantages of introducing us to the world of liberal political economy, its controversies and camps, as seen from the point of view of one of its most sophisticated thinkers. By reading Hayek, we will also be able to see where and how social democratic

solutions fit into any prospective discussion; if, that is to say, they were permitted to do so. In fact, and in practice, as we shall see, they are not.

If one wanted to understand the way specific ideas were advocated and how arguments were won in the public policy or the public affairs sphere, it would make considerable sense, therefore, to have turned to the recent experience in economic theory which now include the thoughts of Hayek; these thoughts which extend back sixty years and more. A recent CBC program of *Ideas* on Hayek reflects the contemporary take on the argument between Hayek and Keynes. The series subtitle itself gives a clue as to the present state of understanding of the differences the two had and the results which ensued. The series was called "Friedrich A. Hayek: The Vindication of Doubt".<sup>18</sup> This implies first that Hayek's body of work is constitutive of doubt, which it no doubt is. But doubt of what and asserting what?

The doubt Hayek expresses concerns socialism, and it is slurred with doubts he has concerning Keynes' theories. The assumption is thereby made for us that (vindicated) doubt concerning one—the possibility of socialism—vindicates doubt concerning the other—the possibility of a welfare state. It also helps to define 'doubt' as doubt concerning the possibility of all that the welfare state entails: a regulated market economic system with an emphasis on the need to pay attention to matters of social justice. It further implies that by virtue of this doubt being vindicated, a new skepticism, or in this case an old one resurrected, ought to be used as a model for all critical-skeptical inquiry concerning matters of political economy. This, I will say, is part of the problem and not the solution, and ever more so in public affairs.

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<sup>18</sup> The author of the series was Brian Crowley. Therefore also see Crowley, 1987.

Nevertheless the narrator, Lister Sinclair, ends the first part of this two part series by stating that the following week "we'll hear how Hayek's objections to the theories of John Maynard Keynes would eventually prove to be well-founded."

Now the argument between Hayek and Keynes concerned the role of government in society and the economy, specifically focusing on government spending. Keynes believed that it was a positive part of policy making. This certainly seemed to be successfully reflected in the policy results of the late 1930's and throughout the war time period and, indeed, from the post-war period to the end of the 1960's. Hayek believed, as the title of The Road to Serfdom denotes, that if governments spend money, specifically on the social side, especially if prompted by issues of social justice (questions of equity, discrimination, income security) it would be counterproductive through its interference with the natural selection and cleansing system of the market and through the creation of disincentives. It would create, in a word, a different kind of a serfdom: one of high taxes, discoordination, centralized and authoritarian authority, and the destruction of personal liberty, all in order to sustain an unwieldy public sector. Market activity, in the end, would come to a halt. With it would go the information which enables the coordination within a market economy and the "discovery process" he says the market is. Hayek, like Friedman, sees the market order as essential to liberty, it being the only order within which liberty can survive. He believes socialism destroys liberty in the process of destroying the kind of a spontaneity the capitalist market system affects. In that respect, socialism is a throwback philosophy reminiscent of the mercantilism of the feudal and post feudal era.

Hayek believes capitalism to be a "form-of-life", an order which has many dimensions. He writes on many of these dimensions to show the multifaceted way in which capitalism is superior to socialism and the many ways in which the former may be subverted by the latter. Nonetheless, he believes capitalism to be a coherent form-of-life and ideology. Therefore, his theory is meant to reflect its many facets and in fact has been called an "integrated system of ideas". (Gray, 1986)

### Hayek's Integrated "System of Ideas"

The idea that a thinker of Hayek's influence might have an integrated "system of ideas" is of course quite important. If this is the case, and if this system of ideas can be shown to have been employed quite regularly, even if only tacitly in public affairs, then this would undermine the argument made in defense of the formats used on television, for example, that programs are "unrehearsed" and ideas are aired in a spontaneous manner.<sup>19</sup> Of Hayek's integrated "system of ideas" concerning the relationship of political freedom to economics, John Gray describes Hayek's work as a defense of "the chief values of classical liberalism — the dignity of the human individual and the moral primacy of his freedom, the virtues of free markets and the necessity for limited government under the rule of law". This Gray says Hayek

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<sup>19</sup> And so Christopher Hitchens, a one time guest on the public affairs program **The McLaughlin Group**, says of its chairman, John McLaughlin that he "likes to canvass all opinions from the extreme right to the moderate right." He says "[t]he dirty secret about **The McLaughlin Group**, though, is ... that it declares itself to be 'an unrehearsed program'". Hitchens goes on to explain that this was not at all the case. And the article cites other more egregious examples of the same. ("Blabscam", *Harper's*, March, 1987; reprinted in Prepared for the Worst: Selected Essays and Minority Reports, Hill & Wang, New York: 1989: 320-323.)

accomplishes "within an intellectual framework of uncompromising modernity". (Gray, 1986: 2)

Under the heading "Hayek's General Philosophy: The Kantian Heritage", Gray points out that "(t)he entirety of Hayek's work — and, above all, his work in epistemology, psychology, ethics, and the theory of law — is informed by a distinctively Kantian approach. Hayek's thought is Kantian, Gray goes on to say, " in its denial of our capacity to know things as they are or the world as it is." (Gray: 4) For Hayek as for Kant, Gray says, the order of things that we "find in our experiences...is the product of the creative activity of our minds rather than a reality given to us by the world". In summarizing "the keynote" of Kant's 'critical' philosophy', Hayek, according to Gray, points to

the impossibility of our attaining any external or transcendental standpoint on human thought from which we could develop a conception of the world that is wholly uncontaminated by human experiences or interests.<sup>20</sup>

Gray says Hayek, and indeed "all those who stand in the tradition of post-Kantian critical philosophy", find Kant's "case against the possibility of speculative metaphysics...to be devastating and conclusive". It is therefore "a fundamental conviction of Hayek's...that we cannot so step out of our human point of view as to attain a pre-suppositionless perspective on the world as a whole and in itself."<sup>21</sup>

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<sup>20</sup> Gray, 1986: 5, with reference to the view Kant works out most fully in his famous book, *The Critique of Pure Reason*. (Kant, 1965)

<sup>21</sup> Much like game theory and the pre-suppositionless state that it presupposed, Hayek is rather assuming both that presuppositions must be left as they are and not investigated, while at the same time his thesis wishes to undermine many presuppositions others accept concerning what constitutes a democratic state. These he effectively invalidates by considering them the kind of presuppositions which require the kind of "knowledge" he says is not required in a free society. See Morganstern and Neumann.



KNOW-HOW, TACT, PERSONAL, PRACTICAL KNOWLEDGE, IGNORANCE = freedom  
 SCIENTIFIC SOCIALISM THROUGH SYNOPTIC OR SOCIAL KNOWLEDGE = slavery

SOCIAL THEORY      LAW      PSYCH.      ETHICS      ECON.      PHIL.      EPISTEMOLOGY

all theory must be practical; ideas are generated and evolve through the market place as information

subjectivity- objectivity distinction      rule of law      the "world" not just given but creatively      reflexive rational non constructive      liberal laissez-faire      immanent criticism      the limits of reason

subjective theory of value      social order spontaneously evolves      ordering our world      morality must be practical      consumers' subjective preferences the basis      investigate      free flow of information

constructivism rejected      ordering intelligence      fatal conceit of socialism rejected      sense data theory rejected      "the good" and social justice rejected      non synoptic view      supra-mechanism unknowable      self-knowledge and non market social knowledge impossible      no thing-in-itself

ordering intelligence      fatal conceit of socialism rejected      "the good" and social justice rejected      objective socialist pseudo-science and the labour theory of value rejected      society and the mind interchangability rejected      knowledge must be practical and of our order

Observing the chart, it is to be noted that Hayek has written in every one of the categories; hence Gray's reference to Hayek's "integrated system of ideas". What he wants to show is that even though Hayek wrote in a number of fields, nonetheless it can be said that his ideas constitute, or are constitutive of, a system. And it can be said that in being a system, these ideas are also integrated thematically and are quite consistent throughout.

It is remarkable enough that one person wrote on all these different areas. Others may have also written on many of these areas. But perhaps what makes it most remarkable, and one of the reasons Hayek gets so much attention, is that it is a conservative thinker who has accomplished this. Individual conservatives have written in ethics, economics, theory of law, epistemology, psychology, and social theory, but they rarely write in all these areas. The idea of an integrated system of ideas is therefore very important here, especially given the content of his work, for it has a very familiar resonance. It is, in some real sense, constitutive of popular culture today. So much so that it is difficult to determine which came first, which is parasitical on which and which is merely descriptive of which. So, it not only has a ring of familiarity, but for many it would have a ring of truth. Having a ring of truthfulness is, as should be understood, enough to impress a good number of people that it is the truth. Such is the nature of public affairs and the public affairs process: that a ring of familiarity and/or truthfulness is often sufficient to win the day.

## Economics

To understand Hayek, perhaps it is wisest to begin with his economics. He is a laissez-faire liberal and believes himself to be in the John Stuart Mill tradition.<sup>22</sup> But being in that tradition has unusual connotations for Hayek and other political conservatives. For Hayek sees the classical liberal tradition as roughly beginning in the early part of the seventeenth century and progressing gradually through to the early part of the twentieth century. For Hayek then classical liberalism, in its inception, was a rejection of the mercantilist-feudalism (which it rebelled against and) which held power previous to the early 1600's. For Hayek and for Friedman as well, the idea of protectionism (such as protectionism current during mercantilism) is twinned to feudalism. To reject protectionism is to reject feudalism (is to reject central planning). To call for central planning is to call for feudalism or propose a theory which resembles feudalism in a more contemporary form. And so Hayek equates socialism to a form of feudalism and speaks of the "atavism" of social justice. (Hayek, 1978)

## Epistemology

His epistemology, or theory of knowledge follows from this set of beliefs. Hayek looks at the role reason plays in several fields; in ethics, psychology, social and economic planning, science and philosophy. He asks:

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<sup>22</sup> I would argue, although not here, that in any event it is not clearly evident that Hayek is in the Millian tradition, for the reason I just stated: because Hayek equates social change and the growth of the welfare system to its opposite-to the curtailment of progress and individual liberty. Whereas, there is no indication Mill does the same.

what is reason capable of accomplishing? And until the late 18th century, early 19th century, the assumption was, at least upon the European continent, that reason could be used to deduce virtually everything. In other words, there was a belief in the power of reason. Reason was the primary way, in sum, whereby people acquired knowledge.

There are two different ways of understanding the notion of 'reason'. (Hayek is talking about only one of those, but he believes he is speaking of both; or perhaps rather, he would deny there are two.) He has in fact collapsed the two into one. He claims to be following Kant, the early 19th century German philosopher, who proclaimed that there were limits to reason, and whose self-proclaimed task was to discover those limits. In fact, as Hayek explains, it was, according to Kant, the task of philosophy to investigate those limits. In that respect Kant's philosophy is the precursor of modern philosophy.

From the previous assumption that virtually everything was knowable came a new assumption that we cannot know everything and we should not assume that we know everything. We interpret our own world. We organize the way in which we come to understand the world. Everything we experience is a matter of interpretation; things do not just appear to us as they are. (We do not experience the so-called "thing-in-itself".) And at the same time, there is also a limit to what we can understand in the world and about the world.

## Ethics

Hayek asserts that there are many things in the world that we do not understand, but at the same time he would say those are things we probably do not have to understand.<sup>23</sup> Hayek, for example, says that in ethics, knowledge is reflexive rather than constructive. What he means by this is that in our ethics we ought to focus on our own beliefs, our own understandings of our own values, rather than attempting to construct a social world out of, say, metaphysical questions such as what is "the good.". He rejects notions such as "the good" for they are, he would say, presumptive of there being something essential in ethics and that we might be in the position to know what that is. He does not think it wise to first attempt to define the good and then attempt to construct a world based upon this vision of what "the good" is. But what he is really saying is that this logic presumes or prescribes a plan of reform, and presupposes a metaphysics of reformation, which he says is misbegotten and dangerous. And so he says:

Particular aspects of a culture can be critically examined only within the context of that culture. We can never reduce a system of rules or all values as a whole to a purposive construction, but must

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<sup>23</sup> Kant does not go that far, but Hayek does. And so Gray writes: "Hayek's conception of mind is a view, then, whose implications for social theory are even more radical than are those of Hayek's Kantianism. It is the chief burden of the latter, let us recall, that no external or transcendental standpoint on human thought is achievable, in terms of which it may be supported or **reformed**. [my emphasis] In social theory, this Kantian perspective implies the impossibility of any Archimedean point from which a synoptic view can be gained of society as a whole in terms of which social life may be understood and, it may be, redesigned." (Gray, 1986: 24) Worthy of note in this context, however, are the views on this matter of the preeminent Kantian scholar Lewis White Beck, who has said (in a public lecture in Montréal, at Concordia University in January of 1990, in response to a question posed to him by myself) that referring to Hayek's thesis as a "Kantian perspective" of social theory was as discreditable as finding in Nietzsche's work the seeds of Nazism.

always stop with our criticism of something that has no better grounds for existence than that it is the accepted basis of this particular tradition. (Hayek, 1975: 25; Gray, 1986: 24)

It is also misbegotten in part because an attempt at such a (re)construction is in any event counterproductive. For planning "the good" does not end up with a society which preserves liberty. It in fact destroys the only social order within which liberty is possible: the market system. Therefore the idea of social justice is a mirage. It is also overly ambitious to believe that it can be brought about. A "society" can never accomplish such a thing. The word "social" itself, he says, is the product of constructivist thinking and bears no resemblance to anything actual. In fact he calls the word 'social' "the weasel word". (Hayek, 1988: 114)

He writes of the activism of social justice, that its attempted implementation is a throwback to a more primitive stage of development—feudalism. He also believes there is no essence in morality. Morality is practical in nature. Importantly it does not require any metaphysical concentration or contemplation for comprehension or construction. In fact Kant called his investigation of morality the "Critique of Practical Reason". (Kant, 1909) The limits of reason apply equally therefore to so-called "practical" reason as well. Life ought to be seen as a series of practical tasks and its mastery, of 'know-how' and rule following. In fact our knowledge in the moral world, if we need to use the word 'knowledge', is of a very limited nature. We follow rules but we do not have to know every aspect of the rule or the thesis behind the rule: the reason why the rule exists. We just follow rules. No one is expected to understand the reason behind every rule. Besides, rule-following is something which we learn as we acquire a habit. It is habitual and practical. To understand this much is to be able to live and

prosper in a free world. In fact it is by virtue of not knowing, of being ignorant, that freedom is possible. Hayek will say that in fact liberty is based upon (radical) ignorance, not knowledge (a dramatic contradistinction to Meiklejohn's view, to say the least). (Hayek, 1960)

### Social Theory

Life being a series of practical endeavours that we know how to do without ever questioning how we know them, it is then also a discovery process. This is what capitalism and the market system are all about: a discovery process. In that respect socialism destroys the flow of information required to make the discovery process possible. (Hayek, 1976)

People follow social rules, conventions and procedures tacitly without being very aware of those rules, their meaning, their purpose, and sometimes their existence. But not only is this okay, for Hayek, it is harmful in fact to do the opposite. To do the opposite, he would say, would be to be overly contemplative of what Wittgenstein has called, "forms of life," and worse, perhaps a plan of reform in mind.

In certain respects this thesis that one does not question the form of life, is very compelling. But it must be understood that here Hayek is speaking primarily of the economic aspects of the social order and the idea of a 'social order' as conservatives understand it to exist. Conservatives do not see themselves as questioning the form of life, for example, when they are critical of social planning, social democratic goals or even the fundamental institutions, social and political, which others certainly would consider as

fundamental to a democratic society. To conservatives these are not basic to the way economic institutions are. They are not created nor maintained through tacit instinctual procedures. Nor do they permit of a discovery process, the claim would be, except perhaps for those aspects of social life which would better be left uninvestigated.

It may appear that by the sheer voluminous nature of Hayek's writing that he is indeed questioning the form of life. Furthermore, it may appear that questioning economic rules or regulations and the political and social order in which we live constitutes such a questioning. It has even been said of conservatives, particularly neo-conservatives, that under such régimes the previous system had been dismantled and that conservatives have become idealists and ideologues in an attempt to construct their own nirvana. (Blumenthal, 1986) But that is not, of course, their view.

Their response would be that we are living in a near-totalitarian environment where government does everything, including destroy the form of life that exists. It interferes with the market system and it interferes with the natural system of selection. We do not need that. We should not want it, and all they are doing is getting rid of it. Consequently, the kind of thinking which called for economic regulation (of just about any kind) ought to be reconsidered. Certain rules must exist, as Friedman suggests. But those rules would simply ensure people were not dishonest, played by the rules, so to speak. But fundamentally economic liberals believe corruption stems from the attempt to interfere with the market. Corruption does not come from



normal behaviour, which they see market behaviour as being, but from an attempt to suppress normal behaviour. <sup>24</sup>

Who would set the rules? Hayek says they evolve spontaneously (hence either getting around Friedman's objection to rules or explaining his thesis of self-regulation in another way). They are also subject to the natural selection process. Through this evolutionary process, social conventions and rules, laws and even societies evolve, if left to their own discovery process. Just as the market decides through profitability who lives and who dies in the market, another process of selection is at work in the social world, enabling the social order to spontaneously evolve. (Hayek, 1967: Chapter Four)

### Psychology

The world, if one defines it, is the product of creative thought. It is not something just given to us. This may not seem as much of a revelation, but from the point of view of conservative theory, which had been ensconced in positivism, it was. But here it is a distinctly conservative revelation.<sup>25</sup> In the philosophical world, prior to Wittgenstein and Hayek, there was this notion, which went all the way back to the early empiricists of Locke, Berkeley and

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<sup>24</sup> See for example the views of Lawrence Kudlow, quoted at length in Chapter Five of this thesis.

<sup>25</sup> Within this context it can be understood that the study of philosophy, and specifically the philosophy of psychology such as that of Wittgenstein, and certainly in the second half of the twentieth century, has become the preserve, in fact one of the last preserves of the conservative mind. Wittgenstein, Hayek's cousin, has been proselytized as a liberating genius of the new world of the 20th century. But this, ironically, I would argue, is because he, like Hayek, was a conservative who looked at questions of psychology in a way that conservatives had not been able to before. One thing he discovers is that the world is a product of the creative mind and is not just given to us. This may have been said by other people on many other occasions but it did not have the same impact as when Wittgenstein said it.

Hume, of sense data. According to this notion, the way in which we experienced the world was through sense data. We sense primitive data, and then somehow the mind organizes the data, and through associations we construct primitive ideas, which become fundamental building blocks of more complex ideas. Upon these we construct more sophisticated ideas until, presumably, we eventually arrive at the level of theory. That was Locke's thesis and it became the empiricist theory of knowledge and reality. It was meant to be a rejection of rationalism, which believed in reason and logic: that we begin with first premises, and by logical deduction, we are able to deduce everything which exists.

Obviously there is something to both theories—we know by sensing, and we know by reasoning. But at the same time there is something unreasonable about both sides. It is preposterous to believe that ideas are **not** in part the product of a reasoning process, while at the same time it is absurd to deny that the senses play some role in believing that we do not "experience" the world but instead wholly construct it. But neither side was ever willing to acknowledge each other's strengths. That is why there is a risk that philosophy, especially in the twentieth century, might embrace a form of argumentation with only the most unreasonable propositions asserted on each side: that we do not reason and do not sense, cannot construct theories, nor construct a social world better than the one we presently live in.

When we enter the 20th century, logical positivists assert the worst of both sides: that sense data exist and that only logical deduction is required to arrive at necessary truths. This is perhaps the logical outcome of a philosophy which refuses to accept that the social and political conditions which surround it are in any way pertinent to our beliefs and our studies. It assumes that the abstraction of theory, especially from society, is a good thing, in that it

makes such theory "scientific". At the same time it decides upon fundamental principles, axioms and propositions, from which we may deduce anything else we may want to say about "the world".

The sense data theory eventually fell into disrepute, and the Kantian hypothesis began to find favour even in the mainstream. It is now generally acknowledged in most fields, aside from economics, which still largely embraces positivism, that as we experience the world we learn how to organize it, and organizing the world is a creative and interpretive process. So in fact we are interpreting what we are experiencing.

It may appear that this is all Hayek is saying. If this were the case, there would be little with which to argue because it is likely true. But what is of significance is what follows from Hayek's logic. Like many other proponents of this logic, he believes that what follows is that one ought to be skeptical, especially of claims of knowledge. But his skepticism becomes rather bizarre.

In order to understand this skepticism, let us first grant that one ought to be skeptical. The question which follows, however, is: About what should one to be skeptical? Here is where Hayek's views, from my perspective, become quite contrived. Skepticism is, in his schemata, a kind of double negative. One ought to be skeptical about those people who are critical of the order in which we live, for their criticism is based upon a fatal conceit which presumes that the critic is in the (objective or transcendental) position to look out over his or her society, and can decide how it ought to be ordered or reformed. However, this presumes too much for reason, both epistemologically and ethically, as I already pointed out.

Here, as we can see, Hayek slurs his politics and his epistemology. What applies to the limits of reason (and the limits of the power of the mind) also applies to the limits to comprehend the social world, for very specific

reasons, which we will discuss presently. So skepticism means here not being skeptical about the world and anything about the social order which, for example, from a moral point of view one might find lacking. Rather, being skeptical now means being so in relation to those who claim to have a plan of reform which might make it better (in part by questioning the social order at all).

Somehow, therefore, Hayek has managed to turn skepticism around. He defines it in a very peculiar and conservative way (the way, I will assert journalists define it). The third or fourth order of this reversal has it that we ought to be skeptical about people who claim that economic planning is possible, that social regulation is necessary or a good thing, or that centralized authority is essential for certain purposes and, furthermore, that it is possible to know something about any of these things. Taken one step further, this presumption asserts that anyone who doubts the validity of Hayek's critique ought to have his or her beliefs examined "very carefully." This, I would say, speaks more to the contemporary view of what the role of the journalist as "anti-authoritarian" watchdog has come to in the modern era.<sup>26</sup>

One of the consequences of this sort of inverted skepticism is that the more unlikely the belief, the more abstract it is in fact, the more detached it is from the reality of a situation, the more likely it will be that journalists will understand it to be a plausible explanation of the "facts". This is because this double or inverted skepticism has become a positive assent to the social order. The unlikeliness of a proposition is, in that instance, not as important as the

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<sup>26</sup> Powers, 1990 argues quite correctly I would assert, that the anti-authoritarianism of television is Reaganesque in that it rebels against the (potentially non-authoritarian [authority] aspects of the) state, against the idea of "authority" *per se*, which is exactly in line with the Lockean-Friedmanian conception already discussed.

fact that it happens to coincide with the personal belief of the conservative proposing it. We have not asked ourselves who believes in this proposition. Who even bothers themselves with the question of who put it on the agenda to begin with? Instead, more likely, we treat it as uncontroversial. <sup>27</sup>

Pertinent to this, Gray says of Hayek's view that "[i]n philosophy as in life, Hayek avers, we must take much for granted, or else we will never get started." (Gray: 5) Gray states this within the context of explaining that Hayek rejects the idea of there being a pre-suppositionless social science. But here he is thereby criticizing those social theorists, many of them from the social democratic or Marxian tradition, who would wish to call into question the assumptions upon which, for example, a particular ethical, legal or economic thesis is based. Hayek's views then suggest two things: first, that this calls into question too much and requires us to go too far back hence creating a potential "antinomy" of infinite regress. (Kant, 1965: "The Antinomy of Pure Reason"); second, however, a reversal thereby of the procedure by which we decide how and of what to be skeptical. It suggests criticizing those skeptics who would demand too much of theory and of life, and criticizing those who would presume too much of their ability both as reformers and theorists.

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<sup>27</sup> I will argue, both in Chapter Four and Six, that this was particularly pertinent in the case of the free trade agreement, where we were not permitted to ask ourselves who wanted free trade. Instead we began the discussion somewhere toward the end of the logical process of adopting it. The "debate" which ensued therefore began as if in the middle; much had to be taken for granted, such as *who would be negotiating it and why*. Discussing the issue in this way took the issue of free trade out of a context where its merits could be debated free of political pressure. As such, it made the passage and discussion of the FTA more palatable than it might otherwise have been.

### Immanent Criticism

Relevant to this thesis then is that in his philosophy Hayek develops his particular notion of criticism: immanent criticism. The meaning of immanent criticism, for Hayek, follows from his idea of the reflexive response to one's own values. For example, when focusing on our own thoughts or values, we are trying to understand our own thoughts within the context of what we are thinking and what we are saying. So we are reflecting on our own thoughts. But in doing so we are not, for example, taking any kind of an "external" system of thought and applying it to our own thoughts or to our own values.

This view follows from Hayek's training in economics. He talks of the subjective aspect of economics which is emphasized in Austrian economics, in Menger and Von Mises' work, as opposed to the "objective" notion allegedly found in socialism (Hayek, 1952). He rejects the "objectivity", or claims to objectivity, upon which he says socialism is based. The "subjective" approach means taking into account the fact that human beings have individual preferences, and that the market system and the world are driven by these subjective values. Therefore methodology also ought to be driven by such basic facts. This is the "methodological individualism" upon which he points out classical liberalism is itself based. This is why he sees himself in the classical liberal tradition. Social science, he therefore asserts, also ought to be based upon and reflect these subjective preferences and this method. Socialism, however, is based upon a form of "objectivity" and collectivism.

What he means by objectivity is that socialist theory is premised upon the labour theory of value. Socialism presumes that the market system works by entrepreneurs exploiting workers and making profits off of their labour.

Capitalism, on the other hand (as understood from its own point of view!), believes that it is ordered according to a system of preferences; the market system being driven by consumers. From the socialist point of view, socialism may be a critique of capitalism. But that is not the way capitalist theorists express it. They believe socialism is an objectivist, and in that respect a pseudo-scientific, examination of life because it steps outside of the social order in which we are living and criticizes it as if from the outside.<sup>28</sup> Instead of talking about people's subjectivity and what people do and do not prefer, it sees things, rather, from an objective and detached point of view. Socialist theory looks down on the world and it sees the capitalist exploiting the worker; the extraction of surplus value from labour to gain profits. Hence it is not the subjectivity of the entrepreneur, or the worker which is being considered, but rather the "things" the worker makes and the treatment he receives, which become the focus—as if she were herself a product and not a person. (This may seem incoherent, but it is the view of Hayek and others in this tradition.)

That Marxism, social democratic theory, or for that matter strains of liberalism are critical of capitalism for treating workers as things is not specifically considered in this context. This, one might say, is a way of denying it is the case.<sup>29</sup> What is considered far more significant is that socialists consider workers as things in their theory by failing to understand them from

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<sup>28</sup> If one, however, returns to Friedman's notion of objectivity and marries it with Hayek's theory of subjectivity, one ends up essentially with journalism; a positivist "objectivity" which takes into consideration only those subjective, personal aspects of life-ignoring the so-called "objective conditions" Marxists wish to describe.

<sup>29</sup> In fact a theorist such as George Gilder (Gilder, 1981) proclaims capitalism to be a form of gift-giving based upon altruistic fellow-feelings, much the way Smith himself describes human "moral sentiments". (Smith, 1976)

their own point of view. In Peter Winch's words, speaking of Max Weber's similar methodological mistake, he says:

Weber ceases to use the notions that would be appropriate to an interpretative understanding of the situation. Instead of speaking of the workers in his factory being paid and spending money, he speaks of their being handed pieces of metal, handing those pieces of metal to other people and receiving other objects from them; he does not speak of policemen protecting the workers' property, but of "people with helmets" coming and giving back the workers the pieces of metal which other people have taken away from them.... In short, he adopts the external point of view and forgets to take account of the "subjectively intended sense" of the behaviour he is talking about: and this, I want to say, is a natural result of his attempt to divorce the social relations linking those workers from the ideas which their actions embody: ideas such as those of 'money', 'property', 'police', 'buying and selling', and so on. (Winch, 1958: 117-118)

From the point of view of Hayek, Marxism does something similar by speaking "objectively", for instance, of extracting surplus value to reap profits, rather than speaking of consumer preference which neo-Classicals, especially the Austrians, believe drives the market. Therefore he rejects the whole notion of that form of objectivity.



## Philosophy

For Hayek, the idea of social justice and reform, through regulation or planning, presupposes an anthropomorphic view of what composes a "society". It also presumes that any given individual can have the kind of knowledge of the social world which would predispose her to being able to have a transcendental overview of society; an Archimedian place from which to peer. This Hayek dismisses as nonsense, and dangerous nonsense at that. They are premised, as these ideas must be must be, on a fatal conceit. Hayek sees the role of the critic as the guardian against such pretense.

Hayek notes Kant's view that the task of philosophy is to investigate the limits of reason. This he gives a twist. Philosophy's task now becomes, in effect, to investigate the violations of the limits of reason, especially when committed by socialists.<sup>30</sup> The task of Philosophy is to discover where reason can go and where it cannot go. Hayek says, for example, that reason cannot go into the construction of the society. (This accounts for the often heard refrain by conservatives of the "failed policies of the past", which usually refers to the [some very successful] policies of the [bastard] Keynesian economic policies of the decades of the forties through the sixties.)<sup>31</sup> Hayek said, in this context, that, we cannot and ought not construct a society based upon the notion of reason or social justice. He calls this "constructivism"

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<sup>30</sup> This is why I argue that journalists see themselves as philosophers of a sort; their task as well, I would argue, becomes to attack pretense, especially the kind of pretense of the power of reason Hayek also wishes to "expose".

<sup>31</sup> Typical of such a refrain was that of management lawyer Stephen Cabot, appearing on the MacNeil-Lehrer News Hour, June 6, 1986. He spoke of the failed policies of "the thirties, forties and subsequent decades", here in general reference to being too soft during labour contract negotiations, and more specifically concerning the Hormel meat-packing strike, which was called to a halt by its international union leadership in June of 1986.

(explaining how it calls for the reform of our form of life which he has said is an inexcusable mistake based upon a "fatal conceit" socialists suffer from).

And so skepticism ought to be mercilessly operative when such claims are made. Immanent criticism operates as a defense of, and a "constructively" critical examination of, ideas in and about "our" world and social, political and economic order; a rather gentle examination of beliefs, much in the way one would expect in hermeneutics where questions of "interpretation" are addressed. But on its other side, when it is being "skeptical", it is skeptical of the idea of an "objective" social science which might make "external" claims concerning capitalism: such as that it is based upon exploitation of workers. Being skeptical therefore would mean being critical of such an evaluation. One would therefore be skeptical of any principle of social justice on the grounds that it was pretentious, claimed too much for itself, asks too much of others, and controls too many things and too many people in the process of its implementation. This ruins the very social order it wished to improve upon and reform.

#### Law

In this context the system of law becomes crucial. He claims to believe in the "rule of law". The principle of the rule of law makes sense when its fundamental concern is for the need to address contentious issues through legal means. However, Hayek's notion of the rule of law, again similar to Friedman's, is a counter-revolutionary notion, for it plots the path wherein questions of property supersede those of other "collective" rights. It also fails to consider the relations of power and the social conditions which economic theory also ignored.

There is an element of truth in this: that social changes through revolution have a great deal of arbitrariness built into them—that sometimes in a revolutionary period innocent people are victimized, murdered for no just cause, because, for example, it is alleged they happened to be on the wrong side. The vagaries are enormous in revolutionary settings, and the arbitrariness gets out of control. The rule of law ought to determine what is considered criminal and who is not. In such a context, it prevents such vagaries, and this cannot be seen as anything other than a positive contribution. The problem, once again, is the extent to which the principle itself is based upon other principles, such as immanent criticism, or reversed skepticism. In the context of everything else he has to say, Hayek's view can be seen as defaming the notion of the rule of law by turning it into an ideological construct to rationalize the defense of the *status quo*, or the return to a prior time when the social conditions were uninfluenced by socialism. In other words, it is a reactionary reworking of the notion of the rule of law.

### Social Theory

Socialism, for much of the 20th century, was fancied as being scientific. There was a notion called 'scientific socialism' which was prominent until the 1960's.<sup>32</sup> Socialists did believe they had a scientific "analysis" of capitalism and by extension of the way a society ought to be run. They claimed to have developed certain scientific principles for running a society. The five-year plan perhaps is the best illustration of such a claim.

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<sup>32</sup> See for example the rhetoric in The Manifesto of the Communist Party, Marx and Engels.

With scientific socialism, socialists believed they were constructing a better world.

If that were all that he was rejecting, there would be little to disagree with in Hayek's views. But unfortunately this is not all he is objecting to, nor even precisely what he is rejecting. His assertion goes far beyond this. He is saying, in fact, that every principle or person which asserts that one can interfere with marketplace activity, and in that respect can act more intelligently than those within the market, assumes that it is possible to achieve what he calls a transcendental standpoint; a standpoint where one can stand and look over on the rest of society. He calls this a synoptic viewpoint.<sup>33</sup> He says this is impossible. That is the kind of objectivity he is rejecting.

### Epistemology and Social Theory

In the same sense, he is saying that we can know something about our own thoughts, but we cannot know about the mechanism which thinks while we are thinking. We may understand our own thoughts but we do not understand the mechanism itself, what he calls the supra-mechanism. But he says that socialists claim to be able to do so for society. Their fatal conceit is in their anthropomorphizing. They believe society is like a person. And just like a person, it must have a central, ordering intelligence, much as the human body does. (In fact, he would say the KGB, for example, as an

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<sup>33</sup> Note how this resembles Foucault's notion of the panopticon, the point from which a prison guard stands over a prison and has a complete overview. See Foucault, 1984, the section on 'panopticism'.

"intelligence" network, is the logical outcome of such beliefs. Big Brother was the central authority, acting as if it were the central locus, a brain.)

This is why Hayek's social theory is linked so closely to his epistemology. He rejects the idea of a central or ordering intelligence. Socialists believe they can stand outside of one's own society or social order, and order it according to principles of social justice. They believe in effect, that they can understand the operations of their own brain (when they claim to understand the operations of their own society).<sup>34</sup>

What is the argument against Hayek's view? What is the defense against it: that it would be quite interesting and quite helpful to be able to stand outside of society and understand where the problems are? No, the argument against Hayek's view is that it is largely a red herring. Going back

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<sup>34</sup> This is not to be confused with the uncertainty Keynes acknowledges exists in social life. He in fact bases a good deal of his analysis upon such a notion in order to produce a policy which would minimize uncertainty or at least explain it. Hayek's view is considerably different in that it effectively eliminates a Keynesian solution to the vagaries of the business cycle. In any event Keynes clearly believed there were enough aspects of social life one could understand—such as that human suffering existed and should be kept to a minimum and that it would be in the nature of some to desire to cause others misery and suffering. None of this would be acknowledged by Hayek. In an interesting piece by E.G. Winslow (Winslow, 1986), Winslow points out that there was at least an implicit connection between Keynes' critique of unbridled capitalism and Freud's notion of the "anal sadistic character". Both theses involve the notion of hoarding and meanness of spirit, puritanical inclinations or temperaments and the basic irrationality of life. Keynes wanted to leave the lasting view that the science of humanity must account for what lies below the surface; ignoring it is done, not just at one's peril, but is essentially immoral, for it overlooks the **consequences** of policy. (Hence the reference in his works to those consequences.) Again the point is not that life is essentially unknowable, although certainly it is less knowable than the rational economic agent model presupposes. Quite the opposite: much more can and has to be taken into consideration than was presently then done, either when theorizing or when attempting to formulate policies for the resolution of age-old human problems such as unemployment. Keynes, like Freud, attempted to somehow alleviate symptoms of the "essential characteristic of capitalism, the dependence upon an intense appeal to the money-making and money-loving instincts of individuals" which has the grave results of creating a social order which is based upon greed, creates great hardship, too much uncertainty and disorder and is essentially for all these reasons immoral. For Freud those essential characteristic symptoms were the repression and sublimation of desires in an either destructive or creative fashion, with the love of money being a destructive component.

to the argument between Keynes and Hayek, one realizes that Hayek's casting of that argument is in many respects illegitimate and dishonest. Yet it is very compelling. The question that has to be asked is whether what Keynes proposed was actually able to solve many of the problems of economy and society, or whether it was as much of a failure as Hayek proposes socialism to be. An "objective" assessment, nonetheless I believe, would find that Keynes' approach to economy was intelligent (precisely in the way Meik'ejohn uses the word). It was intelligent enough to develop not only a social programmatic, but also an economic theory which explained the relationship between unemployment, recession, high interest rates, taxation policy, and the flow of money and investment. As a rival theory to Hayek's (one dominant only after Keynes died in 1946), Keynes' theories can be interpreted, with great justification, as having been successful to the point where it overshadowed Hayek's for several decades, and quite dramatically at that.

So the prospect that regulation leads to totalitarianism, specifically of a Marxist state variety, is quite preposterous. But nor do we have to live with the kind of unbridled market system Hayek and Friedman are advocating. We do not have to suffer under either. We can use the market to create wealth so that we can harness it and regulate it and ensure that wealth is distributed in a fair way, which means the principle of social justice is certainly part of it. But this does not involve rejecting the market system or the social order in which one lives. It proposes what is called a regulated mixed economy. That is what we used to, in however imperfect a fashion, have in Canada. That is what the United States has largely moved away from,

what Sweden is attacked for, what Margaret Thatcher has been dismantling in the British Isles. <sup>35</sup>

So it is not an either/or choice between the market system of freedom or socialism and totalitarianism, and it never has been. Keynesianism can work very well as a middle course; therefore Hayek was wrong in rejecting some very necessary principles of social justice, of reason, of understanding what "the good" is, of helping people, of having a generous spirit. He was also wrong in assuming that extraordinary people, such as Keynes, were as incapable of having an overview. Perhaps Hayek was incapable. But if so, does this entitle him to presume others were also equally incapable? This, it seems to me, is a sign of far greater pretension than anything Keynes displayed in his thesis.

Hayek's rejection of Keynesianism was therefore essentially ideologically motivated, even if Hayek was unwilling to admit as much. His skepticism concerning the possibility of developing a "transcendental" perspective or discovering an "Archimedian" point from which society could be seen was in that respect a rationalization for his own conservatism. Hayek was a person, one can conclude, who did not see beyond the system. Believing that capitalism was essentially a perfect system, he believed that anyone proposing any change to it was effectively attempting to dismantle it. Questions of power and hierarchy are left aside. But then, what of complaints that in fact there was no equality?<sup>36</sup>

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<sup>35</sup> What the Eastern bloc countries are attempting to do, on the other hand, is to go from an absolute planned economy, which was insufferably illiberal, to imposing a régime using Hayekian principles, as if there were no in-between.

<sup>36</sup> The answer would appear to be that one should not presume equality before the law. For example, see the compelling argument by Harry Glasbeek in Anderson & Gunderson, 1982, which asserts that equality before the law is presumed for the bargaining power or responsibility (culpability) of workers in a collective bargaining situation. But this "equality" is hardly reflected in the power relations. Glasbeek therefore sees collective bargaining as little more than a more modern form of

### The Relevance of Hayek's view to Journalism

In Hayek's view, social theory thereby presumes too much, and perhaps sees too much: more than actually exists. It projects on a world something which does not itself exist. It fails to recognize the tacit, the practical, the actual and the factual, and hypothesizes only on behalf of wishful notions, pseudo-pretend and made up ideas and social formations. In any event Hayek says we can not know the actuality—the thing-in-itself, as Kant called it. We can only know our own preferences and our own thoughts. I argue that today, journalism, it would seem, follows Hayek's prescripts quite closely. Its task has become to investigate the limits of reason. If journalists are trained to be critical, it is to be critical of anybody who makes a claim to understanding the social world; any claim to knowledge. Journalists look for any sign of pretense. But they usually only find certain kinds of pretense and certain people pretentious.

A variant of this we see in much post-modern theory. They see people who they believe are developing "grand theories" to resolve enormous problems as being pretentious. A so-called grand theory, in this respect, will be anything which is beyond the intellectual ken of the journalist; especially, however, in social theory and most specifically in economics. (For much greater latitude and respect is given to scientists whose knowledge is still revered, not without reason.) A social or economic theory, however, may be very intelligent and well reasoned, but in not understanding it, often

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therefore sees collective bargaining as little more than a more modern form of labour contracting, which in some respects he compares unfavourably to pre-union conditions of indentured service.



journalists assume, or act as if they assume, that its posers are pretentious. And if they are pretentious, they are then subject to criticism, to skeptical investigation. So the role of the journalist, much like the philosopher, is to attempt to discover those ways in which people are pretentious. But this often means investigating only those people and ideas which may be intelligent, bright, workable but inaccessible, especially to the conservative minded.

Hayek's thesis is an interesting one, and for that reason alone his views may find considerable favour among journalists who would approach his views on an intuitive rather than any intellectual basis; even though there is no evidence that he is correct in any of these assertions. This reversal of the procedure (of being skeptical or critical) is certainly evidenced in interviews conducted with political leaders or theorists on the left. An interview on CBC's Business World, on September 11, 1990, with then newly elected premier Bob Rae was an excellent example.

The interview follows the business news section which begins with Ron Adams saying "Good evening. On tonight's program we'll meet the man who has Bay Street wondering. Ontario's NDP Premier designate Bob Rae gives us his view of big business." The impression immediately given is of a man, having arrived at the top, now being in a position to challenge the standard norms of business practice. The further impression is of Rae having either unorthodox or quirky attitudes which "has Bay Street wondering". (Given the economic model according to which such Bay Streeters might operate, it is no wonder that they might find it uncomfortable to commit themselves to any economic plan until they understand the intentions of the government, especially whether it will continue to cooperate with business the way others have in the past. )

The news segment continues and following the item discussing the NDP's victory, Christina Pochmursky says:

But at least one business man is not holding off on passing judgment on the swing to the left in Ontario. Conrad Black said today Ontario will pay dearly for electing the New Democrats in last Thursday's election....He said the NDP's election occurred because of the lack of strong ideas from the other Ontario's parties. Black says Ontario is about to discover, quote, "what a shabby boring, demotivating uncompetitive form of government socialism is". End quote.

This Pochmursky said with a distinct glint in her eye.

Now in the interview itself Rae in fact gave his view, not of big business as advertised, but more pertinently of his party's view of the responsibilities inherent in governing. The lead into the interview begins with Ron Adams backgrounder:

The election of the NDP government in Ontario is significant for all of Canada. The Ontario economy represents 43% of the Canadian economy. A spending boom in Ontario could mean higher interest rates for all of Canada.

Here Adams has already "explained" to us that spending in Ontario automatically must mean higher interest rates; that no other option exists. In other words, the monetarist claim that spending causes inflation and inflation must be dealt with by raising interest rates is uncontroversial. He goes on to say, "if business doesn't like investing in Ontario anymore all of Canada could be effected....[Rae] has promised much change for Ontario, but

the business community wants to know how such change will be paid for." Again this ignores the possibility of policy alternatives, alternatives which have been suggested by Keynes and then Keynesians for sixty years or more: that deficits could be run, that investment could be made in infrastructure, that public sector spending could be used as an engine, wage and price controls could be used to manage inflationary pressures if need be, that counter-cyclical measures pay for themselves in saving on externality costs incurred by unemployment and plant closures.

In the interview itself Pochmursky begins by saying : "I guess that the big question is that the business community is asking when they look at your government [ stating before the government was even sworn in], is can you succeed without them and how far are you willing to meet them half way in order to achieve what you want to achieve." Pochmursky then followed with a series of questions, the first was as to whether Rae would have to "water down" his campaign promises in order to pacify the business community. Concerning Rae's comments on the possibility of a minimum corporate tax, Pochmursky aggressively cut Rae off with the comment: "I suspect most of them [business men] think it's a terrible idea." And in response to Rae's comment that he did not believe that was universally the case, Pochmursky cut in saying "Yea, people who have the advantage of an unfair situation do not like to give it up".

Later Pochmursky asked "what about the more important concern that, whether or not it's fair, that business feels comfortable with the way things are and if you change them business will decide to change its venue and get out of Ontario and move to the States."

Pochmursky then suggested: "Let's talk about deficit financing. I mean you want to implement a lot of programs in Ontario that I'm sure the Liberals would have wanted to in many ways too but they said it's too expensive." Again here Pochmursky seems to be suggesting that the main difference between the previous government and the present incoming one is that the former one had a firmer grip on the economic reality of the province. She continues, stating that "You want to run an economy that's gonna have a deficit of a billion dollars a year. Now, that doesn't sound like good management." Again Pochmursky treats as uncontroversial the assumptions of one side of this debate.

The discussion continues with Pochmursky pointing to the "debate" concerning raising minimum wages which had it that if such wages were raised, unemployment would increase. Cleverly, Rae responded that she was correct that there was indeed a debate, in a debate there are two sides. He went on to explain the other view, that it does not follow that raising minimum wages creates unemployment because it may increase more demand for goods which would then create demand for labour.

What was of interest about this interview, aside from its candor, was that it first presented Rae's views on corporate taxation and other matters, which itself is unusual because of his rather left-of-center ideas. It also provided a test of how journalists, here a business journalist, might respond. The response was an admixture of disrespect, skepticism and challenge. But it also framed Rae's position, or attempted to frame it, as unreasonable, or a source of apprehension. The opposite view, that businessmen might flee if they did not get their own way, was almost represented as reasonable, and certainly was entirely unassailed. But the mere raising of it was itself rather unusual. (Not since the Brinks truck episode which surrounded the Québec

referendum on independence have we heard such talk, which itself provides some insight into the nature of the views Pochmursky is here speaking for.) What was also unusual about such an interview, although perhaps not surprising given that it was conducted on a business program, was the ferocity and zeal with which Pochmursky went after Rae. Ironically, she ended the interview with the phrase "them's fighting words, Bob Rae." Here Rae was neither granted the respect nor the honeymoon we are accustomed to in such instances.

On the other hand, the watchdog role was performed admirably in a way rarely seen in other circumstances (where the issue is not framed as that of a politician violating some aspect of the accepted code of behaviour). In this instance Rae represented the "outside" reformer position. Hence, according to the classical liberal model Hayek offers, Rae was fair game for such interrogation. The question here perhaps was not whether Pochmursky was being biased, for it can just as easily be argued that she was doing her job and doing it well in this instance. The question really is why she had to wait until this interview to do that job so well.

When we attempt to understand the model of skepticism, we rapidly discover how it is quite convoluted. It applies to, or is applied to, skeptics and critics of the political and economic order but is rarely applied to that same political system and the economic order. Here again this is because Hayek has slurred several meanings of 'order' into one. The order, in which we find ourselves in is the same order in which we live, and is related to the way we order our lives through our senses and our minds. To propose to reform the 'order' is something like proposing to reorder the very mechanism by which we apprehend the world. This is, for Hayek, we can presume, absurd,

preposterous, impossible or dangerous. In the case of socialism he would say all four.

So the central problem of contemporary public affairs concerns the extent to which journalists have become investigators and critics of "pure reason", in the way Hayek advises. The question as to why journalists seem to be too skeptical<sup>1</sup>, to the point of cynicism, concerning some issues, and then at times not skeptical enough, can be answered by understanding their skepticism in this context. Perhaps it might be tempting to call them selectively skeptical, but they really are not. Their notion of skepticism has become reversed. Instead of being skeptical (which after all their pretense to acting as "watchdogs" claims to imply), for example, of claims by neo-conservative governments that short term pain solutions are necessary for long term gain (where we might find a true case of social injustice or exploitation), and instead of injecting a modicum of realism into their inquiry, we usually find the reverse. Their training has taught them to pay attention the logic of the market, which Hayek's view implies. This only tends to engender a particular form of obedience which does not criticize the order in which one lives, which encourages the following of rules, to not think too deeply, but be rebellious against "authority"—here any form of "regulation" of economic activity or perhaps the suggestion that firms or individuals be socially responsible, substantive, tolerant and motivated by interests which are not entirely selfish.

Now it is made to appear to us in this context that in fact we are socially liberated, that we are free. But from an intellectual point of view, the

democratic process comes to an end when such reversed skepticism takes hold. There are certain kinds of thought processes to which we no longer have access. The major actors in the market system felt threatened in the 1960's, so they therefore engaged in a massive counter-offensive to recover from what it saw as its kind of imminent demise. In this reaction it has employed these principles of Hayek and Friedman in order to force the belief system that they reject to recede.

Hayek is claiming to describe reality, and in that respect it is very seductive. In the last twenty years, we have become accustomed to believing that this is a description of reality largely because alternative views have come to be treated as obsolete, arcane, in part by virtue of their requiring greater thoughtfulness for their comprehension. It is the indolence of the journalistic imagination which has them resort to shortcuts. Hayek's thesis provides an intuitively simple model of thinking to embrace. It makes no waves and represents, much as Locke's and Smith's did before, the views of the current middle class of the day. It is simple for journalists to merely mouth these views. They are, after all, the views of leading economic authorities, most of whom happen to be conservative. They do therefore represent important aspects of current trends of thought in the field of economy. What else can be asked of a journalist aside from this?

However, as I point out again in the final chapter, when journalists embrace any of the philosophical reference points Hayek rejects (in order to do what I would assert journalism is supposed to be all about) they are attacked (by lobby organizations such as the Fraser Institute) for practicing advocacy journalism. This has a chilling and important impact on the way in

which the media reviews its own policies in its attempt to accommodate the views of all parties, including the business community. This will become more apparent in the final chapter when the Fraser Institute's publication "On Balance " is evaluated in some detail.

But what about a contrary notion of skeptical critical enquiry, one which contradicts the intent of immanent criticism, one which contradicts the whole notion of investigating the limit of reason? Instead of rejecting socialism, or more specifically social democracy and its claims, what about journalists investigating the social order in which they live to see if it is found wanting?

Presumably the answer would be that such journalists would not be being skeptical in the appropriate way. They would not be being "objective" enough; their views not value-neutral, they would be expressing a point of view, which would throw the reportage out of "balance".

Worse then, much of this style of journalism may in fact presuppose at least the prospect or hope of the construction of the society based on notions of social justice. This would presuppose an essence to morality, and not just collapsing moral issues into the form of life and the social order in which they live. This would mean their report abandoned principles of detached, unbiased reportage, and for that reason would have to be rejected. Again much of what Hayek's view implies is taken up again in Chapter Six when I examine issues such as balance and advocacy in journalism.



## Chapter Four

### **Public Affairs**

#### Part I

### Lobbying for Freedom: Private Affairs Go Public

The previous chapters introduced many of the theories behind public policy disputes. What they did not do was demonstrate the impact of these ideas, and the precise manner in which they are played out in our public affairs. Eventually, in Chapters Five and Six, I will want to show how the ideas, especially of the business lobby and laissez-faire advocates, have an impact, not just on public policy but also on the way policy issues are covered. I will argue that public affairs television emulates, or is at least compatible with, the form and style adopted by the business lobby in their "public affairs" attempts to influence public opinion and governmental action.

This chapter, then, forms a transition between the two very differently looking realms of theoretical debate, as such and in general, and "debate" on television, such as it is. In order to understand the debates which ensue, it is first necessary to identify some the debaters and their precise positions. In order to do that that, it will be necessary to expose the strategies these debaters adopt, their reasons for adopting them and the philosophies behind the strategies taken. This chapter therefore begins with an overview of the lobbying process. First it offers a descriptive point of view, using the work of Paul Pross. It then gives the business perspective, specifically in relation to business' attempts in the last decade to lobby for greater "freedom" of action

and less government involvement in the economy. It then, in part two, looks at some of the consequences of that activity, both in changes which have taken place in the work-place, and in changes made to the constitution, specifically in relation to business' greatest challenge: the taming of the work-force. The third part of this chapter then looks at the free trade agreement, an agreement I argue was designed to put labour in its place by means other than those traditionally employed at the work-place and at the bargaining table.

We begin this chapter continuing from the discussion toward the end of the last one, from the point of view of the model developed above, in relation to Hayek's view of the pretense of socialism and its attempt to reorder society along the lines of social justice. From the perspective of the business community, if we were to cite an example of somebody in the last 15 or 20 years of our political life, in a Canadian context, who would be considered pretentious, the obvious response would have to be Pierre Trudeau. (Here I am not speaking of his successes or his failures but rather the way he was perceived, especially by conservatives.) In this next section we will specifically look, in part, at William Stanbury's view of the Canada Trudeau constructed. His text (Business-Government Relations in Canada, 1986) is in fact a self-styled handbook on monitoring and deflating such pretension and its policy outcomes.

What did Trudeau want to do, and in the view of Stanbury and others, unfortunately succeed at doing? He constructed a role for government; a social role based upon principles of social justice: hence regional subsidies, transfer payments, foreign investment review to secure employment, minority rights for anglophones and francophones. The policy of official bilingualism, regardless of how it is perceived, is obviously a notion that

embraces, endorses and presupposes social justice. Foreign investment review or regulation and regional subsidies were also based upon a derivative concept: redistribution. These views were, however, a sign of pretension, according to this thesis. How can anybody know what is best for the entire society, Hayek and Stanbury would ask. Similarly, notions such as pay equity, minimum wage laws, rent control, are all flawed and create "distortions" in the basic workings of the market and are hence counter-productive and themselves unfair.<sup>1</sup>

Given this extensive overview of what potentially can enter into the public affairs and public policy agenda formulation process, I turn briefly to a second view of public affairs and public policy, that of Paul Pross. Pross' analysis represents a mainstream view of the public policy process and offers a descriptive overview of the role, ideology and function of various kinds of lobbying groups and their interests. As a descriptive overview it accepts the system in place. His task is to describe the changes in the lobbying process which take place over time. These include changes in styles of representation, changes in purpose and finally changes in lobbying procedures of groups involved in the process. Pross also considers which groups in particular have had the greatest amount of influence and why.

One point Pross makes, which is worth restating within the context of this present discussion, describes an important part of the evolution of the lobbying process. Pross points out that until the mid 1960's, a more or less fixed set of groups representing particular sectors or regions of the country existed for the purpose of influencing policy-makers on spending and

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<sup>1</sup> See footnote 8, Chapter Three of this thesis.

regulatory matters. (Pross, 1986) It was not until the mid sixties that a new type of "interest" group arose to challenge that exclusivity. These new groups represented those interested more in the enactment of social legislation, legislation to protect the environment, the rights of consumers and the health and safety of workers or citizens in general resemble what I said of the informal role of labour earlier. These "activist" type of (public) interest groups, then, became the first challenge to established lobby groups and were different in kind from them. They represented a more general constituency and were not lobbying for their own specific interests defined only in narrow economic terms.

Pross comments on the measures which the older lobby groups then took to offset the gains in influence these groups were coming to have. In fact, this largely is what public affairs has come to mean in the last twenty years: an attempt to publicize the concerns of the old interested parties within the business community; the primary one today being to counter challenges from below. Complaining about the power of opponents and the unfair amount of time given them is one aspect of that strategy. Their own publicity has taken on many forms. The object, however, remained the same. It was to convince politicians and members of the press and the public of the reasonableness of business' perspective and demands, and of the dire consequences if their needs were ignored.

In summary, then, Pross sees the public policy process, and hence, as we will see, the public affairs process which grows out of it, as an inevitable interweaving of interests. Politics becomes a process of accommodating those with enough power to have an impact upon the process. Being 'neutral' in such a situation would likely mean being like a traffic controller or an arbiter of sorts. There would be very little resorting to first principles, as Meiklejohn

would want it, but rather an attempt to sort things out in just the 'practical' bargain and deal-making way Locke might have felt comfortable with. The arbiter, as much as the advocates, would be content if the ultimate result were the avoiding of trouble. Once again the ethics of non-interference would have to dominate. Arbitration or adjudication of interests and claims would have to presuppose the differing interests of the rivalling parties but would also likely fall back upon a set of laws to adjudicate claims. But in the final analysis, because, as we shall see, self-interest is at the root of interest group accommodation, a neutral or 'non-interested' view would nonetheless presuppose that all parties would begin with their own self-interests in tact (just as Friedman had recommended). The adjudicators position, therefore, would nonetheless be one of arbitrating between self-interested parties. And in effect that is the system which comes down to us in the forum of public affairs television.

Meiklejohn's vision of the equivalent issue, as we have seen, is markedly different in a significant way. For him the question of disinterest cannot be separated from much broader questions of human affairs. Disinterest is first related to broader questions concerning the nature of intelligence and the nature of knowledge and intelligence about living.

#### The Nature of Authority and the Power of the Political State:

##### The Business View

The third position, that of the business advocate or lobbyist, I exemplify here through the writing of Canadian business theorist William Stanbury. Stanbury's position presupposes both Friedman's view of business and government and Pross' view of the nature of the public policy process. His

book Business-Government Relations in Canada, and its companion text of cases is written as a guide to prospective business lobbyists as well as a guide for managers to the Canadian business (social) environment. (Stanbury, 1986) That environment is essentially described as a minefield of social and economic regulation. It is therefore the job of those entering this field to be aware of the landscape so as to best understand how to avoid the negative impact of the regulatory system.

The focus of Stanbury's text, in keeping with this highly utilitarian volume, is, in part, to identify the parties who will have the greatest decision-making power in the areas businesses care to have an influence. The purpose, then, is to understand the role and function of these parties, their style in the policy making process, what it takes to do business with them, and generally the 'values' which surround them in Canada's social and political-cultural environment even before the lobbying process begins. In part it is also to describe the growth of the regulatory function of government and the growth of the public sector, both of which Stanbury sees as dangerous. From Stanbury's point of view, 'values', other than that of efficiency, are unfortunate. But they are after all a fact of life in Canada and so they have to be taken into consideration. Under the heading of **Corporatist values**, he says "Canada is not a corporatist society, but strong corporatist values exist that shape the public policy process." He goes on to say:

These values stress the primacy of the group over the individual and the organic view of society in which the common good transcends individual interests. Groups are functional parts of a social organism in which there is "a functional place for everyone," and "everyone is in their place." Conflicts are to be resolved by mutual accommodation (using suasion and bargaining)

among institutionalized interest groups. The state, while delegating some responsibilities to such groups, has a primary role in identifying the national interest and in harmonizing diverse group interests. Membership within groups may be based more on one's position in society and less on purely voluntary choice. (Stanbury, 1986: 23)

Under the heading of "Redistributive ethic" Stanbury writes:

Hardin (1974) argues that Canadians "have a genius for redistribution. Most strongly pushed by the NDP, only slightly less so by the Liberals, and expressed in terms of "compassion by the Conservatives, there is a widespread feeling that the economically disadvantaged must be provided for in virtually every policy. Distributive consequences of policies are given far more than efficiency gains—even though they impose significant efficiency losses on the economy.(24)

Stanbury then goes on to state how regional subsidization, cross-subsidization and the use of marketing boards result in "the growth of elaborate and costly universal programs to deal with health care, income security, and education. Under the heading "Obsession with national unity and maintenance of a unique cultural identity", Stanbury talks of "a policy of official bilingualism/biculturalism" and the "enormous benefits conferred on the people of Quebec 'to keep them in Confederation' .... "(24) The point of this is to point out to the prospective manager/executive just what the corporate world is up against when it sets out to do business. Its desire would be for a social environment unfettered by such social and ideological considerations, where business decisions and business decisions alone ruled and determined how wealth was distributed. But given that this is the world to be embarked upon, it is wise to be apprised of its unfortunate parameters. As Stanbury says, "Business's capacity to influence government must begin

with an understanding of the type of government we have in Canada."(Stanbury: 25)

It is safe to say, then, that any knowledge which the business person should have of the governing process is restricted to the instrumental and the utilitarian. This however does not deter Stanbury from judging the system and style of government in place. "In practice", he says, " the process of policy formulation is conducted largely in secret...the public has little access to this vital arena; the astute lobbyists do, however". He goes on to add in parentheses that "[t]he public and particularly interest groups are demanding a more open system of policy making."(Stanbury: 26) By analyzing this statement we begin to understand this perspective's interest in the democratic process and in its decisions being conducted more 'openly'. For as Stanbury goes on to suggest, in order for business decisions to be made, the business person must be relatively content that his or her corporate social environment is predictable. Having access to the inner workings of the public policy process is the best way to ensure that. Hence a more "open" or accessible environment is desirable.

But that is not the way his discussion is framed initially. First Stanbury identifies the problem in general terms which have to do with the respect for individual liberty. Here, as Meiklejohn might suggest he would, he conflates the ideas of personal liberty with the curtailing of the power of the state to intervene into the lives of individuals; that is, with business' freedom to do business in an unfettered way. Under the heading of "Characteristics of Social Values in Canada" he writes:

The origins or bases of values are hard to identify; yet they shape both the political and economic systems. Doern and Phidd ...suggest that the



dominant ideas or enduring concerns relate to efficiency, individual freedom, equity, stability, redistribution, national unity and identity, and regional sensitivity.

With respect to specific ideas, Doern and Phidd state that "there has always existed in Canada an ambivalence about the idea of efficiency inherent in capitalism. The numerous rough edges of Canadian capitalism have always been moderated by an inclination to use the state". In their view, individualism "implies a belief in the social value of self-interest and self-development. An entrenched Charter of Rights and Freedoms suggests in formal terms a belief that the purpose of the state is to serve the individual and not vice versa." A close reading of the charter, however, indicates that there are— unlike the U.S. Constitution— no virtually absolute rights that inhere in the individual.... Put bluntly, the War Measures Act is still on the books [but has since been revoked] and may be invoked at the pleasure of the majority government. Moreover, Canadians' respect for individual rights has been and continues to be overridden— virtually no debate— when there is a conflict between economic security and individual responsibility. Very few Canadians apparently connect the loss of individual freedom with government actions designed to provide greater economic security— at least for some. (26-27)

Here again Stanbury conflates the ideas of personal liberty with the ability to pursue purely economic goals. For Stanbury, the same power of the state to arbitrarily arrest people under the former War Measures Act sweeps over into questions of regional and cross-subsidization and into controls on the way people do business. The struggle, as Stanbury explains it, is between individuals taking responsibility for their actions and those sheltered from the storm by state interventions which provide guarantees for those who cannot or refuse to. Tax laws and laws which redistribute wealth are, for

Stanbury, as ominous as the War Measures Act was when it was implemented in the past. That this act was once on the books reflects the power which the Canadian state still retains in relation to its individuals, as it reflects the mitigated sense of liberty and responsibility of its citizens.

And so the fact, for example, that "the entire coastal fishing industry is a welfare case", is really a tribute to the nearly totalitarian nature of the Canadian federal system. Here the ideas of providing subsidies and social welfare are put against the backdrop of the comparison of virtual 'absolute rights' which the Americans own constitutionally, and allegedly therefore economically, which we do not. This policy, Stanbury goes on to suggest," is a tribute (of sorts) to [the] value [of stability of income], as well as to most Canadians' ignorance of just how much the complicated web of policies actually costs. Nor is government anxious to disclose the costs."(Stanbury: 27)

Here Stanbury telegraphs his later concern to show the cost which the bureaucratization of policy making involves. He suggests that being reluctant to discuss costs implies that the government is not an open one. In fact the government, given the desire to be "compassionate", as Stanbury himself suggests, may be unwilling to invite the kinds of criticisms in which critics of any government expenditure would be prepared to engage.

We therefore begin to see how the broad themes of freedom and openness suggest that freedom of action and openness in the economic realm are connected to those in the social and political realm. As a corollary, it is suggested that government, in and of its own self, is by its nature closed. But it not only limits 'freedom': it is costly and demonstrates naive conceptions of the world and bad management of the economy and consequently of society. So Stanbury says:

It should be noted that the extent of government intervention in a particular industry (or sector) is both the cause and effect of business efforts to influence government activity. Firms (and other interest groups) often seeks various forms of government intervention: for example, tariffs, regulation that restricts competition, subsidies that lower costs, or procurement contracts that increase sales. Hence, the existing stock of government intervention reflects, in part, the previous lobbying efforts of firms in the industry. On the other hand, the present level of intervention may be the focus of the firms' efforts to reduce such government activity. For example, the firms may be trying to (1) get rid of minimum wage legislation, (2) eliminate pollution control regulations that are particularly expensive to comply with, or (3) get the federal government to lower tariffs on machinery used in their production process. (Stanbury: 31)

Stanbury acknowledges, for the moment, that that web of regulations which governments produce are often the result of business interventions in the public policy process. Consequently his focusing attention on the complexity of this network of rules, and, by implication the extent that this web chokes off free market activity, is somewhat hypocritical. For he blames governments for complying with the wishes of its lobbyists, when regulating on the economic side to protect their interests, yet is sympathetic to them when they manage to impress on government the need for deregulation. Ultimately, then, his view comes to resemble Friedman's view that we would be better off if government were eliminated entirely from the process.

Stanbury's chapter on government regulation is called Describing Leviathan: A Governing-Instruments Approach. The abstract to the chapter appears thusly:

*Dictionaries define Leviathan as "a sea monster embodying evil". In 1651 Thomas Hobbes applied this term to the sovereign state. Three and one-quarter centuries later, we use the term only when we discuss government and political processes pejoratively, and then only when our purpose is to call attention to the dangers inherent in an expanding public sector of society. [italics in original] (48)*

Here Stanbury commits the leap of assuming that public sector spending is evil without explaining why that might be the case.<sup>2</sup> But Stanbury, like Friedman, assumes that any form of regulation not specifically designed to enhance the business climate, and not specifically written by and for business advocates, is not welcomed. Social life, for Stanbury as for Friedman, begins and ends with business transactions. All other notions of the social and the moral are dismissed as superfluous, dangerous, evil and idiosyncratic. For Stanbury and Friedman, creating the ultimate in pragmatic political structures means having the right to ignore the political and social dimensions Hobbes was concerned to control and institutionalize. The only way to do that was by effectively eliminating the governmental function as much as possible.

Stanbury uses this pejorative view of government-as-Leviathan to bring into ridicule that side of government whose purpose it is to ensure that citizens are afforded minimal protection under the law through social

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<sup>2</sup> Hobbes' Leviathan, however, was written in an era more than three centuries ago characterized, perhaps, by economic regulation, but by virtually no social regulation. The purpose of his political treatise is to explain the means through which a system of government might be devised to ensure the relatively unfettered conducting of commerce in a more highly regulated social environment. In other words, Hobbes was prescribing the reverse situation which Stanbury attributes to the nature of the state which Hobbes proposed. While Stanbury complains of the economic and social regulation facing business, Hobbes devised a system of social regulation to ensure that law and order would prevail, enabling business people to go about their affairs as Hayek suggests the system should.

regulation. At the same time he calls into question the purpose of regulations which initially, even by the citing of his own example here, was to aid commerce. Because of the great importance government has had in Canada's economic life (according to Stanbury, largely negative under Trudeau while potentially positive with Mulroney), Stanbury points out how important it is for business first to understand how government operates so as to "respond effectively to the actions of government, and [second] to influence it".<sup>3</sup> Business's priorities in the 1980's were to ensure that the government moved to cut the federal deficit and stimulate growth, while at the same time keeping an eye out for the 'coercive power' of government.<sup>4</sup>

Now business's concern for the Leviathan the public sector has become, according to Stanbury, great enough when it was noted just how much (coercive) power the government had when arbitrarily deciding who gets what. Economic, or 'direct' regulation, that is to say, is bad enough. But recently business must now contend with "new" regulation: social regulation. Economic regulation is defined as the

imposition of rules by a government, backed by the use of penalties, that are intended specifically to modify economic behaviour of individuals and firms in the private sector. (Priest et al, 1980; in Stanbury: 57)

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<sup>3</sup> Unfortunately, in the case of the Trudeau regime, as Stanbury quotes Michael Bliss' sentiments in this regard, "business confidence in the government of Canada was probably at the lowest level in the 20th century. . . A large number of businessmen believed that Canada was being ruined by a socialist government". (Bliss, 198 : 48; in Stanbury, 1986: 48)

<sup>4</sup> This is a somewhat incoherent conclusion if one understands that cutting the deficit slows down growth; unless, that is, the belief is that most growth occurs in the private sector—and not ever as a result of government attempts to stimulate the economy through spending. The reference to the government's use of its coercive power is made in reference to its determining who gets transfer payments and who does not. So it is government's ability to decide **anything** concerning the distribution of wealth which Stanbury calls coercive.

Direct regulation is industry-specific [that is, easy to understand, anticipate and work with for the purposes of lobbying] and affects price, output, rate of return, and entry or exit. Social regulation typically affects a broad range of industries, although its impact on some may be much greater than it is on others. It includes environmental regulation, consumer protection legislation, "fairness" regulation, health and safety regulation, and cultural regulation. (Stanbury: 57-58)

Stanbury then goes on to detail the growth patterns of both kinds of regulations, including citing statistics on percentages of government employees and rates of growth in Canada and the U.S. His point is to show how much more highly regulated we are than are Americans, with the consequence that business has an interest both in attempting to affect the growth of the public sector, which by implication means the growth of the regulating sector. How business ought to attempt to ensure that this growth is impeded or turned around, is for him the question of the day: the answer is that business ought to be actively involved in influencing the regulatory process.<sup>5</sup>

In his chapter *The Political Economy of Policy Making*, Stanbury advises on how to identify the proper targets of the lobbying process. But there is a greater issue lurking for those who wish to control the public policy agenda, or continue to control it, as Pross has suggested. "One of the hallmarks of a wealthy and highly developed society", Stanbury proclaims, "is the relatively large number of resources that is devoted to 'problem finding' activities of various sorts." He goes on to say:

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<sup>5</sup> Stanbury then goes on to discuss the number of public enterprises, mixed enterprises and bail-outs, all of which, he implies, ought to be the targets for business lobbying and all of which have come under the scrutiny and pressure for change by spokes-people in and out of government recently.

The spread of higher education, and with it the expansion of research of all kinds, has the effect of generating a large supply of "problems" that are perceived at least by some people as deserving government action. (112)

The implication in these two statements is that serious problems do not really exist. But like the police officer handing out tickets to meet a quota, problems are created and found in increasingly imaginative ways by those who live in an environment whose job it is to find and even manufacture problems. In other words, too many people going to too many schools have their imaginations stimulated (a reversal of their previous indolence!). Having nothing else to do, this inevitably turns them to the investigation of 'problems' which are really only of their own creation. This has a material impact upon the corporate social environment.

People have been dying for millions of years — what is different is that we now have a better idea why they died and how their deaths from certain causes could have been delayed or prevented. (112)

This, presumably, could put corporations, for example, in the uncomfortable position of potentially being blamed for some deaths. This, it turns out, also has an impact upon the regulatory process, which must respond to head off any potential public criticism. This feedback into the regulatory system then has a potentially negative impact on business. It is into this feedback system which business public affairs must leap, and it is this system which public affairs must control or manage, much in the way any other aspect of doing business is managed. The 1960's and 1970's, Stanbury says, "might be described as 'the age of policy analysis'," where, it seemed that government agencies, specialized units, research bodies and educational

projects, proliferated, some "in response to persons and groups hurt by the vicissitudes of life". (113) All pose a potentially troubling scenario for those who fear the growth of the public sector. All are comprised of the so-called "activists" of the 1960's who coalesced, extremely successfully, around new issues and form new interest (or so-called "special") interest lobby groups. (Herman & Chomsky, 1989)

Those unwilling or unable to take responsibility for themselves had generated a new argument for "the public interest". (114) Stanbury states that "[t]here are few more evocative phrases associated with the making of public policy than 'the public interest'." He noted that it is commonly argued, since Schattschneider did so in 1960, that "the distinction between public and private interests is 'a thoroughly respectable one; it is one of the oldest known to political theory.'" (115) Stanbury goes on to paraphrase Schattschneider:

In contrast to the common interests are the special interests — those shared by only a few people or a fraction of the community. Schattschneider emphasizes that special interests exclude others and may be adverse to them. (115)

Under the heading "The Perceived Moral Inferiority of Private Interests" Stanbury writes:

A critical element in the psychological environment of business-government relations is the moral value (usually implicit) that is placed by the majority of citizens on the activities of each of the parties. The activities of business enterprises are based on the pursuit of material wealth — a manifestly private interest — and such an objective is seen by many to have a lower moral value than the activities of government. The latter are deemed — without much reflection or analysis — to be acting in the public interest."



This places business "behind the moral eight ball" , says Stanbury "in their dealings with both politicians (notably the cabinet) and senior bureaucrats...". Consequently, firms and trade associations "have an inherent disadvantage in their efforts to influence public policy." <sup>6</sup> Stanbury has already stated that "[t]he point is that the nebulous concept of public interest is sufficiently elastic to accommodate a wide variety of potentially conflicting objectives or to rationalize decisions made on a great variety of other grounds."(117) As a consequence he sees the conception of 'public interest' purely as an instrument by which one group or set of groups is able to get an advantage over another in the lobbying process. The view that an ideal of 'public interest' really has any merit is not so much considered as the effect of its invoking is for one's cause. In fact, as we shall see, business itself and its friends in high office eventually use this very concept to justify the good of their own interests, because they come to understand its use as a means to their ends; precisely what the concept of public interest was not supposed to be.

Stanbury himself recognizes this obliquely as he devotes over five pages to the definition of the public interest, which he divides into four discrete categories. Category #3 is particularly compelling from my point of view: "I suggest that the public interest may be presumed to be what men

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<sup>6</sup> Hence to his credit Milton Friedman is not hypocritical here and points to the hypocrisy of the advocacy advertising of firms on television, in which they proclaim their ultimate purpose to be that of improving the public welfare. And so Friedman refers to "those nauseating TV commercials that portray Exxon and its counterparts as in business primarily to preserve the environment...", as a means of proving their social responsibility. (Friedman, 1978: 11) This, Friedman says, demonstrates the wisdom of Smith's famous passage that "I have never known much good done by those who affected to trade for the public good". However, Friedman here makes no distinction between those who, in not attempting to "trade for the public good" nonetheless attempt to protect the environment for example through civil disobedience or lobbying. This does not carry with it the duplicity and hypocrisy of the Exxon example. So Friedman's is beside the point.

would choose if they saw clearly, thought rationally, acted disinterestedly and benevolently."(123) In fact it would not be too presumptuous to say that this definition, provided by Walter Lippmann, would find agreement with what Meiklejohn has stated previously concerning the nature of the ideals behind social democratic theory. In fact one of Stanbury's categories, particularly category #2, defines what common interests "every member of the community has in common".

" Maintaining the constitutive rules of a democracy

Fundamental political rights (free speech, periodic elections, freedom of religious)"

This seems reasonable enough. But then he adds

"Economic efficiency"

as well as

"Redistribution to avoid destitution (or only for the deserving poor)"

(Stanbury: 121)

These last two categories concern controversial social and economic views which are only partially consistent with the other parts of the definitions. Nevertheless, all this he is preparing to use as a foil; the hurdle over which capitalism must ride to get its own way and ensure progress and the 'good' unbridled capitalism can offer. This is an attempt to ensure through lobbying the relevant governments which may impede that progress through various types of regulation. Consequently, as Stanbury points out, many corporations have specific units devoted to understanding and interrelating with various parts of government. In a sense this is little but an expanded and newly refashioned version of the old lobbying game, except

perhaps now a heightened concern involves attempting to actually influence the outcome of elections. (168-170)

The expanded 'government relations function' seen recently has included a new tactic which corporations deem as necessary to preserve their positions. "The leading public affairs and government relations units are now actively involved in issues management, defined as 'the process by which the corporation can identify, evaluate and respond to those social and political issues which may impact upon it.'" Stanbury goes on to explain that "[s]uch issues cannot actually be managed, rather they can be influenced to some degree."(168)

But the reasons why issues must be managed is clear. It is that recently, an increasingly great number of people have arrived at the unfortunate and mistaken belief that businesses ought to be saddled with additional sets of responsibilities, over and above the ones they have simply by virtue of being in business and providing jobs. That new set of responsibilities are social. And Milton Friedman, as noted previously, has provided the most enduring and classical argument from which Stanbury's and others' business views borrow.

## PART TWO

### Public Policy

#### Retiring the Neutral:

#### Public Policy Heads into an Unmediated Environment

The 1990's begins a decade, therefore, in which the efforts made in the 1980's to deregulate the "corporate social environment" (Miles, 1986) were finally beginning to show evidence of gaining widespread legitimacy, even in public policy. Until the 1980's, governments were developing an increasing array of public policy instruments to enhance the power of the regulatory environment and increase the efficacy of policy, especially in relation to dispute settlement. Many of the options government used had the one feature of enforcing, or enabling the enforcement of, procedures which evened out perceived disparities, as between workers and ownership.

In general as well, the notion that workers were permitted and even encouraged through legal enactment to unionize, was generally accepted, or if not, then quietly resisted, in most jurisdictions. As of the late 1970's it still appeared as if this was to be a continuing trend. It still seemed inevitable that those jurisdictions not on board would eventually be persuaded to do so because it was seen as the civilized thing to do.

But, inspired by the Reagan administration which not only deliberately abandoned activism in policy areas but actively pursued policies designed to reverse the tide and push back advances made by activists in the previous decades, the 1980's brought wide sweeping changes to North America. In

general, social issues were to take a back seat to strict economic priorities in accordance with what conservative economic theorists and corporations had been calling for since the rise of greater activism in social policy.

Many aspects of social activism were reversed, among which labour policy was only one. Efforts to protect the environment were turned away or deliberately delayed and watered down, as were attempts to improve the work environment. Anti-discrimination laws were challenged as were minimum wage laws. Right-to-work legislation was introduced in many American jurisdictions in an effort to weaken unions. But in those same jurisdictions, it would have been coincident with attempts to generally deactivate the social role government might play in the policy and legislative fields.

By the mid 1980's the overall impact on workers was becoming evident in the U.S. A reversal in wage gains for the average worker began to appear, so that on The MacNeil-Lehrer News Hour of January 7, 1987, Lawrence Kudlow, formerly of the Office of Management and Budget in Reagan's administration, bragged that "the U.S. has lower unit labour costs than Japan in **manufacturing**, believe it or not, almost as low as Germany."

In the 1980's, perhaps encouraged by the change in public policy in the U.S., but certainly also motivated by perceived threats to their ability to influence that policy, corporations began active campaigns to influence governments, setting up government affairs divisions. (Stanbury, 1986) Large sums of money have since been spent to persuade governments to deregulate the socioeconomic environment, and with considerable success. This had such impact that by the 1980's, the state, previously perceived by business as the shepherd of change and the umbrella under which many changes could be instigated, began to become an active instrument for the reversal of old

gains, where unchallenged pandering to the wealthy replaced social consciousness.

One of the main results is that governments began to quite consciously adopt the corporate agenda. Even in Québec, where a social democratic P.Q. government was elected in the mid 1970's on a mandate largely inspired by Québec's large public sector labour unions, the P.Q. reversed that mandate by the beginning of the second term in office in the early 1980's at the expense of those same unions. The government had apparently become concerned with enhancing its respectability in the international investment community, a trend which has dramatically accelerated since the re-election of Robert Bourassa's Liberals in 1985. The P.Q. government, which had formerly ushered in such unique amendments to its labour code as an anti-scab law, in obvious compliance with the demands of foreign bankers and investors, ceased to act in a sympathetic way toward its unions and was replaced by a government with an even stricter business vision. More will be said of this when I return to discussing the remarkable changes which the Bourassa government has instituted in its labour relations policy since returning to office in 1985.

Meanwhile, in the rest of Canada, other changes have taken place which have already had widespread consequences for organized labour. Michael Mandel, for example, notes in his book The Charter of Rights and the Legalization of Politics in Canada (Mandel,1989) that business outmaneuvered labour in lobbying for a specific wording of clauses which would bear on industrial relations related cases. "Asleep at the switch" is the way one labour spokes-person described the lobbying which surrounded the drafting of Canada's constitution and the fact that the representatives of labour, especially the NDP, seemed to misread the importance of fighting for

their vision when the Charter was being drafted. Mandel notes that this is "[d]oubly odd, since the period of the enactment of the Charter coincided with the most concerted assault on the collective bargaining system since it had been put in place during the Second World War" (Mandel, 1989: 184-185, citing Panitch and Swartz, 1988: 102.)

Whatever the reason for this slipup, our new constitution chooses, as it assumes it must, between individual and collective rights, coming down decidedly on the side of the former. Individual rights have been interpreted, as one might anticipate, as favouring private ownership, denying the idea of an inalienable right of collective activity such as the right to strike, and in general are hostile to the idea that workers have the right to enhance their bargaining position through collective assertion.

In general, it can be said that according to the Charter, labour codes do not occupy an extraordinary place in the common law and are therefore to be subjected to the same consideration that other pieces of legislation would. When the consideration is added that labour codes are thereby thought to largely concern conflicts between private parties, or in the case of public sector, disputes between such parties and the state, labour disputes come to resemble what they were for Mackenzie-King in the early part of this century—private disputes which unfortunately have implications for the public and the public interest; the implication is not that the rights of workers ought to be encouraged, but that the ability of workers to disrupt daily life, and by implication commerce, must be regulated.

As the Reagan experience taught, there could be no more effective form of regulation than selective de-regulation, or a policy of selective non-interference: allowing the market to 'decide'. By selective deregulation I

mean targeting specific regulations unpopular with business; by selective non-interference I mean that governments choose to intervene when unions appear to have good bargaining positions and not intervene when they do not.

In summary, because of such active interventions on the part of various business lobby organizations, and a conservative philosophy predominant in governments at the highest level, a new interpretive philosophy has already emerged which coincides with one emerging in recent Charter cases. (Beatty, 1987) The Charter, formerly presumed to be an advance for labour now enjoins business and government as a threat, especially in the fact that those who interpret it at the highest court levels seem entirely oblivious to either the spirit or the purpose of a labour code. Much as in the case of Reagan labour policy, the Charter seems to uphold the notion that the national interest must be an overriding consideration in relation to labour issues with the view that too much power for labour damages such national (economic) interests.

In such a view, presumably, the fact that interpretations against collective rights just happen to coincidentally also favour big business interests is argued as being just that: a coincidence. A new spirit, supposedly emphasizing individual rights, will in effect mean denying, or de-emphasizing, their supposed opposite: collective rights, with the latter potentially emerging as the villain in an era which now defines political freedom in the most narrow of ideological and economistic terms.

Management has worked hard, in the last decade especially, to impress upon courts, legislators and anyone else who would listen, that collective rights have ruined businesses and undermined management's capacity to



manage. In the very conservative political era of the 1980's, increasing pressure was exerted to compel all concerned to swear allegiance to a specific ideology of free market conservatism, or if not, to at least prove that activities are not harmful to private enterprise. In Canada now, with its public policy of "being open for business", every imaginable threat to the investment climate, from linguistic discord to strike action, gets put under an entirely different kind of scrutiny than before.<sup>7</sup> Free market conservatism has created a social fragility which has not existed since the 1920's (when such a conservatism was also the order of the day), and it is labour which is most often noted as the culprit. Ironically, as I will argue, it is Québec, whose labour unions most opposed the Charter's enactment and whose government recently has argued in favour of Québec's collective vision of its relation to the rest of Canada, which stands out as the leading contemporary Canadian example of a jurisdiction most likely to violate the fundamental collective rights of its workers.

Part of the fallout from the general changes brought about by the new governing conservative philosophy is that governments refuse, or refrain from acting, as third parties to disputes in areas where it would have previously been assumed cried out for one form of intervention or another. But this is not just a passive laissez-faire philosophy. Rather it is an aggressive ideological laissez-faire activism disguised as public policy. Governments, increasingly interventionist in strikes in order to kill their impact or momentum, use an alternative strategy of not intervening when they have no impact or there is no violence attached to it which might shame them into action.

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<sup>7</sup> For interesting analyses of the coverage of strikes during a period just prior to the one being described here see G. Knight, 1982 or R. Hackett, 1983.

Both these approaches have had the result of not just weakening the position of organized labour, but also, and just as importantly, of weakening the sense of government as a court of last resort, a disinterested party, upholding a neutral or public space where combatants or prospective victims could seek sanctuary, mediation or protection. This infects matters beyond government and can be understood as a definite part of corporate strategy making its way into informal governmental policy.

Such policies anticipate, quite correctly, that labour representatives would lose faith in the legal or political systems to act on the behalf of labour. This sets up a scenario where labour gets outwitted or outmaneuvered by a corporate sector always at the ready to effect change for its own interests, ready, that is, to participate in public policy debates labour has dropped out of. (Mandel, 1989: Chapter V) It indicates that efforts are afoot for governments to engage in the same kind of anti-labour strategic studies which ownership has engaged in for years. As it is only governments which can provide, not just mediation but the provisions which enable mediation to take place in a neutral, mediated environment, the withdrawal of such protections leaves workers feeling vulnerable, unprotected and without recourse. And it has become clear, as in the cases I am about to cite, that this itself has become part of deliberate public policy in jurisdictions where it is employed.

One of its further effects is that of encouraging workers to huddle for mutual protection, much as they did in the 19th century.<sup>8</sup> Today even more desperately, labour seems ready to seek out alliances with business (as for example Quebec labour recently engaged in by courting Quebec business to

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<sup>8</sup> Here I am of course referring to the notion of mutual insurance as the basis for the first attempts to organize in the 19th century. (Webb & Webb, 1894: 152)

discuss strategies for a Québec entering free trade). Social contract theorists long ago described the completely deregulated social environment as the "state of nature". It was presumed, until the 1980's, that we had gradually emerged from it to form as a quasi-corporatist civil society or association. The state, however, and most recently the notion of **building** a nation, has been offered as the most legitimate reason for **repealing** the collective rights of citizens, both in Québec and on the federal level.<sup>9</sup>

There are a number of signs that governments in Canada are heading into a non-mediated domain. What I mean by this is that responsibilities which we have previously assumed would be undertaken by government are not undertaken. Various signposts have emerged and can be identified which will help to understand this phenomenon. Some come from the private sector, and some from the way in which governments are reacting to other aspects of their social agenda. For example, within the private sector there have been moves, with which most are now quite familiar, which attempt to erode the influence of unions. There are quality of working life experiments. There is game theory and strategic studies in both economics and management studies respectively. There is the "team" concept. Add to that deregulation, Barbash's "new industrial relations" and other aspects of human resource management, and we see that the private sector is attempting to effect a union-free environment.

The issue I am addressing here then follows from what is happening in the private sector and represents, I would claim, an equivalent move within the public sector. What it necessarily represents in the public sector, however,

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<sup>9</sup> As Montréal architect Michael Fish stated in a CBC interview in June of 1990, nation building is the excuse offered even for the new master plan for downtown Montréal, which provides speculators with a bonanza-like opportunity to gut the city.

amounts to a retreat from the stated purposes and intentions, of governments of the last fifty years in Canada. It was once the claim of governments that the role of the neutral party, whether as mediator, conciliator, labour minister, arbitrator or administrator of labour code, would be upheld or guaranteed through government dictate, action, sanction, law or general public policy. What I am arguing here is that there are indications that these former roles are now being eroded or ignored. Both the current governments of Québec and Canada provide good examples of reversals in the philosophy of public policy.

This has had important consequences for public policy. Not only has it increasingly meant a rethinking, for example, of the right to strike and even the right of association; it has also meant this for all kinds of new and creative reasons which have been applied in some new and interesting ways. The federal government seemed to set the tone when in 1987 it clearly introduced concession-style bargaining into the negotiations which surrounded the postal dispute. It showed no tolerance for the strike, and it eventually introduced the kind of harsh back-to-work legislation we might have expected from a province such as British Columbia. (It can also, I believe, be safely argued that the 1991 Federal Budget is further evidence of this approach.)

On the other hand, the Québec and the federal governments jointly maintained a hands-off attitude in the year and a half long Voyageur Bus strike which began in 1988, even though an important and essential service for its customers (who could not afford other modes of transport!). It was allowed to ramble on without even so much as a comment from either government. Because of the joint jurisdictional aspect all governments concerned could claim it was not their job to intervene. This does little other

than to demonstrate the lack of concern such governments have for the public interest when it is truly tested in fact and not in theory.

But clearly some of the most notable tactics used to evade responsibility have occurred recently in Quebec, where in their first mandate, which expired in the fall of 1989, the Bourassa government attempted to reverse, even if very quietly, supposedly anti-management regulations for which the P.Q. mandate had become famous. For example, at the beginning of its mandate, there was speculation that the Bourassa government would attempt to overturn laws considered by big business to be too favourable to labour. Removing them from the labour code would clearly have caused an enormous political and social problem. Therefore laws, like the unique anti-scab law, which was designed to lessen conflict during labour disputes, remained on the books. However, it is no longer enforced to any noticeable degree. The strike at *The Gazette* during the first mandate was witness to this shift in public policy. It was at that time alleged by the pressman's union that Gazette management had hired American strikebreakers to work as managers, hence supposedly making them eligible to work beyond the point of the strike. The pressmen's complaints, however, were never properly investigated and the matter eventually faded from memory.

The question in Québec recently has become one of asking what the government understands the role of public policy to be, especially in relation to labour. Recent behaviour of the Bourassa government provides a shocking indication of some rather bare-knuckled and even apparently illegal behaviour toward its labour constituency. In Quebec, there are many other instances of the government acting in a way which would seem to indicate that public policy is but an extension of private sector philosophy.

One of the first acts which the government of Robert Bourassa undertook upon election was to sell the Manoir Richelieu to Raymond Malenfant. In two or three ways the government violated the spirit of a mediated public space environment. First of all, Malenfant was well known as someone extraordinarily hostile toward unions. But second, it was not as if the government was compelled to sell to Malenfant at the price it did or under the terms it did. The price Malenfant paid appeared to be less than the value of the artwork which decorated the walls of the hotel. This untendered privatization also had terms which allowed Malenfant to get rid of the union. Given the government's involvement in this sale it reflected, if not a violation of the labour code, then a clear provocation of the union—the CNTU.<sup>10</sup>

In fact documents surrounding the sale indicate that there were two possible contracts of sale: one including the union and one excluding it. Le Journal de Montréal of February 10, 1987 reports on page 8 that between June and December of 1984, the terms of the Price Waterhouse and Associates study to determine the terms of sale were changed and that clauses which had previously included terms protecting the union were excluded, reflecting the extent to which eliminating the union was part of a conspired business-government strategy in this instance. (The P.Q. was still in office at this time).

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<sup>10</sup> The suggestion was made (during the meetings of the Canadian Industrial Relations Association in Victoria, in June of 1990) that the CNTU was to blame for the demise of its own union because it failed to act quickly, after being dismissed, to re-apply for certification. This objection to my position can be understood to be absurd when it is recognized that part of the terms of re-hire in Malenfant's hotel were that workers would accept a minimum wage salary and not discuss re-forming(sic) a union. Given that it is only a bargaining unit which can decide upon its agent, and not any outside grouping claiming to be an agent, this prospect was clearly unfeasible. Aside from which, this suggestion is proven to be immoral, in the Keynesian sense of the term, in that it blames the victim in a situation where clearly it was the intent of the government, conspiring with Malenfant, to break the union.

There were, as well, other offers from parties either more sympathetic to labour or at least not as hostile. For example, one was tendered by the Dufour family, former managers of the hotel.

Selling the hotel under the revised contract terms was clearly an act of vendetta against the CNTU which the Bourassa government, especially through Treasury Board chair Daniel Johnson, carried on throughout the first term in office, apparently as a means of demonstrating that Québec would not tolerate anything resembling an activist labour union. In fact the situation got so serious for the CNTU that the union reportedly offered to cut a deal with the government just prior to the election campaign of 1989, offering no labour unrest initiated by its union if the government would not use the union as a whipping boy during the campaign. Johnson nonetheless used extraordinarily hostile language to describe the union during that period while in the process of providing a rationale for Québec's draconian back-to-work law Bill 160.<sup>11</sup> That law, which among others, cuts years of seniority for striking workers and penalizes unions by cutting off union dues, was eventually imposed upon the nurses union for the wildcat strike they undertook in August of 1989, during the run-up to the election. The circumstances surrounding that strike are as significant an example of a government violating its own neutrality as any recent example and therefore require some comment here.

During that strike it was quite clear that Bourassa had used it as a smoke screen during the election so that the more important issues—such as

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<sup>11</sup> This was particularly evident during a radio interview on the Montréal CBC program Daybreak, September 7, 1989, specifically in response to a nation-wide commentary given by myself that morning on the nurses strike and the Bourassa government's tactics, and then again in an interview on the following Saturday on CBC's **Saturday Report**.

the environment or Meech Lake—could be avoided.<sup>12</sup> The particular circumstances under which the illegal strike occurred are of particular interest here. According to the Québec labour code, conciliation can be triggered by either party in a dispute. In this case that would be either the employer, which was the Treasury Board, or the nurses union. It is then up to the Labour Minister to act as quickly as possible to put place in a conciliator. In this instance, the nurses did in fact ask for conciliation, but the government, that is, the labour minister, did not comply or even reply.

In fact, the labour Minister maintained such a low profile, neither making a public statement nor even a public appearance during the period of the strike, that he remained generally unknown.<sup>13</sup> When the nurses requested conciliation they were responded to not by the labour minister but by the President of the Treasury Board, Daniel Johnson—the employer in this instance! When he did respond Mr. Johnson offered mediation to the nurses, not conciliation—a double and triple violation of the law. It was a violation first because it was not Mr. Johnson's job as Minister in charge of the Treasury, as employer in this instance, to respond at all. It was the labour minister's job to do that. Secondly, it was illegal to negotiate the terms of the law. The law in this instance called for conciliation to be granted, not mediation to be offered. This act the government portrayed as a gesture of generosity! Here we have an instance of the government, as employer,

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<sup>12</sup> The Bourassa government more or less manufactured a nurses' strike; a point acknowledged by one of Bourassa's own handlers from earlier times, Jean Cournoyer, who was quoted on CBC national radio as stating that Bourassa looks best when he's in a fight: the idea being to somehow arrange a situation where Bourassa gets a chance to fight off the "wimp factor"—here by beating up on nurses!

<sup>13</sup> At the time I took an informal poll of academics, students, business people and journalists, asking who the labour Minister was during the time of this strike, which had a greater profile of virtually any labour dispute in Québec since the Common Front tumult of 1982. Not one person was able to identify Minister Yves Séguin.



bypassing the general role of the government as provider of a system of mediation by refusing to grant conciliation which under the law was required. At the same time it made itself out to be the defender of the public good by offering mediation knowing that neither the press nor the average citizen would understand the difference this made in law.

A similar occurrence took place during the negotiations which surrounded a dispute at Hydro-Québec when Energy Minister Lise Bacon, again the employer in this situation, on December 6, 1989 publicly repeated the scenario, circumventing the legal labour relations process. She did so first by fielding and then refusing the terms of the demands made by the Hydro workers' union. Again she was here replacing the labour minister, whose duties were thereby supplanted and eliminated.

The essence of my argument is that in Quebec we seem to have a situation where even though we have a highly unionized work-force, we have a government that simply does not seem to be interested in enforcing its own labour code. This government instead seems preoccupied with sending signals to the business community that those laws which were understood to be the most obnoxious from the point of view of business would no longer be enforced. In the case of the nurses strike and the behaviour in relation to the CNTU, the government has been willing to resort to a show of force in order to demonstrate the government's unwillingness to yield or bend in the face of potential labour unrest. In these particular instances the government created the very unrest that it then went about quashing. In other words, I am claiming that the government deliberately created a situation where it could then appear as though it was acting promptly to quell the fires of labour unrest. It did that in a way which also demonstrated that it would use the

kind of bare knuckle tactics one would expect to see from a private sector company that has a non union philosophy and a policy of not negotiating with its workers, for example, for a first contract. The obvious implication of my argument is that the government of Québec was exhibiting a very conservative social policy in relation to its labour sector.

Now it may appear that I have ascribed Manichean motives to the Québec government, but that all my examples could be explained otherwise. For example, I did not account for the national dimensions and implications surrounding this set of negotiations, and how they had to be understood in relation to those being conducted with other nurses unions in the Western provinces around the same time. This, it could be argued, compelled the government in Québec to take care that it did not initiate a leapfrog effect. It could also be pointed out that Québec had the most progressive labour code in North America and by implication the most progressive labour relations environment.<sup>14</sup>

My response is, first, that comparing the negotiating positions of Alberta, Saskatchewan and British Columbia, to that of Québec does not suggest such a pleasant and progressive legacy at all for the government in Québec. In fact it strengthens the conviction that the current Québec government is an extraordinarily reactionary one. For as the objection suggests, this Québec government was concerned about acting in concert with three of the most conservative provincial governments in Canada, not, as I also pointed out, in concert, for example, with the much more enlightened position taken by Ontario in relation to its nurses.

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<sup>14</sup> In fact this was the gist of questions to my position when I articulated it at the June Conference of the Canadian Industrial Relations Association meetings held in June, 1990 in Victoria B.C.

A state (or in this case a province), is as enlightened as its actions, not its legislation. For it makes no difference how enlightened one's labour code is if it is not enforced. This seems to be the real issue in Québec. Constitutions, like labour codes, mean nothing if they are not strictly enforced. This is an especially crucial consideration if it is part of the corporate agenda adopted by Québec to weaken the force of the Labour Code to the point where it is no longer a threat to big business. For in so doing, the government also guts the process wherein which both sides have a chance at a fair hearing. This thereby defeats and diminishes that part of public policy which is public and folds public policy under an array of instruments which the private sector actively suggested as remedies for their own concerns: that public policy posed a threat to its interests. This is doubly serious in an era where the very notion of the public space is under attack from business and triply serious in an era where a new constitution seems written to guarantee the rights of powerful private forces, not weak and endangered collective ones.

But there have been further attempts to undermine the social power of labour while enhancing the power of business. In the modern era, less and less distinction can be made between extra- and non-extra constitutional attempts to change public policy. The passage of the FTA is an example of a successful lobbying process which resulted in extra-constitutional concerns of business becoming part of policy in a way so as to override constitutional and policy commitments, visions, guarantees previously provided through national programs endured to guarantee fair trade, foreign investment review and jobs for domestic workers. The section which follows therefore looks at the FTA as a means to dismantle many of the regulatory aspects of Canadian policy life Stanbury claimed harmed business.

## PART THREE

The Free Trade Agreement As a Negotiated Settlement  
A Canadian Industrial Relations Perspective

A broader example of the successful attempt to change the rules of doing business through changes in public policy (legal enactment) is the enactment of the Canada-United States Free Trade Agreement (FTA). The FTA, its objectives and potential benefits are most often described by its supporters as a means to

- 1) accomplish efficiency gains;
- 2) gain access to the American market;
- 3) level the playing field (or harmonize);
- 4) prepare for the oncoming global integration of markets;
- 5) bring about economies of scale;
- 6) benefit from comparative advantage through specialization and rationalization of industries, and finally;
- 7) encourage investment. We are told that there will be "adjustments" as there would be with any change.

But few people understand what an 'efficiency gain' is or what the implications or consequences of this or any other of the so-called objectives might be. Even less is known (or made evident in the literature put out by the government or by the FTA's various other supporters) what implications this agreement will have for industrial relations in this country.<sup>15</sup> For these

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<sup>15</sup> In this context, however, Nigel Grimwade writes, in answering the question "Why do countries engage in trade?" that "Following the English classical economist, David Ricardo (1772-1823), economics has explained the basis for trade in terms of the principle of comparative advantage....Specialization will still be beneficial if both countries possess a **comparative advantage** in just one commodity...The principle of comparative advantage may be demonstrated by using the concept of opportunity

reasons this section looks at the FTA from a standpoint commonly assumed by those studying IR issues and examines the FTA A) as a piece of "legal enactment", or a means by which management or labour (in this case management), makes gains, not at the bargaining table but as a consequence of changes in public policy; B) as the commercial agreement the government and its other supporters have called it; and C), for the purposes of putting it into an IR context, as a set of negotiations. My ultimate contention is that this deal was a way for its proponents to bring about, among other things, radical changes in industrial relations, or to facilitate that happening, without so much as notifying labour of the potential implications of these changes for labour and the entire industrial relations scene in Canada. On the other hand, labour, which has been effectively squeezed out of the consultation and negotiating processes which continue to surround this deal, would, under normal circumstances, have to have been consulted, one way or another, before such changes could even have been contemplated. This deal then is a way of **compelling** labour to bargain within the terms of what Jack Barbash has called the new industrial relations. (Barbash, 1988)

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anything in this area. Consequently significantly more attention could have been paid to these kinds of debates although perhaps the level of public awareness and readiness to examine some of these issues may have proven so low as to preclude such endeavours on television. Nonetheless it points to the weakness inherent in any assumptions made or accepted therein. The point that I was making above, therefore, was not that the meaning of the term was mysterious to the proponents of the FTA but rather the debate over the notion of 'efficiency gains' was not properly addressed and fleshed out.

### The FTA as "Legal Enactment"

The Webbs have stated that the preferred method for labour to guarantee its collective bargaining rights and bring about improvements in working conditions is legal enactment. Legal enactment, we can understand to mean a change in public policy, for example, as occurred with the repealing of laws in the 1870's which described labour organizations as unlawful combinations, or as took place with the passing of the U.S. Wagner Act of 1935, and then P.C. 1003 in Canada, which legalized the union push for recognition. (Webb & Webb, 1894: 253)

But it is not just labour who would wish to be the beneficiary of changes in public policy. Management too aspires to benefit from such changes. The goal of the FTA, of "making Canada internationally competitive" through the reestablishment of market discipline is, following Barbash's reasoning, also the means through which management hoped to restore its traditional prerogatives. As such, it can be asserted that the FTA, as public policy, is the legal means by which management hoped to achieve the general goal of improving efficiency without having to bargain with labour in so doing (even though, as I will ultimately argue, it was labour's rights and the rights of other Canadians not represented, which were bargained away during the negotiations). And while both labour and ownership have at different times expressed the belief that they were each at the mercy of public policy makers' decisions and both, at various times, have described government involvement in the IR scene as a negative, the proponents of this FTA in big business generally hope for a reduction of governmental involvement in the economy. (Stanbury)

One of the key objectives of this agreement, levelling the playing field, effectively recognizes the supposedly limited role the American government properly (sic) plays in the economy and sets it out as the model to follow. Its inclusion therefore represents a major concession, not just to Americans, but to big business on both sides of the border. (The U.S. government's real role in subsidizing private industry through military expenditures, of toughening the federal stance against labour unions, of deregulating and privatizing, of appointing judges hostile to labour, and generally of failing to enforce health and safety standards and labour laws, is, however, not mentioned in this context.)<sup>16</sup> Because government involvement in the market generally is regarded by business as diminishing the capacity of business to do business — as public investment supposedly 'crowds out' private capital, and because governments allegedly restrict economic activity through economic and social regulations— the FTA, as legal enactment, becomes a catchall way to remove all the impediments to business's doing business as it sees fit.

Now understanding that the FTA is at once public policy and perhaps the best and greatest reflection of this Tory government's governing view, we can suggest the seeming oxymoron that this government's public policy is reflected most through its desire to bring about efficiency gains, but specifically those same ones which coincide with those desired by the private sector: government expenditure cutbacks, tight money, privatization and deregulation and inaction in the many social areas.<sup>17</sup> Supporters of the FTA,

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<sup>16</sup> Barbash has spoken here of the "de facto amendment of labour laws by administrative rule, staff retrenchment, weak enforcement and administrators unsympathetic to the laws they administer." (Barbash, 1988: 34)

<sup>17</sup> Efficiency gains may be achieved by the public sector using criteria which are much more compatible with its own goals and purposes. Here they are not. See Alec Nove, Efficiency Criteria for Nationalized Industries, (London, 1979).

on the other hand, would likely argue that the lowering of tariff barriers, *ceteris paribus*, generates greater economic activity and brings about economies of scale which itself enable greater efficiency, regardless, that is, of government involvement and public sector goals. And the lowering of the barriers, *ceteris paribus*, forces each side to specialize in those areas they are strong in, thereby eliminating comparative inefficiencies. This is true, *ceteris paribus*, and has been the way the government has defended this agreement: as a commercial agreement which will touch nothing else. But while *ceteris paribus* should mean this FTA lowers tariffs and changes nothing **except** tariffs, this free trade agreement is not just about removing tariff barriers. In fact so-called non-tariff barriers are often described as the real target of this agreement.<sup>18</sup> So even though *ceteris paribus* is assumed in the calculations of the supporters of the FTA, this conveniently overlooks some of the other stated and implied goals of this FTA in diminishing the role of the public sector. (Warnock, 1988: "The Ideology of Free Trade")

#### The FTA as a 'Commercial Agreement'— Efficiency Gains, U.S. Style

While *ceteris paribus* should mean, for example, that our social programs, subsidies, both regional and other, and general government involvement in the economy remained the same or would never be the subject of debate, subsidies are to be a key subject of future negotiation.<sup>19</sup> The

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<sup>18</sup> See Warnock, 1988: 52-53 and generally chapters 4 through 7 and Lazar, 1981.

<sup>19</sup> This is what makes this agreement different from many other agreements, such as were signed by the members of the European Economic Community. See The Pro Canada Network Briefing Notes: the final text of the Mulroney-Reagan Pact., (Dec. 14, 1987). See as well The Canada-U.S. Free Trade Agreement, Ottawa: Queen's Printer, 1987.



Americans have already defined what constitutes a subsidy. Marketing boards, investment policies, subsidies for regional investment and most resource based industries which compete head on with American companies are all subject to the FTA review, while subsidies in the 300 billion dollar U.S. defense budget, credited, among other things, for the 'Massachusetts miracle', as of yet are not. These expenditures by the U.S. government, which are by far the greatest underwriting of research and development in the U.S, to the point of virtual monopoly, potentially will not be scrutinized by the FTA. (Melman) On the other hand, government 'monopoly' on this side of the border already is the subject of much debate while the Americans point to privatization as evidence that they are out of the market. This is designed to put pressure on the Canadian government to follow suit, to 'harmonize', at least in those areas of the economy where the U.S. government was not evidently involved. This subjects us to efficiency gains, U.S. style.

By 'efficiency gains', it is usually assumed that when markets are opened up and expanded, everybody wins. But history tells it differently. The "global economy" may well benefit, in some kind of abstract fiction, when barriers are removed. But in the past, when powerful nations and ones less powerful entered into such agreements, this has often lead to a general economic decline for at least one economy. Portugal, for example, came out the big loser in signing its free trade pact with England in 1703. So the comparative advantage argument, which advertises the win-win situation, does not always hold up. It strongly depends on which party gets to define the terms.<sup>20</sup> The real consideration in this context ought to then concern the

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<sup>20</sup> For more on Portugal see Warnock Pp. 75-76. On p. 55, he says, "'The 'international comparative advantage' of the less developed countries, has little to do with the ecological conditions or the distribution of natural

changes which have taken place in the American economic environment and which workers in the U.S. have now had some time to digest. Because, having lead the way in restructuring their own economy and the work environment, the U.S. has now turned its gaze outward.

Workers have had the time to examine the results of the "efficiency gains" achieved through down-sizing, relocations, layoffs, tax dispensations, buy-outs, 'flexible' investment policy, exemptions, *de facto* or otherwise, from health and safety laws and from labour and environmental regulations. Pressure will now be put on Canada to exempt American companies from social and economic regulations, to change investment policy, to privatize and deregulate, to "level the playing field", to harmonize social programs, and to soften or not enforce health and safety standards and eventually labour laws. The FTA was the means by which the Americans hoped to begin to "internationalize" these changes. Ownership, on both sides of the border, especially of the multinationals, who collectively supported this deal, hoped for the same.

The implications of this for industrial relations are already evident in the U.S. Down-sizing has meant the selling off of parts of companies or the cutting of staff.<sup>21</sup> The relocation of an older G.M. plant in St. Louis to a more modern one in the South, for example, promised enlightened and improved conditions. What it delivered, according to Zipp and Lane, was the nearly complete elimination of the discretionary and participatory role the union

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resources. It has everything to do with the social structure of production". See also Grimwade, 1989 and de la Mothe and Ducharme, 1990.

<sup>21</sup> For a discussion of the coverage of such events, see Berkin, and Gurevitch, 1987.

had enjoyed in the St. Louis plant before its relocation to more modern facilities in Bowling Green, Kentucky. (Zipp & Lane) Relocation, they argue, has been used to cut staff and change work rules. Changes in location and supposed improvements in conditions of work have enabled corporations to gut contracts or clauses in contracts, specifically relating to seniority, technological change, and related hiring, firing and promotion clauses because the new location's anti-union sentiments weakened the bargaining power of the workers. As well, the move itself created hardships for the workers, thereby further weakening their bargaining position. This has allowed for the (re)institutionalization of speedups and a crackdown on slowdowns or other acts of defiance.

Layoffs themselves, or their threat, have an obvious impact on labour. But here management is given the chance to target specific workers or groups of workers in time of layoff. The most significant efficiency gain the FTA accomplishes, in fact, is really that of compelling all companies to think about efficiency gains in this global and universal way. Additionally, this makes explicit what is implied in the FTA: the deliberate targeting of specific groups of workers for 'redundancy'.<sup>22</sup> Unionized workers will be the first to go, especially those with the more menial skills. Highly unionized industries, such as the auto industry, have obviously been targeted in this deal.<sup>23</sup>

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<sup>22</sup> In the 1987 postal strike, the government demonstrated this part of its own public policy when some of its demands included attempting to win the right to bump more senior workers by less senior ones, and full-timers by part-timers.

<sup>23</sup> We heard the Autopact would not be subject to negotiation yet changes in the pact were demanded by the Americans and changes in investment and Canadian content rules effectively gut that agreement. See next two pages of this text.

Removing tariffs on American goods makes them cheaper to us and, in comparison, makes our goods less competitively priced. Consequently, unless Canadian firms can expand their operations into the U.S., they are put at a disadvantage. Expanding into the U.S. can be done in one of two ways. First they can simply relocate, which is now more feasible under the FTA. Relocation means dislocation or unemployment for Canadian workers, or at best, reduced bargaining power, assuming they are eligible, as few are, to cross the border and follow their company.<sup>24</sup> Or, firms can attempt to compete head on with American producers from here. In order to do so they will have to make their products more cheaply. This might mean wresting concessions from workers; going in and out of bankruptcy and voiding union contracts, as is now customary practice in the U.S.; leaving provinces where labour laws are seen as too stringent, cutting staff; or, threatening any and all of the above. All this puts pressure both on labour and on labour laws.<sup>25</sup>

Buy-outs, especially of the leveraged variety (LBO's), may be the wave of the future. But the FTA ensures that this wave comes at us with a little greater force a little faster. In the U.S., the LBO has specifically been used to neutralize the power of unions through layoffs, threat of sell-off or bankruptcy and, just as importantly, as a means through which American

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<sup>24</sup> Canadian manufactures are themselves put at a disadvantage when their suppliers decide to flee south in search of bigger markets. The myth that it is just as cheap to supply the Canadian market from the U.S. ignores the fact that many major American suppliers regularly ignore the Canadian market in some of their product lines. Already manufacturers relying on Dominion Textile, for example, are no longer able to acquire certain qualities of cloth which were available before it relocated many of its plants in the U.S., unless they pay additional shipping costs. But there is no "advantage" to buying similar goods from overseas suppliers. This takes time, creates greater instability in the production process, adds costs and means a loss of Canadian jobs and content.

<sup>25</sup> Many of Québec's labour laws, such as the anti-scab law, for example, are now virtually unenforced by the Bourassa government in the hope of preventing this.

corporations can receive tax breaks.<sup>26</sup> LBO's bring with them the need to pay back the investment bankers 'plus interest'. This means even more "efficiency gains" are demanded and required from the workers. As we will see, the FTA, as a 'commercial agreement', makes possible the leveraged buy-out of Canadian firms by American firms.<sup>27</sup> The Americans demanded this 'flexible' investment policy from this agreement and got it. Under the previous system foreign investment was scrutinized so that performance rules tied sales to investment, Canadian content and job creation. Potential foreign takeovers of companies, worth five million dollars and up, were automatically reviewed. This will eventually be changed to include only companies worth \$150 million and up. Canadian content rules in the past ensured that 60% of materials used in production would be Canadian in origin. And there was generally, before the FTA, a concern for the level of America ownership in the economy. Americans considered these policies restrictive and they were all but eliminated under the FTA. Now instead, for example, of a 60% Canadian content requirement there is a 50% North American content rule which can mean 0% Canadian content.

Investment policy changes are critical for a number of reasons and really demonstrate the way the notion of investment generally has been redefined. Under the new regime, Canada, now "open for business", has

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<sup>26</sup> Texas Air received a one billion dollar break when it took over Eastern. Although such exemptions do not presently exist in Canada, 'levelling the playing field' might bring them on.

<sup>27</sup> And so while there are specific industries, such as textile and clothing, plastics, rubber and furniture, to name a few, which have been identified as being particularly vulnerable because of the reduction of tariffs, and where the loss of jobs is admitted and predicted by almost everyone, the point I am otherwise trying to make is that this is not really the whole story behind this deal. The indirect effects I am describing clearly are.

waived almost all of the old restrictions. This change presumably is designed to attract investment, although the old rules were themselves designed to ensure that a certain level of investment accompanied sales. So clearly the term 'investment' has undergone a transformation. The emphasis now is on the need to attract foreign capital. So we provide incentives. We grant "national treatment" status to American corporations and waive review procedures. American companies no longer need to maintain old performance commitments in order to do business in Canada. They are no longer required to guarantee employment or Canadian content. Already in specific instances this has become a great incentive to disinvest.<sup>28</sup> In keeping with the spirit of the FTA, this will no longer be the concern of government.

The current monetary policy of maintaining high interest rates, aside from the publicized rationale of supposedly holding down inflation, is also meant to attract investment capital with "competitively" high rates. But this also drives up our dollar, a result which coincides with yet another American aim: to bring our dollar from its near 70 cent level to 85 cents, thus improving the U.S. balance of trade.<sup>29</sup> Canada now has the highest interest rates of any industrialized country; nearly 4% higher than that of the U.S. depending on the method of calculation. Here we lose the only competitive advantage in the area of exports we truly had — a low dollar. This increases pressure to lower costs, especially those of labour. High interest rates also

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<sup>28</sup> See Briarpatch Magazine, March & April of 1989 especially, for an ongoing and updated list of companies moving south and updated CIC statistics on the same subject.

<sup>29</sup> Canada's interest rates rose 4% in the year after the FTA was implemented, while the U.S. trade deficit with Canada was decreased dramatically. (Statistics Canada, 1989)

generally increase bankruptcies, cool off consumer spending and discourage domestic investment and capitalization. All this leads to the curtailing of hiring, especially in small firms.

In signing this FTA, Canada has also agreed to increase its link with the U.S. financial system and thereby de facto accepts the American method of 'investment' as the harbinger for almost all future investments. In the U.S. more and more investments, especially major ones, are through investment banks involved in (LBO's). This potentially fuels inflation, in part because it drives up the price of money. But in the end labour, and not financial speculation, will be cited as the villain of the piece by the very same business advocates who pushed for this deal. And there undoubtedly will be attempts to take us back to the days of the 1970's when the argument was successfully made that as inflation was fueled by unionized labour's rising salaries and expectations, measures ought to be taken to curtail them.

On the other hand, in arguing that the FTA is nothing but a commercial agreement the government has attempted to emphasize the benefits which will accrue to business and in the end to everyone. The agreement, it is argued, will create more wealth and more jobs. This, in turn, will supposedly mean more money to pay for social programs; a kind of trickle-down social democracy. But this perspective attempts to hide a number of assumptions. It overlooks the dramatic redistribution of wealth which the restructuring of the economy is meant to ensure. This redistribution, however, will be from wage earners to financial institutions, and to those corporations which will attempt to achieve the efficiency gains. In fact it would seem that another target of the FTA was what William

Stanbury has called the "redistribution ethic of Canadians". (Stanbury: 24) The FTA effectively neutralizes the government's ability to redistribute wealth downwards and outwards. From the point of view of the neo-Classical economic model employed to explain the positive effects of the FTA, redistribution of wealth (except upward) is treated negatively.

The profits gained by the efficiency gains I have described above will likely not be taxed back to the average person. Nor will there any longer be any guarantee that they will be ploughed back into the Canadian firms which will create jobs. The comparative advantage which will supposedly accrue to both sides from the agreement will therefore affect very few people positively, especially initially, without some kind of compensatory government policy. The government, through the de Grandpré commission, has stated that it does not believe that the government ought to get involved in adjustment procedures more than it currently is (except, perhaps by using funds previously targeted to help the unemployed). This will erode the ever dwindling tax base of a government committed to balancing its budget and perhaps explains the government's to attempt to get some of that back through a value-added tax scheme.<sup>30</sup> This cannot help but have a cooling effect upon the economy while probably creating inflation, thus threatening more jobs and increasing competitive pressures in the labour market.<sup>31</sup>

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<sup>30</sup> Written before the 1989 budget which confirmed this.

<sup>31</sup> This effect is also known as 'stagflation', which conservative economists blamed on the "failed policies of the past"; i.e., Keynesianism. See Hotson, 1975 for a refutation of the conservative view. See also Chorney, 1989.



### The FTA as Negotiation

As a piece of negotiation the FTA invites comparison with the style and outcome of negotiations in a collective bargaining situation. I believe, therefore, that it makes some sense to investigate here what we might want to know in any other (collective) bargaining situation. For example, we might want to know: *What the bargaining unit is; What the minimum goals of each side were; What are or are likely to be the outcomes of the negotiations; Who the clear winner or loser, was if there was one; How the negotiators attempted to sell the agreement to the members; What the prospects are of ratification; How the negotiators on each side viewed each other; finally, if there were any surprises or anything which can characterize these negotiations as reflecting a pattern of the times.*

The bargaining unit in this instance did not consist just of unionized workers but supposedly included the entire population of Canada. Yet neither the demand to negotiate nor the "demands" the Canadian government brought to the negotiations were initiated by the members of this bargaining unit, let alone the unionized workers of Canada. In fact the FTA is a bipartite system specifically designed to exclude labour. And while the Canadian government initiated the negotiations at least publicly, the idea originated in the Reagan White House, with our government formally asking for the negotiations to make it appear that it was our idea and not theirs. This makes sense when we come to realize that the real "Canadian" bargaining unit in this instance consisted of members of the big business lobby in Canada, many of whose most powerful members represent American transnational

companies and Canadian companies wishing to receive more favourable, or 'national treatment' status in the U.S.<sup>32</sup>

So in a real sense we have the curious situation of there really being only an appearance of real negotiations, because the agents of both sides (here government representatives) were representing parties (employers) who usually sit on the same side of the table, opposite to those representing labour. What also makes these negotiations quite curious and unusual is that when these "agents" negotiated national treatment for their side, what they agreed to give away — access to Canada's resources and laws governing investment and regulations, for example — were matters which their side was never concerned to hold on to. Nor should they have been matters they were free to give up because they belonged, not to themselves, but to the Canadian people who were not represented at the table. (They were technically "represented by" their government. But those representatives were representing few outside the business lobby.) This cheerful negotiating away of the power of the government, by the government, for big business could be compared to the dismantling of the auto workers' union governing body's power so its leadership could get a better deal in the U.S., or to the selling off of a company's resources so that its board members could join the boards of American corporations. Normally this is called conflict of interest.<sup>33</sup> Here it was called "hard bargaining".

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<sup>32</sup> See Warnock, chapter 7 for a discussion of Reagan's idea and the Canadians who supported it. Warnock, on p. 73, cites Eric Kierans' comments that Canadian corporations wanted U.S. citizenship rights and got them under this agreement.

<sup>33</sup> Perhaps this could also be compared to a leveraged buy-out of Canada, especially considering that Americans really no longer have any concept of conflict of interest.

In entering into negotiations, what were the minimum goals of each side? Canada stated in advance that it would not sign unless it got specific demands met, none of which it got. (Warnock: 95-100) (And as I said, generally, those at the bargaining table had much to gain for themselves and for those they represented in business, and little to lose in trading away what they did.) The American demands, in part discussed above and in part held in secret, were all ceded. And yet the rhetoric from both sides of the border had it that Canada got the better of the deal.<sup>34</sup> How do we explain that? The explanation, I believe, lies in the fact that Canada accepted the American position that the economic union would be good for both sides. And, it was in the interests of both sides to make it appear as if Canada got the better end of the deal. This deal threatens very few people of any significance in the U.S. and is generally accepted as being good for their side. Pretending otherwise does them no harm as few people were paying any real attention in the U.S. while our government had to defend its actions to its people in order to get the deal ratified. It does so by proclaiming that there will be "winners and losers" and that this is "just part of the adjustments which have to be made in any situation of change". But the winners were all represented at the negotiating table. The losers were not. So these were hardly a normal set of negotiations.<sup>35</sup>

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<sup>34</sup> One notable exception was the liberal American journalist Eleanor Clift, who after listening to her right wing colleagues carefully chime in that Canada was the big winner for the period right after the implementation of the deal but that there would eventually be gains for the U.S. replied "I heard we made out like bandits". McLaughlin Group, October 10, 1987.

<sup>35</sup> But if unionism impoverishes non-union workers, as the neo-classicals argue, then surely big business' gains are also made at everyone else's expense.

How can we explain the fact that the Americans seem to have gotten everything that they wanted? I believe the explanation lies in the perception each side had of each other. The Canadian side, despite its bravados and rhetoric concerning the weakness of those who did not accept the deal, see the Americans as their saviours. This is a set of Tories which had not governed in twenty-five years. They desperately wanted and needed allies, and hence alliances, to bolster their position, especially in their fight against social democracy. They view Americans as superior to Canadians, in this respect and in others, and apparently believe that we could learn a lot simply by offering ourselves up in supplication before the masters at the game.<sup>36</sup>

What are or are likely to be the outcomes of the negotiations? The likely outcomes all concern the American desire that Canada will be a more docile and cooperative "partner". This is a likely outcome (unless they allow us to vote in their elections). Seeing the U.S. as the buyer (employer), and Canada as the seller (employee), however, puts this FTA into a clearer context. Was there a clear winner or loser? This supposedly was a "win-win" situation. But the FTA in this context is not much different from a mutual defence pact with both sides having specific duties. The U.S.'s duty is to protect Canada from the rest of the world. Canada's duty is to supply the untold resources required for the U.S. to do that, à la "fortress North

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<sup>36</sup> Tories may see Americans as having the kind of entrepreneurial spirit and imagination which they themselves lack, and they may be correct in their self-assessment. But they made this decision on behalf of **all** Canadians. Perhaps George Grant would have taken Mulroney's actions as confirmation of his assertion made in Lament for a Nation that the last hope for Canada's national identity lay in Diefenbaker's unwillingness to ally himself with Americans, and that the consequent defeat of his government by continental interests spelled the tragic end of the Canadian experiment in nationalism.

America". Seeing the situation in these terms and these terms alone explains the Canadian negotiating position of accepting paternalism.

**How did the negotiators for the "Canadian" side attempt to sell the agreement to the members? Well there was no majority, but by the quirks of parliamentary democracy none was required here. (The Tories swept Quebec and benefitted from three-way fights in more than eighty of the ridings they won.) How then were the terms explained? They were not. (An adventure in Glasnost this was not.) In fact the method of ensuring ratification, if there was one, was assisted by several occurrences, coincidental or otherwise. The attempt to ratify the agreement, culminated in an election campaign. There, the issue of Canadian cultural sovereignty, and not the many other economic issues, predominated in the anti-side's, while the economic issues predominated in the pro-side's argument. The real economic and political issues were thereby obscured, in large measure, through the coverage of the "debate" over the FTA.<sup>37</sup> But in the end the ratification was accomplished only because two provinces voted solidly for the Tories.<sup>38</sup>**

**What were the prospects of ratification? The prospects of ratification would under normal circumstances (of receiving only 43% of the vote) here**

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<sup>37</sup> This was undoubtedly a strategic error for the anti-side. The style of coverage of the debate, also no help here at all, is the subject of the final chapter of this thesis.

<sup>38</sup> One, Quebec, voted for its own cultural sovereignty by voting for a native son, believing that free trade would be uneventful on the negative side, from the point of view of protecting its sovereignty. And while Québec's new entrepreneurial class kept up the argument in favour of the economic benefits of this agreement there was nothing in the coverage to offset this view. Alberta, on the other hand, saw itself as having suffered under the old investment review terms. So it too saw few negatives and many positives; some even perhaps in the form of a pay-back to Eastern Canada for ruining its business and investment possibilities. Once again consider Stanbury's view of regulation and its effect here on the oil industry.

be slim to none. But here the minority, enthusiastically representing their special interests and some might say the interests of the other side, won out. And so, if there were any surprises or anything which can characterize these negotiations as reflecting a pattern of the times, they would be the following: that the true goals of this Tory government are to bring a purely market driven economy to Canada; to strengthen alliances with right wing governments elsewhere; to weaken the mixed economy; to eliminate, as much as possible, the social side of government functions, including weakening laws which protect workers' rights; and finally, and consequently, to put pressure on labour and lift the restrictions which prevent business from doing as it pleases. The surprise perhaps is that this government succeeded.

The likely outcome of these negotiations and the consequences for industrial relations then can only be a shifted balance of power to the management side of the equation, unless labour is willing and/or able to react with equal and opposite force. Management and government are saying "all deals are off". And so Mackenzie-King's promise of a tripartite system, nurtured along, albeit meekly, since the second World War, is almost entirely undermined by this agreement. Legal enactment, the usual means through which tripartism is accomplished or enhanced, has here been used to all but eliminate labour's role in all levels of the negotiating process. It remains to be seen what labour's response might be under the circumstances.

### SECTION THREE

## RATIONAL "ECONOMIC MAN" IN THE MEDIA

### Chapter Five

#### Media and Crisis: The Function of "Reporting" In Crisis and Tragic Situations

The changes discussed previously could not have taken place without an election permitting it to happen. The purpose of the next chapter is to explore public affairs television's role in the election. But first, this chapter specifically looks at this acquiescence as a function of the indolence of the imagination of journalism, specifically in relation here to the coverage of economic issues, the tragic situation at the Université de Montréal, and political events overseas in Communist countries in the late fall of 1989.<sup>1</sup> Its purpose is to further discover and examine the underlying philosophy in, and consequences of, the procedure called 'reporting'.<sup>2</sup>

Specifically, I will explain why I believe reporting to be an inadequate procedure, especially in relation to what it claims to do and do best: inform its readership and keep them up to date about significant issues. The technique of reporting, I will claim, is, in a sense, a systemic holding back of information

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<sup>1</sup> The purpose of examining the coverage of these issues, specifically the shootings at the Université de Montréal, is not to offer a detailed telling and analysis of that event or its coverage. Rather it is to use the coverage of this event, and the coverage of the other events I explore, as extreme examples of journalists not paying enough attention to a story they are covering or a person they are interviewing in order to explore the logic behind the possible reasons for their inattentiveness.

<sup>2</sup> By 'reporting' here I do not mean just news reporting but also follow up items, backgrounders or interviews of events considered news. See also footnote six below.

unless and until it is properly prepackaged for consumption. In that respect it may be compared to food processing which, as we know, removes some essential nutrients. Here the nutrients removed can be broadly called cultural. Reporting has become particularly inefficient as a transmitter of culture; occurring as it most often does **after** an event, it is also not useful as a transmitter of particular kinds of information.<sup>3</sup> In cases of impending crisis or tragedy, especially where influential individuals or institutions may not wish to have the news of such events publicized, reporting usually functions as a missing link to the public's being adequately informed or forewarned. As the *laissez-faire* doctrine inherent in reporting usually allows tragic and crisis situations to unfold before they become news and require (sic) coverage, reporting, in this respect, has built into it a concession to those who would have a stake in stories airing later, when it is often too late to act preventatively.

Reporting, especially in North America, has, I believe, an identifiable and conservative philosophy. It reflects the vision of conservative thinkers for whom knowledge ought to be "traditional" ("Rational Conduct", in Oakeshott, 1962), "tacit"(Polanyi, 1967), akin to "know-how" (Ryle, 1945-6: 1-16), practical in nature and therefore essentially reflexive rather than reflective.<sup>4</sup> For Hayek it is pointless to wonder about, or search for, deeper meanings (the thing-in-itself). In fact, according to Hayek "radical ignorance" (Hayek, 1960) of events often accompanies a kind of instinctive understanding which requires no further investigation or explanation.

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<sup>3</sup> By 'culture', I mean to include that body of information of social and political institutions, and their purpose, which must be common knowledge in the public realm for the perpetuation of a democratic sensibility. (MKJ, 1942: 51)

<sup>4</sup> All these ingredients Gray correctly points are constitutive of Hayek's thesis.



Perhaps all that is further required is "elucidation"<sup>5</sup> (as opposed to explanation) of the meaning of words or events, but only in relation to those "conventional" aspects of life we take as given ("Nature and Convention" in Winch 1972).

Unfortunately, such a philosophy is not one particularly well-suited to self-criticism, and consequently is relatively immune to change. Both solipsistic and conservative in nature (Epstein, 1973; Gibson, 1980), it resembles more fully worked out views held by thinkers who have criticized social science and socialism, variously, for pseudo-scientific and extra-scientific pretension (Winch, 1958; Hayek, 1972), for going beyond the usual<sup>6</sup> in emphasizing the extraordinary—a criticism specifically directed at left wing thinkers such as Brecht (Winch, 1958: 118, 131), and for not leaving things as they are (Winch, 1958: 103). These conservative thinkers articulate a peculiar version of what post-Kantians and phenomenologists have called "immanent criticism" (which was the subject of a prior section), which they appropriate in a manner that justifies their own views.

Immanent criticism can briefly be described as that form of evaluation which is conducted "internally"(Winch 1958: Chapter 5), supposedly thereby evaluating ideas from the point of view of their holder. (This principle, however, seems designed for the evaluation of religious views, notably held by conservatives, but not for views "external" to these). These are ideas

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<sup>5</sup> Both Eric Severeid, commenting on Edward R. Murrow's style of journalism on the controversial program *See it Now* (PBS, 1990) and Peter Winch (Winch, 1958) use the term 'elucidation' to describe what they see as the proper function of journalism and philosophy respectively. In both cases it seems to rule out critical, and especially left wing opinion.

<sup>6</sup> Journalists are often accused of doing this but I will argue that in fact it privileges the ordinary (meaning the conventional) over the so-called extraordinary (meaning alternative or social democratic) in the realm of ideas, even while it privileges the extraordinary in the realm of events and visuals.

arrived at intuitively, that is non-evidentially or empirically, and supposedly distinguish themselves in their clarity and accuracy of description of the true essence of phenomena, through largely contemplative means (Encyclopædia of Philosophy, Volume 6: 135-141). Conservatives, however, by their very nature fail to carry the high-minded intent of such claims into practice. My argument here, therefore, is that in the hands of relatively conservative thinkers, among which most senior public affairs practitioners unfortunately evidently now rank, immanent investigation has an entirely different consequence than the one advertised above. It becomes a self-rationalized defense of non-activism.

Its significance and impact has made itself quite evident, not just in the academic philosophical field out of which it has come but also in other areas (such as constitutional law, as the recent American experience reveals). It implies the imposition of the very conservative notion of "community standards" upon considerations of sexual mores, questions of political and social freedom and taxation (Meiklejohn, 1960) to squash oppositional thinking in such matters as well as in a variety of public policy areas, especially political economy. It picks and chooses when questions of social responsibility are appropriate, while "leaving alone" matters where the interests of the rich and powerful are at stake (Meiklejohn, 1942). Today we are therefore left with a situation where social darwinism is "left alone" to propagate whereas left wing thinking is vigourously and actively denounced for going beyond the norm. Intellectual social life is now dominated by a very active and successful anti-intellectualism (which poses as intellectualism), successful, that is, in large measure by being regularly accessed by public affairs television to "elucidate" the meaning of complicated social, moral, legal, political and economic questions.

These changes in our social and intellectual world can no better be seen than in journalism where, I will claim, such thinking has become the philosophy of the *modi vivendi* and *operandi*. Reporting has bowed to a set of ideologically conservative principles as non-activist journalism is now almost the unexceptioned rule. Reporting today is not just flat or neutral, as it may have been in a less ideologically charged era. News values have been infused, even if subtly, with the values of an active and aggressive conservative ideology, in assuming, for example, the "end of ideology" (Bell, 1960). Nowhere is this more evident than in the coverage of the fall of communism.

We may recall how the North American press denounced the student (new) left in the 1960's as provocative, violent, unauthorized, subversive, destructive, counter-productive, treasonous, unpatriotic, destabilizing and then finally out of step and out of touch. And we may note how this was done as a means of countering the students' claim that liberal democracy had violated its own principles. (Gitlin, 1980) But now this same press has resurrected the new left's vision of social democracy, freedom of speech, freedom of expression, freedom of information, creativity and anti-authoritarianism for use as a template to judge socialism and communism! So while the Western press rediscovers social democracy abroad, it aggressively promotes pre-social democratic values domestically. It does so through a procedure of reporting, perfected in the last two decades, which has become a method for preventing alternative visions of social reality to emerge, or their alternative solutions to social problems to be heard domestically. In many cases these latter visions offer prognoses of issues and events which in time result in tragedy and crisis.

As distinct from the methods used by conservatives, whether in or out of public affairs television, part of the way critics of the left carry out investigations and critiques (or at least as I would suggest they ought to in some ideal sense) is by familiarizing themselves with the context of an issue, doing adequate background checking and analysis and finally engaging in a thorough review and consideration of the precise issues at hand—exactly what journalists like to claim they do. In relation to specific crises or so-called crises the left believes it is crucial to ask certain questions such as: when does an event constitute a crisis, and why; when does it begin being a crisis; what caused it; was it preventable? These questions, if nothing else, help to minimize the kind of after-the-event analysis of which, I will claim, journalism is guilty.

Adequate reporting according to this view would then be based upon some understanding of the priorities going into a story, what questions should be asked and what responses mean within larger social contexts. Analyzing journalists' work here then means analyzing, not only what and how an issue has dealt with, but more importantly what, why, how, when and where other aspects of the issue or event have not been referred to.

### The Resource Argument and Beyond

Journalists, we are told, for reasons of time, space and money, develop routines of practice to cover sometimes rapidly developing stories.<sup>7</sup> Now this

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<sup>7</sup> Bruck, 1980; Ericson et al, 1989; Tuchman, 1978 are of course addressing related issues but from a different perspective from mine and for different purposes. Their's is to look at the relation of organizational and resource pooling and constraints within the context of examining questions of bias and framing. All of our concerns of course are concerned with the examination of the relationship between journalism and public knowledge and understanding. My argument, however, in fact dismisses the resource-constraint argument as, at least in part, an excuse or

may be true enough—that considerations of time, for example, create enormous pressures which cause journalists to take shortcuts. And money considerations undoubtedly mean journalists must pool resources, in some form and at various times. But framing the situation in this way unfortunately does not adequately describe the priorities networks apparently otherwise have in reporting and covering important social issues. These priorities, I assert, stand quite apart from resource constraints.

Media work is undoubtedly routinized, at least in part, because of resource constraints. But there is, as the phenomenologists would say, a certain intentionality to routines which betrays a less than full appreciation of the intrinsic value of the issues and stories. The value of issues and events which become "news" in fact is determined in the internal marketplace of the news medium where it is decided what is news (Gans, 1979). This I would argue already puts an ideological slant on news gathering and reporting.<sup>8</sup> For in the search for methodology, public affairs television's practitioners already

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an alibi used by journalists or producers for not doing a better job than they do when analyzing and covering issues and events. This, I do not believe, takes anything away from the validity of the prior insights offered by the above mentioned authors. It merely adds something in the way of further explaining that routines and typifications are, on some occasions, acts of indolence, as well as perhaps being the result of institutional, processive pressures and constraints. For sometimes, or so it would seem to me, journalists ask the same questions to whomever is being interviewed. This does not strike me as purely being the act of typifying but rather the result of either not knowing the issue at hand, or believing that such routine practices make no difference. In my experience this is a view usually held by conservative-minded people for whom social issues have little import to begin with. Also, it should be noted that when I speak of 'journalists', I am still doing so from the point of view of examining the institutional process of journalism, although I obviously personalize these descriptions. The focus, however, here is on public affairs television, but occasionally I will make more general claims about journalism and news as well which I believe also applies in the instances I mention. In this respect, this chapter is meant more as a political and philosophical essay, not a detailed media study, which ties together the ideas developed (especially in Chapter Three above) concerning Smith's and Hayek's ideas and those of the neo-Classical school, with those inherent in television and public affairs frames.

<sup>8</sup> The notion of the marketplace of ideas often put forward by journalists to imply that ideas live or die through proper airing and competition in fact betrays a kind of conflict of interests, given that they are the ones who ultimately package, process and market the "news".

have accepted a philosophy which conservative economists, qua market theorists, have offered: that the market decides the value of a good and that in this important respect it has no other or "intrinsic" value.<sup>9</sup>

This is consistent with Hayek's suggestion, for example, that "methodological individualism" be the method for social science as it is (sic) for the market. This method prescribes that every thing within the market (including ideas) is to be evaluated extrinsically (consistent with "internal" market "values") as ideas evolve and survive through natural selection. (Hayek, 1968: 11) (I would assert it is the extrinsic character of news which theorists of the left intuitively reject and criticize in their reading of the way news actuality is portrayed when it is noted how important political and social events are often under-reported, undervalued or pushed aside by the constitutive pragmatics of news reporting.) Events, that is to say, are only taken seriously insofar as journalists or producers determine that a certain story must go to air for whatever reason that is determined. It is this sense of news value which constitutes for journalists the urgency aspect of a story.

The problematic is then one of priorities, but not, as is often claimed those caused by some unavoidable triage of considerations. Rather the true nature of such priorities is made plain long before news ever goes to air and is reflected in what is accepted as adequate preparation for covering and analyzing events. Journalistic responses to these events, often proves, if nothing else, that working journalists are the wrong people for the job; that they are improperly trained and inadequately schooled in what should be recognized as requirements for the job: disciplines such as history and public affairs and their derivative and related fields of political and social science,

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<sup>9</sup> Gilsdorf 1990 discusses the commercial "imperative" which drives t.v. production.

including sociology, political philosophy, and finally psychology. It is, I believe, of the greatest significance that journalists, and those who hire them, seem entirely untroubled by the lack of such (on-air) skills.<sup>10</sup>

So if we return to the inveterate resource argument, we must ask if the problem of 'time', for example, is built in to the work journalists do or is drummed into their work habits and personalities becoming a guiding principle (albeit an inappropriate one). What training journalists receive to cover events usually concerns only going out and getting the story, within a specified time frame, regardless of what that story is.<sup>11</sup> In other words the concerns are pragmatic and the response is one akin to "know-how". Should it therefore not be surprising, keeping this in mind, if journalists often leave for their assignments having already conceived the story's frame in a specific way, without any genuine understanding of the issues involved and without having done enough background investigation? What eventually poses for 'reporting', then, will likely contain the personal anecdotes and reflections of the journalist, which often have little if anything to do with the story itself.

'Reporting' in this respect means little other than following up—largely for the sake of confirming (justifying) the angle used in a story—rather than for any other identifiable reason, such as gathering evidence.<sup>12</sup> When,

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<sup>10</sup> The Debrah Norville-Jane Pawley case is perhaps the best recent example but merely reflects something significantly more pervasive.

<sup>11</sup> I am deliberately ignoring the question of journalistic beats here because I do not believe it is any greater guarantee of competency on television, with some exceptions which I will note later.

<sup>12</sup> Time factors may in fact require journalists to begin an enquiry by asking certain kinds of questions. But this does not explain why journalists **continue** to ask the same questions in stories they obviously deem similar, sometimes over very lengthy periods of time. There it becomes quite clear that the framing of issues has become so routine as to resemble the prescription of two aspirins and bed rest. (Does this explain why journalists often feel that yesterday's news is old news?—a point suggested to me by Richard Nimijean.)

therefore, does a time factor cease to be an explanation and begin to become an excuse for an unquestioned routine? When does a routine become a cover-up for an ideological preference or a set of *de facto* assumptions? The following examples show the extent to which routines betray ideological preferences.

### The Interview Which Requires No Translation

It is late May — early June of 1989. The place is Tiananmin Square, the new home of American liberal democracy circa 1968. There is a palpable sense of rejoicing on American television that the ethic of a counterculture, excoriated on the same networks two decades before, has reappeared in the lap of Communism. Within the coverage of the fall of this domino<sup>13</sup>, the press rediscovered the values of the new left, values it had deemed irrelevant in North America twenty years ago and even less relevant in the twenty years since.<sup>14</sup> But here these values—of anti-authoritarianism (Powers, 1990), of the true spirit of grass-roots democracy, environmentalism, women's rights, freedom of expression and the emergence of true creative, self-directed culture—are resurrected as lessons in the praise and favour of

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<sup>13</sup> The gist of a recent story on Cuba asked when this "domino" would fall (CBS, Sunday Morning 3/18/1990: "Next Year in Havana").

<sup>14</sup> As a corollary, those parts of the political process which matter most - decision-making, the formation of truly democratically functioning political parties, questions of process and control - are not adequately reported in North America about North America, but do in relation to activities going on in Eastern Europe. But that part of the political process that does get reported—the idle chit-chat among cynical self-interested parties, which has no real significance, except as shop talk, is the stuff the news and public affairs is so much made of in North America. Where communist countries are under scrutiny, however, mainstream journalism suddenly comes to resemble counter-culture investigative journalism of the 60's. Democratic concerns come back to life, and cynical stooges, cronies and flunkies are exposed for what they truly are—over there. And shop talk is revealed as a vulgar lie and a crass attempt to manipulate "the people"; again over there.



aggressive, competitive capitalism. Intermixed with heroizing (of 'dissidents' and 'rebels') and messages concerning the free-flow of information and the failure of socialism to provide its people with anything from food to eat, efficient factories to produce, healthy work environments or anything to believe in, they became personal testimonies to new found freedom. We are continually reminded that it is the purpose of a market system to do all these things and do them efficiently (Hayek 1944). The message is of free-market conservatism emerging triumphant, but the rhetoric is the new left's and the values are those of (otherwise also rejected) tradition of American liberalism. (Encyclopædia of Philosophy, "American liberalism", Vol.4 : 460)

The "liberalization" in China had meant open borders to reporters. Every network had full crews working the China beat, including morning news affairs shows such as ABC's Good Morning America , CBS' This Morning and NBC's Today. On one occasion (Good Morning America, June 1, 1989) a journalist in New York was interviewing a Chinese dissident in China, live, through an interpreter when in the course of the interview something quite extraordinary and at the same time very revealing occurred: a question was asked in English, and the answer was given, in Chinese. But before the translator was given the opportunity to respond the interviewer proceeded to ask another question. In other words, the interviewer's routine need of a response was satisfied and routine apparently dictated that she could or should go on to the next question, though neither she nor anyone else of non-Chinese descent understood the response to the question!

Now, to be fair, this may reflect time pressure and other factors such as distracting instructions. But even taking this into consideration it nonetheless reflects how very dramatically the pragmatic concerns about

getting a story to air overshadows content. Lack of involvement (for whatever reason) on the part of the interviewer or her producers reflects on the extent of the commitment the journalists generally have to the (American) ideals expressed by dissidents of other countries. It also necessarily reflects on a style of journalism which assumes that having the usual set of who-what-where-why-and-when questions, regardless of the story, is adequate preparation; once answered, regardless of how poorly or well, it is time to go onto the next task.

In fact the sense one got was that what the Chinese speaker was saying was so evident (evidently favourable to the American cause) that his actual words required no translation. Clearly this was an unusual enough event to cover, but not important enough to pay attention to! The meaning and symbolism of what the person had to say, if one was to grasp it, we then have to presume, must have been inherent in the act of reporting—its content being secondary. My second example makes the same point in a different way.

### Hearing is Believing (and Understanding)

The second example involves the coverage of the shooting of the fourteen young women at Université de Montréal (U de M), in 1989, which, aside from the melodramatic nature of the coverage (which seemed to reflect guilty feelings for apparently not taking the issue of violence against women seriously enough), was highlighted by rather routine coverage (although, the urgency of the event itself seemed strangely interwoven with the urgency journalists generally feel during such times in the course of being required to get a story to air). This created an uncomfortable ambiguity concerning the

urgency aspect, but the routine aspect soon showed up in follow-up interviews.

For example, one of the women who was shot, but managed to recover, was interviewed on Canada AM some weeks after the shootings. (January 6, 1990) On the occasion of this interview, the interviewee was unusually honest and forthcoming. Hence CTV was afforded what has become a rare occasion on television: a chance to capture and record the simple truth of the impact such frightening events have on human lives. But because of the routine way in which the interview was conducted, this opportunity was entirely missed. For example, one of the (routine) questions asked concerned whether the young woman had had nightmares, recurring after-images of the shooting. In other words, t.v. is asking whether her experiences were like, t.v. flashbacks and replays. Her response was sensitive and almost lyrical. She described how it was not at all the visual flashbacks of fearful sights but **sounds** of gunfire which stayed with her. A flood of potential follow-up questions seemed to suggest themselves at that point, but ones which would have had to have been quickly and intelligently formulated and yet be sensitive enough to lead both the viewers and the interviewee through selected aspects of her experience. The routine nature of this interview reflected a sense that such care would not, for whatever reason, be taken. The compelling aspect of this interview would be determined and set by the force of the story and the charming nature of the interviewee—with no other effort or insight provided on the part of journalists.

If there is something lacking in the process of this style of reporting it likely bears on the expectations producers have, not just of interviews aired but of their interviewers while on the air; the primary concern is about **efficiency**, not information. On other occasions we have been reminded,

however, of the supposed reason for the compression of news content. Reporting has built into it a very well worked-out line of defense against potential high-jackers and "manipulators" of the airwaves, we were told, quite deliberately precluding the possibility of life getting too real on television (Gitlin, 1979, 1980). But now even where reality should pose no threat, public affairs television, with all its resources, cannot respond with enough intelligence or sensitivity to capture such an event. Consequently this poignant moment was dispensed with and shuffled off to the side as were so many others before.

A botched interview such as this rekindles faint recollections of the promise of journalism as an open process. It suggests what journalism, living up to its own propaganda, might look and function like, here in North America—not in China and not in East Berlin. The "free" flow of information, so highly touted as the cornerstone of the freedom the market system supposedly ensures (Hayek, 1944), could clearly have been markedly improved here, even in just allowing for such an event to gain live exposure in a less calculated way. "Covering" such tragic events as if they were two-dimensionally lifted off a broad-sheet and animated, without the slightest attention paid to the so often vaunted "human" dimension, can therefore prove itself almost as tragically wasteful as the situation being covered; especially when that tragedy is evaluated more in relation to the routine filling of space rather than because of any intrinsic import it has as an issue.

The point I would emphasize here therefore is that the failure of this interview has more general implications for the routine nature of reporting. A usual defense against this assertion is that it misunderstands the nature and purpose of reporting which hardly ever goes into such detailed accounts

(except in so-called "think"! pieces) but rather simply reports facts about them—that they happened, how they happened, who they happened to, etc.

But does this really provide an adequate explanation for the sense given that the interviewer (or the person from whom she received her questions) was not hearing the real story unfolding and behaved as if one question was as good as another in the fulfilling of an obligation to an "audience"?<sup>15</sup> Having the presence of mind to capture such a moment perhaps may have required a different understanding of journalistic accomplishment—that, for example, a need existed to capture the essence of such a story in a different way. This applies equally to any number of other issues which would not require this kind of sensitivity.

The real question here therefore bears on the incentive journalists have to act other than routinely. The answer seems to be that there is no incentive whatever that is external to the process of getting a job done. There is apparently no moral compulsion or imperative, nor curiosity or real sense of purpose, aside from that provided by and through the process reporting has become. This reflects a singlemindedness, of someone (in a chain of command) following orders; quite contrary to the way the news itself is so often publicized as being. The more general inadequacy of the coverage of this event was directly related to being ill-prepared on a human level to handle the issue; the resources lacking on these occasions being among many others

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<sup>15</sup> Here I am using the term 'audience' in only one of the many ways it is used, to refer to public affairs television's claim to be fulfilling a moral obligation which it does by 'informing' its "public". However, as Martin Allor has pointed out, (Allor, 1988) a truer view of the audience is betrayed in the hyper-empirical, panic-empirical studies which surround audience research lending considerable evidence to suspicions that "audiences" are the subject of "study", in the pejorative sense of engaging in the study of human behaviour in order to manipulate and control it. That is not to say all who do audience research have such motives, but it is to say that audiences are more than the locus of active eager participants receiving well needed information—a conception which seems to be driven by a supply and demand hypothesis as well as Hayek's view of 'information'.

not only related to time, space and money. Therefore we can say that these deficiencies do not necessarily require time or money to solve.

Because of the nature in which priorities are determined in journalism, a journalist may be compelled to make cynical choices (by virtue of having to distinguish between the usual and the unusual in deciding what to cover and how).<sup>16</sup> The routinization of journalism, and the consequent dependence upon journalists who are able to cope with such routines, creates a situation where a specific and limited skill—that of being able to perform under such circumstances—substitutes for other skills which I assert would be more meaningful. Therefore I am concluding that it is the lack, or apparent lack, of personal skills, whether intellectual, psycho-sexual, social, cultural or psychological, which separates adequate, informative and even enjoyable reporting from the normal, that is to say, Philistine, and all too self-regarding, self-serving variety. The inadequacy of reporting is not then an unfortunate happenstance but is due to the calculated, if not always deliberate, nature of routine coverage which focuses on the needs of the journalist and the immanent need of the process, not always for good cause.

### The Unpredictability Excuse

A main theme concerning this tragedy at U de M, and the main failure of many other such sets of reportage, lay in the great emphasis put on the unpredictable nature of the event. Calling this event unpredictable, as many

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<sup>16</sup> It is in fact difficult to imagine what might be considered out of the ordinary in this context, although one could surmise that it likely would have to involve something which effected **journalists** personally. Most notably, the Watergate affair—which set the pattern for journalists' pontificating about its role, really only became an issue after the Washington Post argued with the White House. Then and only then did it become a question of "the people's 'right to know'".

women pointed out with great force after the event, had the dual effect of saying there were no identifiable "causes" of this tragedy— nothing could have been done to prevent it. But it was another way of saying "we are not responsible". Yet the question as to whether all men shared the responsibility for this tragedy was raised on several open line programs indicating that at least some journalists believed it was somewhat more "predictable" than otherwise postulated. However, no one was prepared to ask why such issues are not considered more widely and more seriously on public affairs television and in policy circles, which would have called for an evaluation of the conservative nature of both of our social policy process as well as the journalistic process which fails to draw adequate attention to such issues. Public policy practitioners often deliberately practice the art of highlighting and privileging their own agenda, and nullifying or systematically ignoring perspectives with which they are in disagreement. Such is the nature of public life. "Reporting" the ideas of such practitioners, as journalists routinely do, hardly aids in the "elucidation" of anything, especially for the relatively uninformed.

The unpredictability excuse therefore has another more cynical side. Saying that an event was unpredictable, even in the face of many public warnings concerning violence against women, reminds us of the extent to which such issues are not considered important enough (in the public affairs domain) to require constant publicity and "explanation" by experts which other supposedly more urgent issues do.<sup>17</sup>

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<sup>17</sup> Those other issues—the budget, the deficit, national and public security, very narrowly defined, and communism (issues which are of greatest interest to those of wealth and power, as well as to those with the most conservative, economic view of social life) reappear time and again on public affairs television, and are related to Friedman's two "unexceptionable" duties of government: defense of country and the administration of justice for the general purpose of protecting commerce. Now of course the budget itself speaks to fundamental issues of society

### Public Figure vs Public Figure

For journalism, truth is relative, not absolute. One person's opinion being as valid as another's, all "interested" parties are entitled to a hearing. These seem like high-minded principles until it is noted how such maxims become rationalizations for the way the news is reported and how they are usually invoked as justifications for "balancing" critical opinion with conservative ones (a practice which is far less routine when roles are reversed), thereby crowding such critical views out along with any accompanying broad sociological perspectives (Marcuse et al, 1965).

The neutral role of the journalist is usually defended as that of simply reporting what was said or believed without comment. But such a "neutral" attitude obviously also quite conveniently befits the needs of journalism, and in this respect the resource argument appears to be a rationalization for the laissez-faire philosophy behind the behaviour. For example, part of the role of the journalist as a neutral actor is to provide balanced information and discussion. Yet no distinction is usually made by journalists between the kinds of information cited, the reasons for citing it, the source or even the truthfulness of the "information." (In fact, journalists most commonly only make such distinctions when they believe a person is acting in an ideologically reprehensible—again most commonly left wing—manner. There, as public policy also dictates, intervention is there considered

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which would interest all citizens in addressing issues of wealth and income distribution, and employment-inflation questions. But the point is the coverage of these aspects rarely focuses sufficiently properly on these aspects, but more often instead explains to us, through business' perspective, what we should be looking for or wanting from a budget: such as cuts to "government spending" and taxes; i.e., the provision of 'incentives'.



justifiable. What [conservative] journalists believe to be ideologically reprehensible is itself, however, never a matter of debate!)

Journalists are public figures, as much as politicians. Consequently they tend to abide by the very peculiar rules of public life. There the obvious *modus vivendi* of participants is of lobbying one's position to influence discussion, often for its own sake and/or for the sake thereby of enhancing one's own visibility and career in public life. (Journalists love to point out the cynical nature of the political process. Yet their own process resembles it far more than it is distinguished from it.) Offering "equal time", for example,<sup>18</sup> is in actual fact often merely a pragmatic routine, barely more than a ritual, much as is the adherence to Robert's Rules of Order in politics. Neither intrinsically enhances democratic debate; they are merely tools in the hands of whomever has the power of implementation.

Debates so frequently occur on television, not necessarily out of any respect for the truth but, contrarily, because there is no particular interest on the part of (so many) politicians or journalists to truly shed light on the given issue or situation. Journalists perhaps do have the excuse that resource considerations compel them to offer up debates and interviews as a means of minimally fulfilling an obligation to the public for current interpretation of events. But the major difference between the two, otherwise, is that in one case there is a desire to "manage" the truth; in the other there is a kind of jadedness, which perhaps is an accompanying result of journalists' having to look at issues merely as "news". The lack of respect for the intrinsic value of news bridges the difference between journalists and politicians and exposes

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<sup>18</sup> In some perverse sense even this can be considered part of resource considerations. For if the rules of public life are not adhered to, there goes your access to human "resources"—if you are seen to have stepped out of the order in which you live with the purpose of wanting to reform it.

the commonality of their overriding concern with the internal rules of public life. (Winch, 1958: 121: "The Internality of Social Relations") Both trade the truth off to satisfy more urgent (from the point of view of journalism) needs, such as getting a story to air or gaining publicity.

The unpredictability excuse, along with the resource explanation reflects both the philosophy and the consequence of a *laissez-faire* system which both spawns disasters and then rationalizes them away as the meaningless acts of berserk lunatic individuals. (Winch, 1958: 58) This exposes the dual role of such methodological individualism. While it ignores the underlying sociological factors in such behaviour, it also fails to acknowledge how the "meaninglessness" of an act itself tells us something about a society (and journalism) as disturbing as the act itself. It is inherent in the very routines of journalism that the meaning of events and issues are relativized through "neutral" reporting; that they lose their social and institutional meaning and significance as part of political culture. Denuded of any prior social democratic meaning especially, pressure is put on issues in precisely the same way that the free-market puts pressure on a work force, introducing the "realities" of the market as a means of disciplining it (Warnock, 1988). Reporting equivalently functions to remove any **social** and **institutional** significance and sense of importance, subjecting it to "the marketplace of ideas", where it is to "sink or swim".

Journalism thereby becomes just another conservative institution committed to the counter-revolution of socio-political institutions formerly considered instruments for solving problems (Blumenthal, 1986). Such institutions are now inveterately addressed as sources of the problem, as conservative journalists join hands with conservative political figures in

defaming the institutions of public life while pandering to those who undermine its integrity.<sup>19</sup>

So in effect the journalist as neutral practitioner commends the turn toward *laissez-faire* social policies. It actively aids in the evacuation of political thinking and especially the belief that political philosophy is a **living** philosophy. In that respect journalistic opinion implicitly resembles that of very conservative thinkers, for whom politics is an irrelevant, irritating and meaningless distraction. Reporting leaves us with the impression that politics really does not matter, that words such as 'democracy' have no essential (intrinsic) meaning, except that given it by very conservative thinkers who equate "freedom" with "free market" economic (but not social) *laissez-faire*. (Gilder, 1981; Macpherson, 1977).

### The Marketplace of Crises and Tragedies

This *laissez-faire* doctrine also has an important impact on the coverage of many other policy issues, especially economic ones. The third example I cite, the coverage of the stock market events of 1987, provides further insight into the extent to which routine procedures of reporting mean that those who "report" the news act not just as witnesses but also as ushers and nurturers of tragic events (although I certainly would not argue

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<sup>19</sup> Consider, for example, David Brinkley's relentless commentary on the sordid motives of politicians and the absurdity of that \$300 hammer or that \$1500 toilet seat, or "government waste", of "bureaucrats" who are "over paid and under-worked".

that this "crash" was a tragedy). As with many other "crises" of this nature, journalists had the unique luxury of pronouncing on such events after they occurred, instructing us to in effect share in a great sense of urgency and drama. But just as in the case of the shootings at U de M, this sudden surge in interest followed many months of treating any warning of impending disaster as one opinion among many other more "optimistic" ones. Journalism capitalizes on any (close) coverage of such occurrences, but never more than when they reach the crisis stage. In this respect there is no real incentive (sic) for journalists to provide intelligent coverage before a tragedy occurs. "Balancing" "optimistic" and "pessimistic" views is therefore merely a perfunctory, not informative, processive way of justifying what journalists do routinely in the process of ignoring the social reality around them. The *laissez-faire* philosophy inherent in reporting itself, consequently, can become a factor in the making of a crisis, contrary to journalists' hype concerning their role.

The coverage of the stock market crash of 1987 therefore is perhaps less important than was the role journalism's routine practices played in the many months and years before the crash occurred. In the Reagan decade, as we may recall, there was a celebration of "free market" solutions, from junk bonds to deregulation of airlines, leveraged buy-outs to the deregulation of the banking industry, from proposition 13 (which was technically a movement begun in the 1970's) and the "revolt" against taxation to privatization. There were many critics of this systematic counter-revolution in political economy. But most, on most occasions, were treated as peripheral to the social reality of the day and were themselves the subject of systematic ridicule and blame for so-called "failed policies of the past".

The conservative right's influence in the U.S. helped make it the conventional wisdom of the day that those who criticized the Reagan revolution were the very same people who promoted the so-called failed policies of liberal (Keynesian) economic policy-making. Unaware of the potential extent of the debate between Keynesians and the new, and of the intricacies within Keynesian economics itself, journalists, having confined themselves in this very conservative era to standing on the sidelines, offered little comment on what should have been considered a slander of the views of Keynes (J. Robinson, in M. Keynes: 1975; Hotson: 1975; Bleaney: 1985; Kaldor: 1985). Here journalists may plead confusion over the ins and outs of economic argumentation. But this does little more than reveal the real excuse for their non-interventionism: **ignorance**.

The specter of the helpless journalist facing confounding arguments put forward by economists has become a clichéd schtick which does little more than have fun at the expense of viewers. Making fun of the extent to which people are too commonly left in the dark by the fetishized rhetoric of conservative economic "analysts" deepens the confusion and covers over truly informative discussion when it comes. (Klamer et al) Ignorance is thereby promoted as an acceptable element in economic coverage. This only serves to obscure those matters of economy which, if explained properly, could serve as an important source of information in the determination of the options open to the general public, for example, in an election .

When journalists use ignorance as an excuse, they are effectively averring that their ignorance makes no difference to the process of providing information to a population! But this becomes a way of excusing public affairs television's almost exclusive reliance upon conservatives for the interpretation of economic affairs of the day, for whom ignorance is a

positive. It were as if one economist was as good as another, their politics being irrelevant to the interpretation of social affairs. They betray a conservative political bias, both in process and philosophy. Does the indecipherability of the views of these economists really provide an excuse or does it rather conveniently overlook the role which such indecipherability has in keeping the public in the dark? Does it not ignore the advantage conservatives (or generally those in power) gain when the population knows and understands little about economic policy making?

The process of reporting thereby leaves out an astounding array of information. Rather than being a process of providing information, it becomes a method for processing information. What else is there to be said for taking the word of the political right as straightforward and merely informative when it has been the main concern of conservatives in public affairs to ensure that their political slant is put on issues; a process they themselves have called "issues management"; the specific and sole purpose of which is to turn public affairs into a kind of public relations by ensuring that politically threatening ideas are offset, ignored, overshadowed or omitted from coverage and consideration.

The coverage of the Stock Market Crash of 1987 in some ways ruptures this paradigm, while in others it demonstrates it perfectly. The note of urgency surrounding the coverage of the stock market crash followed a panic which was overtaking Wall Street and other financial centers. Events in fact were in large measure perceived by journalists as particularly serious because the usually reliable and unflappable sources of information on Wall Street exposed, through their silence, that they were worried about a real panic

overtaking the markets. It was therefore assumed by journalists that a crisis was upon us.

For many "liberals", however, the panic created space for voices of reason.<sup>20</sup> Liberal economists were called upon almost exclusively for a short time after the crash to explain it in part because Conservatives were "unavailable for comment"; steeling themselves for a hoped for damage control. Their unavailability reflected the extent which they feared the crash would be bad publicity for the market but especially for the Republican administration most had served. Conservative political commentator for CNN, Pat Buchanan went as far as to accuse "liberals" of "talking down the market"(CNN, Oct. 20, 1987). Liberals smirking about the crash and foolish comments about the inherent instability in the market, according to Buchanan, was quasi-treasonous talk which in his opinion was to be held responsible for any worsening long-term effects on the economy.

Buchanan's lessons on the importance of tiptoeing gently around this crisis not so subtly sent a message that economic stability must be protected at all costs. (How better to do that than by soft-pedaling any bad publicity.) His assertions, however, that somehow liberals were responsible for the increasing misfortunes of those on Wall Street conveniently ignored the extent to which warnings of impending crisis, given generously by liberals in the months preceding the crash, were systematically ignored by the "bulls", and as a deliberate tactic.<sup>21</sup>

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<sup>20</sup> Excellent articles were published on the crash and appeared in New York Times, Oct. 20, 25, Nov. 1, 1987, Wall Street Journal, Oct. 21, 1987, Financial Post, Nov. 1, 1987 among many many others. These articles also finally explained quite lucidly how the market normally works, a focus which did not catch the attention of journalists until its results were upon us.

<sup>21</sup> Advertising for Wall Street companies such as Merrill Lynch, had promoted 'bullishness' before the crash, soon offered cautious advice at the new era of 'uncertainty' afterward. And so for a moment a concession was made to Keynes' view

The role of the press in the months and years leading up to the 1987 crash is therefore very instructive. An interview-debate conducted on the MacNeil-Lehrer News Hour, Jan. 7, 1987, when the stock market was enjoying a long uninterrupted upward run, provides some insight not just into the coverage of this one event but of the coverage of political economy during the decade of the 1980's. Although this was a fairly well-balanced and competent piece of journalism, the useful information provided really only comes from one source: Keynesian economist and liberal social theorist John Kenneth Galbraith, whose frankness on economic policy matters is so commonly missing in "debates" such as these.

In early 1987, Galbraith had published an article pointing out parallels between economic conditions then and those which preceded the crash of 1929 (Atlantic Monthly 1987). Ideologically threatening to the intent of the conservative vision, such views had been targeted for, and were subjected to, vilification throughout the preceding two decades. Public affairs television programs had regularly featured representatives of the Reagan cause attempting to discredit Galbraith or the "liberal" social vision which underlay his view of economics, blaming it for the inflation and stagnation of the early 1970's and every economic problem before and since (à la Friedman)—without counter. (Friedman, 1977b) On the other hand, the strength of the success of the Reagan revolution, we were told, showed up in the strong "numbers" on Wall Street. So Galbraith's warnings that the high numbers did not necessarily reflect what otherwise underlay the reality of the economy were particularly bothersome to conservatives. Concerned about the fragility

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that uncertainty characterized much of the market and life's other activity; not rational predictable calculation.



of the power of their own myth-making, the Reagan administration and its "point men" actively and aggressively worked to press home the theme that liberalism was the problem and that liberals had no solutions.

In this context, in the MacNeil-Lehrer interview Galbraith gets to do two things which were rather unusual in the 1980's. First, he gets to go one on one with a proponent of Reagan-style free-market policies. Second, he gets to do so in a time when, despite the good "numbers", there was a strong feeling of something being amiss in the economy. The good numbers, that is to say, would normally make this story one with relatively low news value. For (as Nixon is often cited as saying) it is a rule of governing that governments get re-elected when the economy is perceived to be strong. Journalists dutifully acted upon this truism, treating nay-saying as the irrelevant behaviour of those whose job it was to criticize. With the need to create the impression of apparent economic strength being of paramount importance to parties in power, especially when the appearance is a misleading one, the role of the press in the 1980's was thereby reduced to enhancing this impression of good times in the face of some very strong evidence to the contrary.

In the example cited below, bracketed comments are mine and are added for the purpose of clarifying and identifying issues usually ignored or insufficiently clarified by the press. Highlighted words reflect both the inflection of the speaker and rhetorical tactics used. The significant part of the interview-debate which runs below, is first introduced by Robin MacNeil, then by a backgrounder.

MacNeil: The Dow Jones Industrial Average moved closer to the historic 2,000 mark today....While the recent surge in the stock market had generated much optimism on Wall Street, some outside observers are worried. In this

month's [Atlantic Monthly] magazine economist John Kenneth Galbraith has an article called : "The 1929 Parallel...." [my emphasis]

Backgrounder: There was record trading on Wall Street in 1986. 35.7 billion shares changed hands. That's an increase in activity of almost 35% over 1985. Record volatility accompanied the record trading. 1986 saw some of the biggest point gains and drops ever....So far the volatility appears to be continuing in 1987....Much of the volatility was fueled by takeover activity. In 1986 there were more mergers than in any year in the last ten years with total price tag of \$170 billion, over nine billion of that came with so-called "junk bond" financing—high yield high risk bonds....1986 also saw the worst scandal that ever hit Wall Street. Last spring...[Ivan] Boesky was fined \$100 million...for trading on information illegally obtained....there is concern about the impact the scandal will have on the stock market in 1987.<sup>22</sup>

MacNeil: Does all this put the market at risk? With us to argue "yes" is John Kenneth Galbraith, author of many books on economics including the Great Crash and a longtime professor from Harvard....To dispute Mr. Galbraith we have Larry Kudlow of Bears Stearns, a Wall Street investment firm. He served in the Office of Management and Budget in Ronald Reagan's first term.

MacNeil: Professor Galbraith, you see several points of parallel. Could you just summarize them and then we'll go into them in detail.

Galbraith: Oh yes....I would first... emphasize the whole mergers and acquisitions insanity which is very much like the departure from reality in the late twenties with the investment trusts, the enormous holding company creations, and the great volume of debt replacing equities that has come into existence as it [did] then. And I think the thing I would emphasize most is the way **euphoria captures common sense**. We develop a vested interest in this kind of thing and, I hope my distinguished— conversationalist this evening— I don't want to say he's an opponent, because I'm sure he's a sensible man—I hope he hasn't been captured by this **egregious** optimism.

MacNeil: Have you been captured, Larry Kudlow, by this optimism?

Kudlow: I think in a **reasonable** way I'm not as concerned about it as Mr. Galbraith is....My sense is that the stock market has had a good **move** in the last few years and it is a reflection of the improvement in the underlying economy, and what I believe to be our **sounder** economic policies....My sense is that financial markets really are symptoms of what is happening to

<sup>22</sup> Boesky also reportedly made millions on his own trial as he was able to sell off his own stocks before word of the scandal and his conviction was made public. So the courts themselves helped him finalize his insider profiting.

confidence: to business, to the economy, and very importantly, financial markets are telling us whether economics coming out of Washington or other foreign capitals [are] making any sense or not. This I think is a very important point not only in respect to the current improvement but also with respect to the Crash of 1929.

Galbraith: I wanted to ask Mr. Kudlow, that's an extraordinary thing. That's an endorsement of the Reagan deficit and of Prof. Laffer's supply-side economics? You're not suggesting that are you?

Kudlow: Well without getting into specifics...

Galbraith: Well I can understand why you would want to avoid specifics.

Kudlow:...neither Mr. Laffer's nor Mr. Galbraith's, to quote either extreme. My own view is we have had a significant improvement in the situation by which I mean specifically a major decline in inflation in the past five or six years, a major decline of interest rates during the same period, the gradual reduction in tax rates...

[Here Kudlow counters with what he calls the specifics— all of which concern the problems commonly blamed upon democratic policies, usually without the benefit of intelligent counter such as Galbraith's. Note also that the poor, who are the ones who feel so highly taxed in the U.S., feel poor, and ever so, because of the redistribution of wealth upward which has occurred so dramatically in the last decade. That they are frightened to death of the prospect of any new taxes is therefore quite understandable even though they would be the greatest beneficiaries of the progressive tax increases lobbied against by the rich. The Republicans have managed to convince enough of the American population, largely with the help of a press, that the squeeze put on them comes, once again, from democratic "big government" and "big spending" policies, which was alleged to have caused inflation and high interest rates. The so-called "watchdog" role of the press has largely been at the expense of advocates of spending on social policies, while spending on the military or other law enforcement solutions is subjected to immanent criticism.]<sup>23</sup>

Kudlow continues: the creation of a little more open deregulated economic structure and all of this I think has contributed to a new sense of business confidence. We have a very good recovery. We're four years into it ...It's going

<sup>23</sup> Caspar Weinberger, the Secretary of Defense for most of Reagan's years in office, with many other hawks acted as the chief interpreters or ('primary definers') for defense issues. David Stockman (Stockman 1986) explains how at one point an oversight in the budget proposal early on in the 1980's lead to an \$80 billion a year overestimate of defense needs; a fact that has gone virtually unnoticed by journalists, with the exception of William Greider who interviewed Stockman for PBS. See footnote 24 of this chapter.

to be the best on record. I mean these aren't theories these are palpable facts. [Here Kudlow equates improvement with "a little more open deregulated economic structure" and has slipped in another issue dear to the heart of conservatives: the notion of business confidence—specifically what contributes to it. It being a fragile matter, it must be guarded through deregulation and more "open" policy making. He also takes a populist swipe at the professor's "theories", countering presumably with 'common sense'.

MacNeil: Rather than argue the present state of the economy, could we stick with the parallels you see with 1929 and elaborate...How is the present market divorced from reality by its present euphoria?

Galbraith: Well there's no question about it. In any period of speculative euphoria, an increasing number of people, I hope not Mr. Kudlow, are climbing aboard with the expectation that it will go up further and that they will get out before it comes down. And one of the indications, one of the prime indications is a great deal of uncertainty—occasional rushes to get out, such as what we had last September and such as we have had on lesser occasions since. This uncertainty is an indication that there are a lot of nervous people in the market who want to ride the increase but get out before things go too sour. [Here Galbraith explains where uncertainty and hence lack of confidence comes from! —both the causes for the crash which is to occur eight months later.]

MacNeil: You mean who are in for speculative reasons and driving the market beyond the values inherent in the economy or the companies themselves?

Galbraith: Mr. Kudlow is a very persuasive man. But I don't think he'll argue that the market is devoid of an extreme speculative element at the present time, would you Mr. Kudlow. [Given that Kudlow's job depends upon the activities of speculators and that the purpose of the more open economic structures is to encourage such speculation, we can anticipate Kudlow's response.]

Kudlow: No, I would not argue that at any one time speculators are coming in and out of the market. There are a lot of people involved in the market. Some of them more responsible than others. This is what makes the markets work frankly, somebody has to win and somebody has to lose and so forth and so on. And I think the principle issue here is: speculators aren't running the show. They really are like flamboyant fish on the large sea tossed up on waves from time to time. What's really running the show are the fundamentals of the economy, the sense of business confidence and so forth. My point is that 1986 or 1987 is a lot different from 1928 or 1929. In the late 20's we had serious problems forming. We had trade Wars, the Smoot-Hawley tariff, excessive tight monetary policies, we had high European war

reparations [all part of the 'sound finance' policies of that era (Keynes, 1920)] which caused high tax increases despite high employment. Now I'm not suggesting every economic problem is solved today. Obviously we have the deficit problem. We're making progress on that. [Here Kudlow's advocacy on behalf of Reagan is so obvious as to not require comment except that it is usually ignored by the press.] Hopefully more will come....But crucially, it is hard for me to imagine that anyone **objectively** looking at the situation wouldn't agree that the economy in the last four or five years is better than the great inflation we had in the 1970's and the kind of stagnant situation...[ Here again the familiar non-sequitur: if you want, **objectively**, to see how well our policies are doing, compare them to the unrelated straw (Keynesian) policy failures which allegedly caused the stagflation of the 1970's.]

Galbraith: I must say that alarms me. How do we pass over the extraordinary structure of Third World, Brazilian, Mexican and Argentine debt at the present time, far more serious than anything that was part of the holdover of World War One. And I hadn't realized that the deficit was going down this rapidly so long as the President insists on further increases in defence expenditures and no increases in taxes. That is complete news to me! We've had some growth in these last years but we have still very high real interest rates [the difference between interest rates and the rate of inflation-still artificially very high in Canada] which you'll find out if you want to build a house or buy one. And we still have lurking, certainly, the possibility of renewed inflation. So I must confess, I do not see any of this optimism, pleasant as it is to hear it!

MacNeil: Mr. Kudlow, what about Prof. Galbraith's point that the mergers and acquisitions mania, if that's not too strong a word for it, in the last year or so, and the junk bonds and things that went with them, is a parallel to the pyramid investment inventions that preceded the 1929 crash.

Kudlow: I don't really think they're at all similar. I think there are two issues here. On the mergers and acquisitions and so-called restructuring, you got a tremendous change in the economy from very high inflation to a very low inflation, in fact we had commodity deflation for a couple of years. Now I think that in the long run that's good but the transition causes some painful adjustments. What we're seeing is a lot of corporations being restructured, losing some of their fat, losing some of their excesses, modernizing, moving into higher technology and so forth. Cutting costs, everywhere across the board. One of the neat things about this expansion, which has gotten very little publicity, is right now the U.S. has lower unit labour costs than Japan in manufacturing, believe it or not, almost as low as Germany. This is a positive development.

MacNeil: To put a headline on it you think it's a healthy and positive development.

**Kudlow:** I absolutely do. And I think the second point about this financial innovation you know, it couldn't be all that bad because the markets are performing better and the liquidity is even greater and we're being imitated all over the world. We're having stock market big bangs in Toronto, and London. We're having deregulation in Frankfurt, in Tokyo, in Milan. It's a worldwide fascination...because the system here is working, not because it's not working.

**MacNeil:** Prof Galbraith?

**Galbraith:** Well, I must say, if I were susceptible I'd find that encouraging. I really hope that our distinguished friend hasn't been captured by the Wall Street euphoria because, among other things, it's going to cost his firm money and it's going to cost him money...[a prescient comment in view of what happened some months later.] I agree that our manufacturing wages have gone down. That's because such a hell of a lot of it has moved to Japan. And what about our circumstances in the rust belt and in agriculture and in Texas and Oklahoma and Louisiana where these programs are being heard. Mr. Kudlow you're not hoping to persuade these people that we're in a period of such marvelous good economic affairs are you ?

**Kudlow:** I think, some of these points are well taken. I don't want to deny the fact that there are problems. My principle issue is that things are improving. They're correcting in the right direction.

**MacNeil:** ...let's come to the nub of this which will either scare the living daylights out of people invested... market or reassure them. What do you think is going to happen?

**Galbraith:** I've said this so many times that I'm tired of hearing myself saying it.

**MacNeil :** We're not tired of hearing it here.

**Galbraith:** Economists make...firm predictions not because they know but because they're asked. All I'm saying is that we've had a period of speculative euphoria in the stock market which quite obviously has captured my distinguished friend this evening, and his firm. We're piling up a huge volume of debt including those marvelously characterized junk bonds, and that one of these days we're going to have a crunch, and we'll have a return to reality. And I would like to urge Mr. Kudlow to have just a few cautionary words so that people who remember this program will be kinder to him when that time comes.

MacNeil: What does a crunch mean? [Here, because of Galbraith's sincerity and relative openness to the questioning process, MacNeil is able to ask a relevant follow-up question with a reasonable expectation that it will be responded to honestly—if nothing else a rare expectation from someone in public life.]

Galbraith: The crunch will come when we have a resurgence of interest rates, tight money, and a large turn to bankruptcies, from this enormous debt structure that we're creating. I notice that Mr. Kudlow has been very cautious about talking about junk bonds. I must say I commend him for that. He knows the subjects to be avoided.

MacNeil: So, you don't think a crunch is going to come?

Kudlow: Not in the immediate future. Look, we all know that business cycles come and go....

Galbraith: Oh I didn't say the immediate future.

MacNeil: What kind of future do you mean, Professor Galbraith.

Galbraith: Oh some time in the next two or three years.

Kudlow: Well okay some time in the next two or three years, I don't know. It's possible that any number of things can happen. I would go so far as to say early on in 1987, a strong stock market, strong bond market, a low inflation rate, relatively low interest rates to me suggests better business ahead not worse business. I think the situation does have some risks ahead. I agree with Mr. Galbraith all is not always so rosy. But the thing that bothers me the most is not the people involved in the market who are for the most part honest hardworking professionals. The thing that bothers me is all this talk about trade protection [a final pitch for freer more open markets] ...about raising taxes, in the congress. These are the kinds of things that could not only derail confidence. They could derail the economy. And that will certainly put the stock market down. [Again we return to the theme that business confidence is fragile and most susceptible to the machinations of liberal (democratic) social policies.

MacNeil: Prof Galbraith, what could prevent the crunch you predict?

Galbraith: Oh, I would first of all ask for an awareness of what is happening, a greater awareness than Mr. Kudlow reveals this evening. I would secondly put some strenuous restrictions on junk bonds. I would discourage the whole takeover and acquisitions insanity and counter that by putting a long time span before a takeover is possible so as to take the speculative element out of the takeover and acquisition operation. And then I would move, in a sensible

way, first, to balance the budget, to lower defence expenditures—we're spending excessively on overkill. And, I'm sorry to say I disagree, I would move to increase taxes and lower interest rates.

MacNeil: We have to leave it there. Larry Kudlow, Prof. Galbraith, thank you for joining us.

Now this interview-debate is significant for a number of reasons. First, its structure is quite revealing. Kudlow's presence here is merely to give "the other side" the chance to counter Galbraith's view, a privilege not granted "liberals" on so many occasions when conservatives have had their say. This therefore became a debate because of the perceived need to "balance" off Galbraith's view. Nonetheless from the beginning of the discussion Galbraith displays a dignity very uncommonly accorded people of his point of view on television in the last two decades giving him the upper hand, or what Republicans like to call the moral "high ground": a position his liberalism would likely still have were its philosophy properly articulated and publicized.

On the other hand, Kudlow's rhetoric uses technical insider language, drawing our attention to so-called "sound" finance policies of conservatives, of an "improvement" of "good numbers" of "a reasonable" sign of success, of a "move" up which allegedly reflects good policies then.<sup>24</sup> (This explains why conservatives were unavailable for comment after the crash. Kudlow already appears prepared to blame tax-talking democrats for.) The entire nature of his "analysis" is profoundly partisan and calculated.

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<sup>24</sup> As A.K. Saran writes in another context but quite applicably here "...he is uncertain, almost of two minds. However, he copies, throughout, the current vogue. he adopts the usual tone of cultivated assurance which can hide a multitude of muted doubts; he is always cute, which, in this style of philosophizing, is necessary to produce some impression in lieu of the discarded virtue of vision." (Saran, 1965)



Galbraith's role in this interview therefore cannot be underestimated. If this had been the standard interview of Republicans or their sheepish flunky-style equivalents on the democratic side, vested interests would have precluded adequate disinterestedness to counter Kudlow's rhetorical ploys. So when Kudlow begins his response with the phrase 'without getting into specifics', Galbraith is able to unravel this ploy by drawing attention to its function: that of evading the very specifics which "go into" the socioeconomic reality of the circumstance upon which Kudlow supposedly is commenting. Here Galbraith performs the function of the intelligent neutral party which has fallen to him as the elder statesman (a role unfortunately, however, he and others can perform only on the rarest occasions); journalism having effectively abdicated this role.

Galbraith cleverly exposes Kudlow's optimism as itself being a rhetorical device to persuade listeners and doubters to become involved in the speculative euphoria of the day. And when Robin MacNeil says: "To put a headline on it you think it's a healthy and positive development", ironically he suggests doing what journalists themselves all too commonly have done with such cheery optimistic speculations in recent years: turning them into "positive" headlines, but otherwise leaving them "alone". This may appear to merely allow readers to make up their own minds on the issue, but it is in fact free publicity for Kudlow's kind of view.

Words such as 'fascination' and 'objectively' are used deliberately by Kudlow to encourage the sense that U.S. policies are not just new and interesting (hence the use of the term 'innovation') but also flawlessly successful. 'Fascination' is otherwise a particularly apt term here because it is what people such as Kudlow are attempting to encourage. It falls only to the Galbraith to point this out. Kudlow consequently attempts to counter

Galbraith's candor here to establish that he is the "expert" while Galbraith is merely the "advocate".

Galbraith's solutions, freely offered for years, may be considered seriously again only now when it appears as if a crunch truly is upon us. The structure of debt, in the U.S., manifesting itself in the bankruptcies of S&L's and the bail-out required, now being estimated to cost at least 500 billion dollars U.S., reflects the extent to which public policy returns to liberal social policies to solve economic problems when it turns away from dogma.<sup>25</sup> But during those long flights of fantasy, during the costly periods when very dogmatic conservative administrations attempt to restructure economies to the advantage of the wealthy, there is little point in having a press if its role is confined to merely reporting the good news events which not coincidentally favour that same restructuring.

The barest of necessary components for an informative debate, interview or report, we may therefore conclude, must include at least one interlocutor who has an intelligent overview of the situation. By intelligent, I mean that views expressed are somehow connected to a general view or Weltanschauung which comprehends, in this instance for example, that component parts of economic policy-making are not just by happenstance connected or contiguous to social well-being, social justice and straightforward policy statements. There must be a recognition that rhetoric is sometimes used to persuade and not inform, and that therefore simply

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<sup>25</sup> Under the cover of the destabilization or so-called 'restructuring' of the world economic order, it has been noted even by Republican and conservative author Kevin Phillips how wealth was significantly redistributed upward during the 1980's. (Phillips, 1990)

reporting someone's comments is worse than being uninformative, for it cooperates in attempts to deliberately mislead.

Galbraith's strong dissenting voice was successful in offering compelling counters to *laissez-faire* market theories and values—an uncommon enough phenomenon employing a sophisticated analysis for which there is no substitute. Distinctions, however, can and ought to be made between the intention of conversationalists in their providing of 'technical information'. Here one intended to inform, even if that meant "scaring the living daylights" out of people over-extended in the stock market or ignorant of the potential for economic crisis. The other intended to reassure and publicize the ideology of the government in power (and the purpose of his firm's activity). Journalists should understand such differences (and many likely do) but more importantly, it should be part of their job to point them out, not just report them "as is". The ideological commitments of the two are further made plain through their respective rhetorical devices. They should also not be left unexamined as they would have been if not for Galbraith's intervention.

There is therefore less justification for the confusion normally displayed by journalists concerning economic policy matters. Confusion at a certain point becomes a matter of choosing to defer to the wisdom of others, some of whom benefit from the confusion they wreak. Galbraith, on the other hand, in accordance with his stated purpose, intended to make plain the underlying causes of the events he correctly predicted would follow. Journalists may lack such a skill, but they become completely without use to an audience if they do not at least guide public debate or promote the explaining of social events in a way which at least encourages public awareness which itself might indirectly help prevent crises.

Ignorance drives most interviews. However, it does not follow therefore that information automatically results (as Hayek seems to have it). Informing presupposes the presence of at least one person willing and able to inform, using, as best as can be expected, disinterested commentators; who, as best as they are able, put the common good ahead of self interest in their analyses. Reporting or interviewing should be as neutral as possible. By neutral I mean that the atmosphere surrounding a report, here a debate, be used for the purposes of informing, not propagating; capturing idle chatter, or uncritically publicizing the views of guests. Simply providing a forum therefore is not necessarily informative.

The successful report therefore would presuppose an active neutral party. This takes us back to the point I was attempting to make earlier concerning the obvious priorities which currently are constitutive of the routine practices found in reporting. The neutral party cannot be expected to be an expert on all subjects in which she or he finds him or herself as an interviewer or reporter. But that being the case, this makes the neutral the potential weak link in the information chain. This explains why, for example, in the past some of the most successful and informative pieces of journalism have been filed, not by journalists—only performing the passive and empty role of the "reporter" or recorder of events—but by people who combined journalism with a committed world view and an understanding of a particular set of phenomena.<sup>26</sup> It is possible. That it is so rare speaks more to the priorities of journalism than it does to the difficulty of the subject matter,

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<sup>26</sup> Here, as an example, I have in mind William Greider's work on the federal reserve (Greider, 1987) and an interview he conducted with David Stockman, (Frontline, 1987) after the latter resigned from the Reagan administration as budget director. In Canada, Southam Press' Don McGillivray's columns on economic policy matters are also worthy of note.

the inherent unpredictability of life or the limitations which resource constraints put on networks. Many of those reporters paid the best are paid so dearly because they do the least best—a fact also reflective of the *laissez-faire* (minimal state)<sup>27</sup> thinking which underlies the philosophy of public affairs television today.

It might otherwise have been tempting to characterize the role of the journalist as passive, misinformed, inexpert, essentially naive and, constrained by resource considerations, pleasant as it is to hear [about] it.

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<sup>27</sup> See F. Block, 1987 for an interesting collection of essays on the attempt to discredit the welfare state, the "minimal state" being its conservative alternative.

## Chapter Six

### Free Trade On Television: Representation On The Air and Behind The Scenes

I have attempted to argue up until this point that positive economic theory and the policy decisions and choices which emanate from it make a difference. Part of that difference involves not just what is examined but what is left out in an examination. But as well, the actual content and method of positive economy makes a difference. Through it they provide notions of accuracy and fairness, objectivity and factuality and as well as what constitutes an important issue, about what one ought to be skeptical, what ought, therefore, to be scrutinized carefully and what can be overlooked. These, in part, become part of policy and consequently come to us through our public affairs.

I have also said that public affairs has come to be dominated by a new business view of public or 'governmental' affairs, as it is called by those in corporate public affairs. The purpose of this chapter is demonstrate the extent to which the business view of public affairs impacts upon the way journalists themselves decide what constitutes good or acceptable journalism. Consequently this chapter examines the controversy surrounding the notion of balance in reporting, specifically as generated most recently by the Fraser Institute's analysis of that issue.<sup>1</sup>

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<sup>1</sup> For an example of prior studies of this issue see Hackett, 1985. My concern is what follows, however, will not be to offer a balanced or more balanced version of the free trade debate. Rather it will be to show the weakness of the Fraser Institute's position by citing numerous counter examples which illustrate the one-sided interpretation of the Institute's own views on balance, objectivity and policy analysis. It will also illustrate the way in which the business perspective put forward is picked by television and how a homology exists between the coverages of the FTA and economics more generally and the "economic man" perspective which seems to underpin not just the economic arguments but the philosophy underlying public affairs television's coverage and style itself.

Eventually I will focus primarily on public affairs television coverage of the free trade "debate" to illustrate my point that the Fraser Institute's view is largely irrelevant as a criticism of news and public affairs coverage of policy debates, except, unfortunately, insofar as it is taken seriously by journalists themselves, and by people in a position to affect policy both in and out of journalism. First, however, I will attempt to elucidate the Fraser Institute's position, remarking on how and why the Institute frames issues the way it does. I will therefore suggest a template for understanding the way the Institute evaluates social policy. Thereby I will also explicate the philosophy behind the Fraser Institute's analysis of issues, including that of balance.

Specifically then, I will look at four separate aspects of the Fraser Institute's overall position. First is the Fraser Institute's own policy statement, expressed in its monthly publication *On Balance* (O.B.), which it publishes through its Media Archive for Public Policy:

Every month On Balance reports in-depth analysis of a key public policy issue and its treatment by the national media. In order to provide a complete assessment of media fidelity in coverage of an issue, the analysis examines: who is given access to the time available; the extent to which people are given access in the sense of total amount of attention given; the degree to which all positions on the issue are represented; the role of the reporter or interviewer in the information projected; the extent to which reporters themselves express opinions about the issues they report; the coverage of essential as opposed to procedural matters associated with the issue. (O.B., I:1, October, 1988:1)

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I will not take specific issue with this objective. However, I will want to point out how, what they eventually publish allegedly in consistence with this thesis, exposes a self-serving attempt to appropriate and redefine the notion of balance. It will also show a selective application of their principles and that their methodological approach, far from being neutral or disinterested, was developed for the purposes of evaluating specific social and economic policy issues from their own point of view.

Second, therefore, I examine the nature of the Fraser Institute's complaint against the media: that coverage of important policy issues is often not sufficiently balanced. Third, and following from that, I will want to explain the assumptions which underlie their interpretation of their own notion of balance. This will further lead to a fourth explanation and examination of the basic assumptions which underlie the philosophy of their entire analysis; assumptions I will argue are economic. More specifically I claim they are of a very specific strain of liberal economics which encompasses Friedmanite monetarist and Hayekian "liberal" economy, mixed, as I believe it to be, with a variant of paranoia concerning the persecution of people with wealth and talent. (Rand, 1967) These assumptions explain the Fraser Institute's inveterate attack on the public sector and upon the general "advocacy" of social concerns.

Was the coverage of the free trade debate balanced? If it was not, was it for the reasons the Fraser Institute claim in their influential monthly publication? The Institute's initial findings of the coverage were that negative sentiment was overrepresented. "In terms of the frequency of statements on each position, the number of statements against free trade far outnumbered those in favour" by a two-to-one margin, according to the



heading which preceded that finding. (O. B., I:1, October 1988:2) "The Globe and Mail", we are told for example, "was consistent in its coverage in that those opposed to free trade were given almost twice as much space to provide their views...."(O. B., I:1, October 1988:2) But given the fact that the Globe was widely understood to favour the deal (a fact acknowledged in a later issue of O.B. in January 1989), this finding seems a little incongruous. This suggests that the Institute is overlooking some important subtleties in its evaluation procedure, or that its methodology is faulty, for it proclaimed "[a] high level of inter-coder reliability" in its findings.(O. B., I:1, October 1988:3)

Perhaps the reason can be found in the Fraser Institute's reworked version of the notion of balance which emphasizes "fairness". For the Institute, fairness, apparently, is a zero-sum game. It assumes that even the mention of points of view which deviate from the ones strategically adhered to by business representatives are negative. For example, on a page with a bold headline "JOURNALISTS EXPRESS NEGATIVE VIEWS ON FREE TRADE", *On Balance* quotes Sheldon Turcott as saying that "[a] dramatic attempt by the United States to get free trade going again has failed". Its comment is that "[a]lthough the news was not good for free trade, the statement...was factual and thus coded as such."(O. B., I:1, October 1988:4) However, as I will argue, such a perspective entirely ignores the impact an apparent failure of negotiations might have on a population which had been following the "progress" of the talks for months. It also ignores how in fact the negotiating process is used quite regularly, for example in industrial relations disputes, to generate support for one side or another by creating drama; a point made by CAW labour negotiator Bob White during this period.

The Institute's comment that Turcott's report contained news that "was not good for free trade" was, as they say, premature. It was also naive in that the "news" that the talks might fail might be bad news if they do fail, but as I said, it could be good for the prospects of ratification, if the population is thereby cowed into cheering the talks on. It should be noted, however, that the Fraser Institute's approach here assumes, in advance of the publication of the details of the deal, that the deal would be worth making. At that point that was a view held only by certain representatives of the business community and the government. By giving the government and the negotiators the benefit of the doubt at that point, the Institute was also assuming the positive position to be a "neutral" one. I will argue that there is considerable evidence to prove journalists often shared this view.

*On Balance*, on the other hand, complains that "very few economists or business representatives—people who generally support the agreement—were interviewed by the national media." The consequence was that "very few external sources were sought to corroborate the government's policy." I will not argue beyond this point that in fact having the government's position, argued almost exclusively by the government's own representatives, represents a considerable *advantage*, not a disadvantage, as the Institute claimed. But I believe that it could just as reasonably be asserted that having a position argued by the disparate group of "[u]nion officials, opposition MP's, workers, and person[s]-on-the-street", which the Institute claimed were permitted to speak on behalf of the negative side, constituted a *disadvantage* and not the advantage the Fraser Institute saw it to be. (O. B., I:1, October 1988:3) Hence their allegation that the coverage of the anti-side reflected greater balance than was the case for the pro-side, is, in that context, beside the point, even if it were true. However, I will mention for further

reference, that the group the Fraser Institute suggested was underrepresented—economists and business representatives—which it states, without explanation, "generally support the agreement", encompassed an even narrower variety of viewpoints to represent the pro-side's view. Consequently, abiding by the Fraser Institute's own guidelines, I would assert, would have made the coverage even narrower, and hence, presumably, even less balanced than it actually was!

It should also be pointed out, in this context, that the Fraser Institute's other issues of *On Balance* hardly reflect a great affinity for the "union officials, opposition MP's, workers, and person[s]-on the-street" or the positions they have taken on many other issues. In fact the very representation of positions such people take for example on the environment, on poverty, on rights for minorities, natives and people with unconventional or non mainstream lifestyles or sexual preferences, all of which, in a word, fall under the classification of **social** issues, is something with which the Fraser Institute takes umbrage. The Institute sees such issues only in terms of their being counterproductive or unnecessary costs to business people, tax-payers and "consumers". It sees their proponents, unlike themselves, as "advocates".

From the Fraser Institute's point of view, it wishes to distinguish "factual" representations made on behalf of or by business representatives from the "opinions" expressed by those with differing views. This immediately suggests that anyone advocating on behalf of social causes is a **priori** incapable of an "objective" point of view. This latter view, I would assert, is itself a contributing factor to the lack of balanced coverage of major issues of social and economic policy-making insofar as it expresses what seems to be a view taken quite seriously, if not largely adopted, in policy

circles and on public affairs television. Nowhere is this better illustrated than when a mutual exclusivity of the economic and social domains is suggested, as when, for example, it is suggested that "society" must make a choice between jobs and the environment, or, ironically, social spending and war, or the deficit and social spending, to cite only three.

The Fraser Institute proclaimed that the lack of attention paid to the views of economists during the free trade debate underscores the superficial nature of the representation of the facts. With this perhaps there will be less quibble. The argument comes when it is assumed that this played to the disadvantage of the side which supported the deal; the assumption being that the more the population understood the true implications of the deal, the more they would like it. It also presumes that the more economists spoke, the more objectivity there would be in the coverage. This is claimed even though *On Balance* conceded that economists were "people who generally support the agreement". This would tend to indicate, therefore, that in the eyes of the publishers of *On Balance*, objectivity and support of the FTA were linked. These optimistic assertions, in any event, can be refuted as largely irrelevant by examining the actual coverage and the results which ensued. This, I will argue, suggests that if people were confused by the coverage of the deal, that confusion played to the advantage of the pro-side. A variety of reasons, many emotional or of dubious relevance, were offered to vote for free trade (not just against it as was asserted by the business lobby).

### The Fraser Institute's View of Balance

Many of the Fraser Institute's assumptions about balance can be understood by examining some of the prominent theorists it has published over the years. They all reflect a strain of "liberal" political economy the Institute borrows from. Two of its primary advocates are Milton Friedman and F.A. Hayek. (Friedman, 1977; Block, W. & Olsen, 1981) The Fraser Institute's Media Archive's methodology incorporates theory from Friedman's style of positivistic social science, long discredited by philosophers who were first to consider its intellectual merits in the course of this century, but still widely accepted by economists of the neo-Classical school. Friedman's theory assumes social science to resemble the physical sciences in offering a model which can compute data objectively, produce factual results, make predictions, and all at a high level of abstraction and generalization which ignores the actual details of the condition being analyzed. Hence Friedman says "positive economics is, or can be, an 'objective' science, in precisely the same sense as any of the physical sciences." (Friedman, 1953: 4) In their October 1988 issue of *On Balance*, the editor writes:

By analyzing each news item in terms of its integral statements, it is possible to perform completely objective analysis of the positions presented in the sense that any group of randomly selected researchers would come to the same conclusions if exposed to the statements that had been analyzed. (O. B., I:1, October 1988:1)<sup>2</sup>

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<sup>2</sup> See footnotes 26 and 27 of Chapter One above.

Friedman's position further presumes only matters of economy to be matters of fact(ual importance) while other "public interest" issues are primarily pseudo issues which do little but make mischief when they are raised. (Friedman, 1978) The individual is the basic building block of the model, and in fact the issue of individual responsibility is framed in a way so as to oppose it to that of social responsibility. The Institute, therefore, frames the issue of health care, for example, as being one of our "Looking After Ourselves". (O. B., II:1, February, 1989:1) In general, all matters of the "public interest" are derisively described in this model. (Friedman, 1962: 1; Stanbury: 114-117) It is this significantly ideologically skewed notion of objectivity which therefore forms part of the backbone of the Institute's view of objective, disinterested coverage, performed by a detached journalist .

Another basic element of the Fraser Institute's view is supplied through the writings of Hayek. But the relevant points here are shared by all conservative North American critics of the media whose flak has had a considerable impact upon the way in which journalism has adapted itself to the coverage of important public affairs issues. (Herman & Chomsky) The most important aspect of Hayek's treatises, for our purposes here, concerns his notion of immanent criticism. (Hayek, 1952) Hayek's view is that the ideas which reflect the values of society and economy ought to be judged and criticized according to their own criteria and not on the basis of any other external criteria.

That external criteria would be of a nature such that, for example, it would include the proposing that the order in which we live ought to be reformed. And that plan of reform would have as its motivation social justice. (Hence Hayek's reference to the "atavism of social justice" [Hayek, 1978] and the "mirage of social justice" [Hayek, 1976]). The order in which we

live refers to our system of economy—capitalism, or the so-called "free-market"—not to other aspects of our political tradition which have come down to us from the social democratic vision. For it is assumed, by Hayek and other free-market theorists, that it is the market which provides the underlying and necessary basis for political freedom. (Hayek, 1976) Hayek, as a supposed post-Kantian, proclaims also that the order in which one lives, is, and ought to be, the order within the confines of which, and according to the rules of which, one theorizes.

Simply stated, this means theory ought to mirror life in several of its aspects. Because most knowledge is proclaimed to be "tacit" knowledge, practical in nature, akin to "know-how", and knowledge is constitutive, acted upon unconsciously, investigations of social reality, of necessity, must remain on the surface. There is no "thing-in-itself". Consequently detailed analyses which go below the surface are pointless. (Gray, 1982:14; Hayek, 1967) Worse, they are borne of a fatal conceit which claims to know more than anyone can know. Socialists, according to Hayek, suffer such a conceit which leads to a more dangerous pretense to understand how the social world ought to be ordered, organized and regulated. (Hayek, 1989) For Hayek, the social order, if left alone, spontaneously evolves. Institutions, conventions, ideas as well as firms compete for survival. This is the process which both creates and sustains individual liberty. Whereas the socialist dictum of social justice only interferes with this natural, spontaneous, self-ordering process and destroys the "information" system it spawns and the system of liberty it evolves and maintains through the rule of law. (Hayek, 1949)

Hayek's views therefore proclaim that the state is, of necessity, a source for the limitation of personal liberty and that its activities only function to heighten the expectations of people. Hence the "socialist" view is singled out

for special criticism. The socialist's own version of "objective" social science, according to Hayek, asserts the possibility of a (transcendental) overview of society. It is therefore dangerous because it violates the principles of immanent criticism both in disregarding the natural ordering procedure, and in disrespecting the values of liberty which only that order generates. (Hayek, 1976)

Such a notion of immanent criticism therefore already deliberately, or "methodologically", excludes all notions of economy and society which are not sufficiently friendly to the "free" market.<sup>3</sup> Indeed much of the rhetoric surrounding the defense of the notion of free trade itself suggested that those who opposed the deal did not favour the "freedom" it supposedly advocated. Consequently, it may be concluded that had the view of the Fraser Institute been adopted, both the method of reporting, evaluating and disseminating information, and the content of the coverage, would have favoured the deal.

What is also implied in what Hayek says is that criticisms of the market must be ones which are "internal" ones; ones which are, nonetheless, sympathetic with the "logic" of the market.<sup>4</sup> On the other side, skepticism and negative evaluation, by implication, are reserved for any body of thought which might suggest that social and economic planning, of any kind, is possible, necessary, or positive. This would include governmental involvement, or "intervention", into the economy which, according to neo-Classical theory, creates non-economic "distortions" to the natural selection

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<sup>3</sup> I am referring here to the notion of "methodological individualism" discussed previously in the Hayek section.

<sup>4</sup> This is to use the terminology of Peter Winch's rendering of a similar thesis. See Winch, 1958. This is also discussed in Block S., 1985.



process. Such "negative" involvements include the regulation of industry, foreign investment review, "progressive" taxation schemes, or as it would be called, income "redistribution". Legislation enforcing stricter health, safety, work-place or environmental standards, promoting social equality among genders, races, cultures and regions, rent control, and many others could also be included. Arguing on behalf of such projects constitutes what the Fraser Institute calls "advocacy", and ought therefore to be subjected to unfriendly criticism.

Quite importantly, by implication, this version of immanent criticism has positive benefits only for one side of a prospective political-economic debate: that which is supportive of liberal economy. The Fraser Institute's view of balance, derived from this perspective, therefore poses objectivity as a kind of war on socialism, social democracy and political liberalism of the North American variety. Balance thereby becomes a means to repress social activism while sympathetically analyzing and "constructively" criticizing the workings of the free-market system. I will now set out to prove this thesis through examples taken both from the Media Archive's publication and from the coverage of free trade on television.

#### What Balance Does not Cover

In keeping with the coverage of many economic policy issues, viewers of the television coverage of the FTA were treated to a significant number of friendly chats between journalists and members or representatives of the business community, on matters directly or peripherally related to the FTA.<sup>5</sup>

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<sup>5</sup> The purpose of referring to these "chats" is to draw attention to the way immanent criticism operates in public affairs journalism. The examples I cite here,

This aspect of the coverage is noteworthy, I would contend, because it was apparently not considered relevant either by journalists or by the Media Archive, in the process of determining that the coverage of the free trade issue was balanced. This was the case, I would argue, largely because these chats were treated, certainly by public affairs television, and perhaps as well by the Fraser Institute, merely as opportunities to inform Canadians on subjects not obviously related to free trade. But in a propaganda war to win minds, such tactics potentially score points. (Therefore, presumably, vigilance concerning the maintenance of a balanced approach ought to have been doubly stringent during this period. I argue it was not, especially in relation to the coverage of economic and trade issues generally where the propaganda war is inveterately waged.)

A good example of this occurred during one of the many times Tom D'Aquino and John Bulloch were interviewed during the lengthy period which preceded the election of November 1988.<sup>6</sup> Bulloch and D'Aquino, as spokes-people for two of the largest business lobby organizations in Canada, the Canadian Federation of Independent Business (CFIB), and the Business Council on National Issues (BCNI) respectively, were, in this context, warriors for many free market causes.<sup>7</sup> On the occasion cited they were asked

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therefore, reflect this in a special way and are not meant to be a representative sampling. I would argue, however, that they do accurately represent one important strain within the coverage of the FTA and in that respect alone these interviews were significant, the number of occasions in which they occurred aside.

<sup>6</sup> It should be noted that in my reading of the issues of *On Balance on the FTA*, neither was there mention of D'Aquino's involvement nor was there a record of his having made a single statement on the FTA in the press during the period covered by *On Balance*. See especially *O.B.*, 1:1, October 1988: 3, where statements are catalogued.

<sup>7</sup> Hollis and Nell, 1975 have suggested that neo-Classical economists are like warriors. I am merely extending the analogy here slightly to include others who publicly fight for that cause, not as economists but as business representatives. This further clarifies the Fraser Institute's view of balanced coverage: that the more warriors for the neo-Classical view are permitted to speak, the more objective and balanced is the coverage.

for their views on the performance of the Mulroney government. The interview is conducted by Nancy Wilson of **Canada AM** as a combination debate and consultation, on the significance of the 1988 Wilson budget for business.

**D'Aquino:** Canadians are still spending, we should remember, \$29 billion more than we are taking in and that is not good news. Now Mr. Wilson has made progress and will continue to make progress but Canadians must continue to be aware that our record in relation to our other trading partners is not particularly good....

**Bulloch:** If I were Mr. Wilson I'd take a minute to blow my own horn. We've had probably the best job creation and economic growth in the Western world in the last year and we have an incredible year coming up. I mean, the economy is just bubbling out there....We should spread the good news.

**Wilson:** Sounds like what you're looking for is just an economic statement; just a progress report on how the economy is doing and an update on some of the projections.

**Bulloch:** Well this is very important. We have to tell the country we're on target for deficit reductions. This will settle down the capital markets....We had a stock market crash. It's having no effect on the economy....We've got a new free trade agreement. Every single one of those tariff cuts is going to mean a new company formed. So we've got all kinds of excitement ahead and that's what we should be talking about. (**Canada AM**, January, 1988)[emphasis in original]

At this point D'Aquino is asked to jump in and uses the opportunity to, in effect, play bad cop in explaining that while he did not want to dampen Bulloch's enthusiasm, he wanted to remind Canadians that perhaps it was time to "save for a rainy day".

Now given business' support for the Conservative government, and for the policies put forward by Wilson, the results of the consultation are somewhat predictable. But this type of an interview is crucial for several reasons. First, it treats the neo-Classical (liberal) economic model as if it were

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uncontroversial, thereby implicitly establishing a basis for developing notions of factuality and objectivity on matters of economy. It does so, for example, by stating, matter-of-factly, that a \$29 billion deficit is "not good news". That one statement carries with it enormous implications for those who believe the public sector is at this moment being starved into submission, since the attack on the deficit is almost always a disguised attack on the public sector. (This is a factor continually overlooked by journalists on the business beat.) Second, the view was expressed, and also treated uncontroversial and incontrovertible, that if nothing else, the management of the economy is one area of strength for this government. This perpetuates the view that fiscal conservatives are better managers of the economy, and specifically, that this Minister of Finance is a good one. Third, the interviewees were permitted to define for us the present state of economic affairs, which here is characterized as being a period of "probably the best job creation and economic growth in the Western world". This is so, even though, at that point, Canada had experienced the longest and worst record of unemployment since the 1930's. Fourth, free trade and conservative economy policy are associated with job creation and economic growth. Fifth, therefore, an atmosphere is established within which the FTA could be examined and anticipated positively.

Aside from this, the interview was conducted among three individuals; two of whom had similar views on economy and on the FTA, and the third, a journalist who knew little about either subject. Yet she was the one posing the questions. No alternative voice was there. Not one difficult question was asked, nor even one which went "outside" the parameters set by Bulloch and D'Aquino. This was a classic example of immanent criticism at work, and of the limitations it poses on the question of neutrality and balance. In addition, and according to the logic of the Fraser

Institute's own methodology, only one statement was uttered about the FTA. However, considerable background information was proffered, here and elsewhere, much of it of a supporting nature which, I would argue, created a context within which free trade could be favourably received. This apparently escaped the purview both of the researchers at the Media Archive and those responsible for the interviews on television.

In another interview during the run up to the election, when it appeared the Tories were in trouble, Canada AM's Nancy Wilson interviewed Paula Stern, an American "international trade advisor" and staunch supporter of free trade, and Donald Dekeiffer, an international trade lawyer for their "opinion" on the flap over free trade.

- Wilson: With public opinion shifting away from free trade...causing discussions outside the country in the U.S. With the **international perspective** [my emphasis]...Paula Stern...And Donald Dekeiffer. Well Ms Stern are you surprised by the kinds of concerns and kinds of passion...
- Stern: I am surprised. I thought that most of the debating and most of the fireworks were finished when the agreement was signed between the two countries.
- Wilson: It sounds that [sic] central to the concerns are social programs. Do you think there are any causes for concern?
- Stern: No as a matter of fact I think there will be greater causes for concern if Canada doesn't ratify the agreement...There is never any intent and I couldn't imagine there would be the kinds of actions we have heard.
- Wilson: What's your feeling about that. Do you see any reason for Canadians to be at all twitchy nervous?
- Stern: ...Canada has entered into free trade to guard against these things. One would want to stay within the free trade agreement to get assurances.
- Wilson: Mr. Dekeiffer. I imagine you are interested in being on a panel (which might consider subsidy disputes). If you are on the panel and a company came to you to say "I think there is an unemployment insurance plan that we deem an unfair subsidy, how would you respond to this kind of grievance?"

- Dekeiffer: Unemployment compensation schemes have never been considered a subsidy. So it's not a question of what I or anyone else consider a subsidy.
- Wilson: So given the international framework would you basically laugh at someone who came to you to consider this an unfair subsidy? (Canada AM, 11/20/88)

Once again, we have two interviewees who are unabashedly behind the deal. One could sense the worry and panic surrounding this interview as it then appeared the Tories might be defeated. This interview was one of the first measures that seemed designed to shore up support. (It was during that period that the BCNI spent an estimated ten million dollars on advertising to ensure that the deal would be ratified.) Here once again there is no one to represent the opposing viewpoint. Instead this "interview" is used as an opportunity to reassure Canadians that they ought to take a chance on free trade. The "international" perspective is offered here by an American, Stern, who had been part of the lobbying process for the pro-side. In addition, Dekeiffer's comment, that "[u]nemployment compensation schemes have never been considered a subsidy", looked suspiciously vacant when, shortly after the election, Bill C21, which changed the Unemployment Insurance Act, came up first on the public policy agenda. Once again the style of interview was characteristically "immanent" and respectful. And concerns of the potentially negative social impact the FTA might have for social policy, a very important consideration for the negative side, was thereby frittered away. This scenario repeated itself on other occasions when the discussion turned to the subject of job loss from plant closings.

### The Expert: Advocate, Lobbyist or Neutral Party

The job of the business lobbyist here obviously was to put the issue to rest, the point of cobbling together a response being to nip the issue's potential impact in the bud. (Stanbury, 1986: "Issues Management") A great part of this involves keeping the opponent out of the discussion, or at least taking control of its public discussion (much in the way the Fraser Institute attempts to do in its publications). But there was no excuse for the anti-side's being excluded from the discussion of an issue they themselves raised! These interviews show a complete indifference to who would be interviewed or the purpose of the interview, as if any "neutral" observer would do. Here, the call (much as with Bulloch and D'Aquino earlier) that the involvement of these two "experts" on international trade constituted a balanced discussion reflects the extent to which the idea of neutrality often functions to exclude the very party who would challenge the business view or the conventional wisdom of the day. In both instances it worked very much to the advantage of the pro-side.<sup>8</sup> Here, Stern and Dekeiffer were offered to viewers as experts, not advocates. This is quite usual in the coverage of "business" stories (which the FTA was often portrayed as strictly being). So balance was not an issue here. Consequently, it was as if there was no necessity to "balance" off the views of these two "experts" with a dissenting voice. Nor was advocacy considered an issue here, as it so often is when the situation is reversed. This facilitated the pro-side's plan to manage this issue here. It had the same effect on many other occasions.

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<sup>8</sup> **Canada AM** did a much better interview on the issue of cultural industries and intellectual property, on another occasion. See **Canada Am**, 3/1/88.

The edition of *On Balance* on the coverage of environmental issues suggests that journalists too often acts as advocates for a cause (rather than confining itself to 'objective' news reporting and analysis). (On Balance, October 1989, "NETWORK COVERAGE OF THE ENVIRONMENT: Objectivity or Advocacy") Given the Fraser Institute's lack of concern when the situations are reversed (and only their view is represented), it is easily concluded that the Institute's interest in questions of advocacy and balance extends primarily to the advocacy of social issues and causes, but not to business issues and causes. In most cases, where experts are being interviewed on economy or business-related questions, the business spokes-person is in fact is doubling as an advocate/lobbyist and expert on the economy. Journalists therefore grant him the benefit of the doubt that her information is fair, disinterested, ideologically neutral and merely informative.<sup>9</sup> (In that respect they use Hayek, and the Fraser Institute's criteria to determine these things.) And as there would appear to be a mutually advantageous dependency between the advocate and the journalist when a business story is being examined, it would be awkward for the journalist to challenge her/his own source of information on these types of stories; such as by asking whether a business story is ever really just a business story.

The Media Archive's publishers bemoan the lack of trained economists to explain the obvious (to them) aspects of the FTA. But, in fact, quite often in the process, the business expert, not unintentionally makes mischief of the facts. An interview of trade analyst Murray Smith is a perfect example.

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<sup>9</sup> Left economists, or politicians representing a left position on the economy, when they are interviewed on television usually are questioned much more closely as I alluded to earlier concerning the interview with then Premier-elect Bob Rae on *Business World* at the end of Chapter Four.



- Nancy Wilson: Murray Smith, let's start with the good news. What do we stand to gain?
- Smith: A more competitive manufacturing sector [with more competitive not defined] ...not just in North America but offshore..
- Wilson: It's a little early to be number crunching but when you say better jobs higher wages...you're talking about more jobs as well and if so have you got any ball-park figures how many jobs might be created?
- Smith: Research by a variety of organizations [all of which favour free trade] such as the Economic Council of Canada ...perhaps in the order of three hundred to four hundred thousand...a combination of more jobs and higher wages. If we take it out in the form of higher wages then there would be far fewer jobs. (Canada AM, 10/5/87 "Trade Triumph" )

Now aside from the sheer invention of Smith's figures, which were not challenged, his economic assumption, which also went unquestioned, that there was necessarily a dramatic trade-off between wages and jobs is a matter of economic opinion. His being consulted as an expert hardly revealed that. As neither the public nor journalists then had access to the content of the deal itself, this further necessitated the perceived need on the part of journalists to tell stories about the deal. Business analysts eagerly helped them do so. This is not new in journalism. But the coverage of the FTA points out the potentially dangerous shortcomings of such a tendency in relation to the coverage of important public policy questions. Journalists seemed quite taken by the apparently irreconcilable differences of the two sides; a pattern we also see in the coverage of many other issues. But the coverage seemed to reflect blithe indifference, not neutrality.

In the same set of interviews, Laurent Thibault is permitted to give his version of the economic notions of 'comparative advantage' (which he does not specifically refer to) through specialization, "explaining" that what

is happening [with the free trade agreement] is not fundamentally different from what has been happening for the last twenty or thirty years — reducing tariffs and trade barriers—specializing in what you do best and dropping the things you can't and to build up your capabilities.

Here again, there was no one to balance Thibault's views with a different analysis. However, in the process of "explaining" the significance of various economic issues and offering their "expert" opinion such spokes-people obviously at the same time have created for themselves a platform for their views. And although this aspect of public affairs itself contravenes the rules and principles of disinterest, it is nonetheless overlooked by journalists and by what the Fraser Institute suggests. Economics, much like any other field of knowledge, comes with its ideologies, staked out positions and strategies for propagation. This should come as no surprise. But for most Canadians, including journalists, the field of economy is shrouded in mystery and myth. A large part of the mythology pertains directly to the style of economy which is currently in vogue. Conservative economy reflects the ideology of its makers. It is extremely abstract, seeming to deliberately ignore the social landscape upon which, and within which, it sits. In this respect, the notion of "objective" news analysis, which the Fraser Institute embraces is at the very least, **methodologically** compatible with that of conservative economics.

Conservative economic theory dramatically reworks the social environment to suit the prejudices conservatives have about the social world: that governments spend too much money, that social welfare and its various schemes are populated and serviced by cheaters who cost taxpayers money, that we are not prepared for the future, that the economy is not

"aggressive" enough, that workers are not highly motivated enough, that business is too highly taxed and is in general persecuted, that the public sector is too large and has too much say in the economy, that lax unemployment insurance and minimum wage laws cause unemployment, that social issues are pseudo or phoney, that the economy is too highly regulated, that the world, in short, would be next to perfect, if only the market were allowed to find its own level. (Regulations and controls of all kind, we are told, are, in the end, counterproductive. [Hayek: 1944, 1976])

In the view of certain business perspectives, there is still a pocket, an island, variously known as "big government", the public sector, waste, inefficiency, bureaucracy or regulations, which the private sector does not own and control. (Stanbury: 1986 "Describing Leviathan") This pocket is responsible for all the ills of society and its inherent inefficiencies. Big business also sees the public sector as inherently authoritarian, and as constituting an impediment to their investment activities. From this perspective, government exercises too much power over people's behaviour, in this case economic behaviour, when it spends money. From business' perspective, this spending, allegedly, "crowds out" private investment while creating inflation. Unsound financial practices within the public sector, it is also claimed, is responsible for the "deficit", a contemporary and perennial bogeyman of the business sector. All these views have been disputed by Keynesians whose opinions have received far less air time in recent years. (Chorney, 1990)

This entire perspective therefore assumes that solutions lie more in proper attitudes toward employment, saving and success, than they do with the nature of the times or the nature of present social (relations and) arrangements. The fact that few if any journalists have any understanding of

the implication this current economic vogue has for public policy, or more importantly that credible alternatives exist, is, from a Keynesian point of view, really nothing short of a disaster. In relation to the question of balance, this explains why the coverage of economic stories generally is very unprofessionally done.<sup>10</sup> Again, however, the coverage of economic issues therefore operates as immanent criticism by reflexively ignoring issues and attitudes which lie outside of the narrow domain business people define as relevant and significant. But much of the confusion is created by their analysis, not clarified by it.

#### And What About the Realpolitik?

Along with an adequate understanding of either the intellectual side of the economic arguments or the dynamics of policy-making, what was also missing in the coverage of the FTA was an exposé of the Realpolitik—the high level behind-the-scenes dealings which were going on, not just among politicians, but much more importantly between and among politicians and highly placed business lobbyists. In this particular instance, the lack of coverage of such on-goings is particularly unforgivable given the very significant role business played from the very conception of the FTA (prior even to the Macdonald Royal Commission's recommendation that Canada proceed with negotiations to secure a FTA with the U.S.) (Warnock, 1988) Were journalists not aware of this?

In a very early piece filed by Craig Oliver, Oliver states:

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<sup>10</sup> Here I mean 'unprofessional' from the point of view of understanding economic policy making. Journalistic 'professionalism', on the other hand, usually applies more to the process of getting on the story, getting the story and being on the story. What the story really is, however, it seems to me, is often quite a different matter.

I talked to a senior American official earlier this evening who seemed to be aware of the general outlines of what Mulroney was going to say . He said Americans would be watching and listening but responding very gingerly. Our trade is hot potato politics here as it is at home.(CTV News 10/27/86)

Revealingly, on another occasion Oliver files a report which begins: "Yeutter was sticking by the comments that caused the ire of Canadians." Then Yeutter is quoted on camera saying "[i]t seems to me every time you talk about that kind of an issue [referring to cultural subsidies] in Canada it gets twelve inch headlines". He goes on to say "whether cultural issues are economic...is up to the government of Canada".(CTV News, 2/8/87) This would seem to indicate that Yeutter, the senior U.S. trade envoy, was the source in both pieces but was quoted once anonymously. Being that close to the action, Oliver would have to have known of the involvement of the Canadian and American business lobby machines in the process long before the deal was hatched. Also worthy of note here is the way in which Yeutter's view, that the economic and the social must be kept separate, is slipped in incidentally. This framing of the issue suggests once again not only that economic issues are the real issues, and social issues are the "emotional" ones, but that it is possible to separate the economic from the social and quite desirable to do so. But this reflects the view of only one set of parties to the debate, and is therefore not a disinterested comment. (It also suggests, somewhat ironically, that Canada's "autonomy" in these negotiations extends to its defining cultural subsidy issues as economic rather than as cultural,

which would not come as much relief to those who feared the FTA for this very reason.)

This raises another important issue concerning the framing of the so-called debate which sprung up around free trade. The debate was essentially framed as one between Canadian "nationalists", whose primary preoccupation, and hence expertise, was to comment on cultural matters. Hence Mike Duffy begins a piece on opposition to free trade in Canada with the lead: "They dot the shores of the St. Lawrence River in eastern Ontario. United Empire Loyalist towns. Visible symbols of the Loyalist determine not to become Americans." (CBC News, 8/24/87) Aside from suggesting a kind of historical dogged determination, borne largely out of a rejection of change (such as the "change" the Tories were suggesting), this framing confines the "loyalist" side to discussing issues pertaining to Canadian cultural identity and nationalism. Thereby it freezes them out of the "objective", "factual", "hard news" side of the debate; exactly as the Fraser Institute's framing has it.

By making the FTA a debate between nationalists and supporters of free trade, the nationalist side is de-legitimated therefore in relation to economic issues. As we saw, this had significant consequences. For example, Quebec did not identify with the side which it saw as primarily putting forward a Canadian nationalistic argument, for it does not fear the U.S. the way English Canada was single-minded portrayed as doing. Within this context opting for free trade, in Bourassa's words, only made "common sense". Oliver's and other journalists' failure to amplify the issue in this area, by pointing out, for example, that this was not a debate just between sentimental Canadian nationalists, on the one hand, and economic realists, on the other, implicitly favoured the pro-side. This was yet another very important aspect of the coverage which is not properly taken into

consideration in the content analysis carried out by the Fraser Institute's Media Archive; their emphasis being primarily on what was said, not on what was not said.

### Meanwhile, Back at the Ranch

To illustrate my point, by contrast, one of the only truly informative pieces of television journalism on the free trade issue was carried, tellingly, on the American public television network's programme The McNeil-Lehrer News Hour shortly after the deal was signed. On that occasion Michael Aho, an American trade specialist, laid out the position of the pro-side, which he correctly characterized as consisting of major business lobby groups on both sides of the border. Mr. Aho was remarkably candid about the terms of the deal, its impact on both Canada and the U.S., who most supported it, and the need to sell the deal, especially in Canada. In response to a question as to what was in it for the United States, Mr. Aho stated that:

agreements in new areas, service areas and intellectual property rights, made the deal very attractive, as did changes to investment rules which had previously made it more difficult for corporations preparing for the global economy to plan.

And later he stated:

There are opportunities in the sense that tariffs are twice as high [in Canada], if they come down that would mean an expanded opportunity for many U.S. firms—new issue areas that we could demonstrate to the world that we could get new agreements on things. (McNeil-Lehrer News Hour, 10/5/87)

"That is why", Mr. Aho claimed, "leading proponents such as the service industries and multinational corporations have been watching this accord very carefully". Questioned about the difficulty of selling the deal in Canada, Mr. Aho stated that he thought Mulroney could sell the deal to the ten premiers, but that "it will depend upon consensus building, and upon an active private sector, that sees it in their interests to sell it to the politicians in the provinces or in congress". As a pure description of the facts behind the deal, it was the clearest statement, certainly of anyone who favoured the deal, concerning the question of who wanted the deal, and why and how they were going to go about getting it ratified. It was significantly more informative than anything, for example, that we saw on Canadian television on the same subject; except that in the latter stages of the debate the anti-side reiterated Aho's view as a means of desperately clarifying their objections to the deal!

That Aho, an American, would be more candid about background attempts to sell the deal than any of his Canadian counterparts, is hardly surprising, considering the two very different constituencies and the sets of political institutions the deal faced on either side of the border. For it was well recognized that the American congress would not likely stand in the way of the deal; however, in Canada, it faced considerable opposition. In spite of this, as we shall see, much of the Canadian coverage of the deal in 1988 suggested that the real threat came from south of the border!

Mr. Aho did not explain how the Canadian side would attempt to sell the deal except through "consensus building", which, in the U.S., meant getting various lobby groups on side. In the U.S., however, the population was irrelevant to the ratification of the deal. The game was significantly different in Canada. The pro-side had to find a way to, in effect, deal the population out, without appearing to do so. (It did so, I would claim, by



building a consensus among sectors of the business establishment, especially big business and the multi-nationals, along with most Premiers and, importantly, Quebec.) The trick then was to effectively keep the terms of the deal away from the careful scrutiny of the population which, in Canada, could be a significant factor.

Our entirely different approach toward the development and enactment of this piece of public policy involved not just consulting business lobby organizations, but the involvement of community and grass roots ones as well, and an election campaign based upon issues, visions and ideologies. This explains why members of Canada's business lobby associations and representatives of the Canadian government all remained relatively mum on the specifics of the issues of the deal until the dying moments of the 'debate'. Only then did the business lobby launch a campaign, and only then to counter claims made by opponents. Using silence was obviously part of a well worked out strategy to sell the deal. With few exceptions the coalition has stayed silent until this day.<sup>11</sup> Within the Canadian context that should have been a very tricky thing to get away with. But it was not I contend, because the nature of the press coverage failed to adequately expose the pro-side's strategy. The Canadian television coverage of the deal, as the Fraser Institute claimed, did obscure the deal's real significance. But who that harmed the most, I would argue, was the side which most desired an open debate: the anti-side.

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<sup>11</sup> Former Tory cabinet minister Sinclair Stevens and Laurent Thibault of the CMA are perhaps exceptions. Stevens has since claimed the Canadian "side" made a secret deal with the U.S. to keep the value of the dollar artificially high. See also the CMA publication "THE AGGRESSIVE ECONOMY: Daring to Compete", published in 1989. But Ed Broadbent's attempt to expose Thibault's view only ended in his being called a "liar"; an accusation which was made to appear to stick to "Honest" Ed.

The coverage of the attempt to sell the deal, such as it was, did, on the other hand, seem to use balance as a criterion. But here the attempts to publicize the "anti" position were used to "balance" off the "equal" and opposite coverage of the pro-side's allegedly equivalent attempts. Given the resource differences of each side, and the fact that one side had privileged access to the negotiations, and had been involved in the behind-the-scenes planning of the FTA for years, portraying the two campaigns as equivalent was, to say the least, misleading. Nevertheless a CTV item proclaimed:

Today marked the beginning of [the battle for] public opinion and neither side waited long...Selling the deal began in earnest when the Prime Minister spoke to the Canadian export association...Within hours, a multimillion dollar media machine...the Queen's printer worked over night making up glossy brochures...Two hundred and twenty Tory MP's were briefed...soon embarked on national speaking tours...By mid-afternoon prominent businessmen were invited to private briefings. The government expects them all to be free trade ambassadors.

Opponents were organizing too....The CLC sent telegrams to the Prime Minister and to the Opposition demanding that an election be called ..and the Council of Canadians which had an unfriendly reception for Reagan... will launch its own campaign.This is a classic Canadian confrontation: big business and big government versus big labour and staunch nationalists. The success or failure of the free trade deal will depend in part upon how both sides will get their messages to the living-rooms of the nation.(CTV News, 10/5/87)

The fact was, that the decision to undertake to conclude a wide-ranging trade agreement between Canada and the United States was made well in advance of the actual negotiating process, and in conjunction (the wishes of)

the business lobby, . This was acknowledged by Tom D'Aquino the Monday morning after the deal was signed. Appearing on **Canada AM** as a guest expert on the deal, D'Aquino stated that "I'll tell you we've been working very hard in the background because it is a little bit dangerous to appear on Capital Hill." This comment was in response to a question posed by Nancy Wilson as to whether we were "going to see a lot of pro free-traders from Canada shuttle [to and from Washington]...and do a very major lobbying effort". Again there is the very misleading assumption made that the real lobbying effort will have to be made in the U.S., in Washington, rather than in Canada. The query to have been posed should have wondered what Mr. D'Aquino was doing in Washington at all! In this instance D'Aquino's secret role was given respect and he was treated as an expert precisely because of it!

Mr. D'Aquino's other comments about a "sweeping deal...a vastly comprehensive deal...without having seen the small print", reflects the reality of just how close the business lobby is to the scene when such major undertakings are in progress.(**Canada AM**, 10/5/87) So journalists could certainly not plead ignorance concerning the long-term involvement of the business lobby, especially given that Mr. D'Aquino, along with Diane Cohen, were reserved the right to be among the very first commentators on the deal after the journalists had their say on the process the day before. Yet very little of this was brought out in the coverage. Such positioning, both on the air and behind the scenes, counts. But it was yet another factor not accounted for by the Fraser Institute.

Before such a negotiated settlement could be implemented, however, it had to be ratified by the two houses of Parliament and/or by the people of Canada. The McNeil-Lehrer piece leaves no doubt that having completed the negotiation phase of the agreement, it was now up to the business lobbyists,

on both sides of the border, to go out and sell the deal. What we then saw on Canadian television for the next year or so was nothing more nor less, I would contend, than a follow through on what Mr. Aho stated was required: an all out effort to sell the deal, with Mr. D'Aquino and others being part of that effort; and many journalists acting as gracious hosts to the fête.

Mr. Aho had not felt it necessary to discuss how the American side would sell the FTA to its public. With a popular free-trader as president, a Congress with extraordinary powers in areas of trade and commerce, and minimal opposition on any ideological level, there was little call to speculate whether such a proposal would run into anything resembling potentially serious opposition. It was well understood that it would not. For the most part, however, the coverage of the atmosphere on the U.S. side, as described in the Canadian press, hardly reflected that reality. A well-orchestrated scenario was repeatedly suggested, and accepted as fact by the press, that the "protectionist" legislatures in the U.S. were champing at the bit to bloody the noses of their trading partners through the much discussed omnibus trade bill.<sup>12</sup>

The passage of the FTA in this context, was made to appear as crucial to protect Canada's long term interests. For example, on the evening when Mulroney had given a speech in Washington, in response to Lloyd Robertson's query "What's the mood tonight in Washington on the eve of the talks" Craig Oliver reported:

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<sup>12</sup> See *Canada AM*, 12/7/ 1987 during an item concerning the "wave of protectionism that seems to have gripped Congress"; *The Journal*, "Free Trade For Sale", 1/7/88, where Paula Stern is interviewed by Barbara Frumm .

The mood is, well, uh, uh, not on the part of the administration but on the part of the public which is the backdrop to this, very bad. It's a sour truculent mood just to judge from the legislation which came down out of the house; almost xenophobic at some times. And the kind of legislation we expect from the Senate will be the same sort of we're-not-going-to-take-it-anymore-from-you-foreigners attitude.

To which Robertson commented: "So it could indeed be long and difficult as the Prime Minister alluded." And, to which, Oliver confirmed, "I think there could be far worse coming". (CTV News, 10/27/86) On another occasion Terry Malewsky "reported":

On Capital Hill, where the free trade agreement will live or die, President Reagan's telegram of notification arrived this morning to be read by the clerk. First reaction [was] muted but there were warnings that the agreement would not get a free ride in Congress.

[quoting George Gekas a "trade specialist"] "the protectionist mood... for political purposes as I see it. That protectionist mood could come crashing down against [an] agreement [which] could mean total new prosperity for the U.S."(The National, 10/6/87)

It was eventually conceded that the FTA would sail through both houses in the U.S. with hardly enough opposition to threaten unanimity. But for a long while the constant re-ain of protectionism served to heighten the sense of urgency concerning the need to pass the deal, and the dire consequences, should the Americans not wish to ratify it. This scenario seemed intended to get Canadians to push harder for the successful resolution of the issue and was part of the daily coverage of the deal for weeks.

Events, such as the U.S.-Canada lumber dispute, and the fisheries and shakes and shingles issues, further worked to provide the impression that the FTA was going to protect Canada from the vagaries of American moodiness. The agreement that was eventually passed was then promoted as a solution to all the trade problems currently facing Canada, especially because of the inclusion of a ( non-binding) disputes settlement tribunal, touted as Canada's "bottom line". In this context it was reported that "[b]oth sides say that Canada won its major demand", suggesting that Canada came away from the talks victorious. (Canada AM-CTV News, 10/5/87) "Both sides" here, of course, refers to both the American and Canadian sides of the negotiations, both of which favoured the deal.<sup>13</sup> Quite obviously, to everyone but journalists, it was in "both" sides' interests to claim, given Aho's comments, that Canada "won its major demand". (However, as mentioned in footnote 34 of Chapter Four above, the candid American view seemed to believe Canada did not fare so well.)

The question as to who established the dispute settlement mechanism as the major demand, or whether Canada's demand of a **binding** mechanism was agreed to, was never really clarified. On the other hand, the protection of the Autopact, control over Canadian resources and foreign investment and medical services, which were considered significantly higher priorities by many who opposed the deal, and which were neither obtained nor apparently fought very hard for, were not initially mentioned in this news report, except to "confirm" that the Autopact would not be touched.

In this context, the coverage of the FTA, especially in 1988, (after the text was, in theory, available for debate), did little other than follow, or

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<sup>13</sup> With reference to my Chapter Four, part three.

parallel, the business lobby's effort to sell the deal; as opponents of the deal were dragged along for the ride. The coverage never seemed to be very self-reflective of its own role in the selling effort. As a consequence, it became constitutive of that effort. Indeed the rhetoric used in describing the deal, for example as "historic," as a "triumph", as the struggle to successfully complete and ratify the deal, as an uphill battle, meeting various potential and actual impasses along the way, as an event whose signing, at one point, was in jeopardy, cannot be seen as neutral. For it lent impetus to the side which had an interest in pushing this deal to full term. <sup>14</sup>

By simply reporting, as it did on this occasion, what it was told by the representatives of the pro-side, the press frequently, either knowingly or unknowingly, lapsed into the role of midwife to the final act. This was especially so toward the end, as Canadians were prodded to push a little harder and hope a little harder to help deliver the final product. This is evidenced in some of the language used concerning the possible hurdles the Tories might face in selling the deal. And so David Halton mused:

There's a sense that Mulroney did well on two scores. He indicated that he won't be sidetracked by dissenting provinces...at the same time he was careful not to get into a kind of slanging match...[and he] didn't oversell free trade...( CBC News, 11/23/87)

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<sup>14</sup> The term 'historic' was one most often chosen by Reagan and his various spokes-people to describe the deal. See CTV News, 3/5/87, where Reagan's position is paraphrased; CTV News, 10/4/87 where Lloyd Robertson begins with "[i]n the wake of the historic agreement", as well as in the interview with Clayton Yeutter which follows on the same program; See also CBC's *The National* where Mike Duffy reports, "Officials at the U.S. Trade Office call the deal historic." CBC, October 4, 1987.

But later we were told that it was part of Tory strategy not to oversell the FTA; that this was the advice given to Mulroney by Hugh Segal, a key PMO advisor, to "keep it simple, personalize it, don't oversell it". (The Journal, 1/7/88) None of this advice, it must be stated, could possibly have been acted upon without at least the tacit cooperation of journalists. Any question of balance, it seems to me, therefore ought to be understood within the context of the press being swept along by events and discussion, largely informed by, and even orchestrated by, advocates of the deal. By constantly, almost obsessively, informing Canadians as to the progress of the negotiations and its potential pitfalls, journalists largely waived along the FTA's relatively frictionless passage. But then again, from their point of view, what choice did they have, given the criteria of neutrality and balanced they applied?

### The Retrospect

Given the very close coverage of the deal, and the contribution journalists could have made to improve the general level of understanding, the actual coverage itself becomes a double tragedy and an opportunity doubly lost. This is the case, first, because the actual coverage really only served to increase the general level of misinformation concerning economics, and second, because the only thing which the coverage did do particularly well was to create an atmosphere which stimulated public interest and established an aura of intrigue. This could only have helped the side which hoped that the deal would succeed (perhaps, however, less than its preferred option to have the FTA passed without consulting the people of Canada). In addition, and at the same time, it provided a forum for the business lobby's views on



issues such as government spending, the deficit, tax reform and interest rate policy, all of which still top the public affairs agenda today.

With economics portrayed as a difficult field to understand, the coverage of the free trade issue was made even less comprehensible. Viewer dependency upon journalists was encouraged all the more by journalists' pretense to understand the goings on in the business world. Fawning after business "experts" solved a problem for journalists, as their own legitimacy as reporters of business news was on the line. But it complicated the issue further when such 'experts' added to the confusion with puffed up rhetoric and stimulating theories concerning the FTA and economics in general. (Klamer et al.) Whether such theories had anything to do with the social reality they claimed to be describing was also apparently considered besides the point by journalists. Nor did journalists question in whose interest it truly was that the population be informed or remain confused. Again, these factors favour one conception of what balanced, neutral and disinterested coverage is. But they are all factors which ought to have been considered, not just by journalists, but also by the Fraser Institute in the process of developing its methodology.

Journalism therefore has functioned in this instance, I would argue, as little more than a conduit for a specific set of economic ideas which, much like the ideology it preaches, has a closed and self-interested nature. Apologists for this set of economic ideas see their discipline as necessarily highly abstract. And so, in the course of posing as "consultants", they were afforded the opportunity to prattle while they preached. The average person and most journalists, on the other hand, heard an argument which, on the

surface, merely appeared confounding and inaccessible. This is unfortunate, but not for the reasons the Media Archive claimed in its publication. Rather, beneath the surface of these arguments lay a very reactionary message, and likely not a very popular one, whose meaning could have been very clearly and simply articulated or exposed. But it was not in the nature of the journalism we saw to do so. Unexposed, the convoluted manner in which economists spoke consequently actually lent a legitimacy to their position.

The discussion of economy in general, it can be said, affords business lobbyist in particular the opportunity to "manage" issues to their advantage. It enables the "spin" they put on the economic and social agenda to gain wide publicity. This gives them even greater power than they would otherwise enjoy in their attempt to influence the political agenda of the day. This relation between public affairs and public policy-making surely is a fact journalists must know of. Why then is it ignored?

Perhaps the answer is that for most journalists, and perhaps for most everybody, in a period of the monetarist counter-revolution, economics is assumed to be a discipline whose proponents almost automatically are conservative. Perhaps this is because we all have an image of who we assume ought to have a say on matters of economy. Recently we have been lead to believe that only conservatives and successful businessmen ought to have that say. The effect this has had, however, on the general level of understanding concerning issues of policy and economy, is to undervalue the ideas of those who are more liberal minded on issues of economy. It suggests, even to those journalists who might otherwise be more open minded on any number of other social issues that economics is, more or less, the exclusive preserve of conservative thinkers.

If and where the Fraser Institute's studies conclude that the coverage of the FTA was not fair, equal and balanced it did so, I contend, for the wrong reasons. The debate which surrounded the FTA, it is true, did not afford the potential for a true exchange of ideas. Hardly ever, if at all, was there frank discussion on the nature of the visions and philosophies which underlay both sides of the debate. The debate, instead, was treated, naively by journalists, as being between two equal parties whose only purpose was to win the day through open advocacy of clearly stated positions. Today most Canadians (still) know nothing of the relationship of the business view of economy and society to the advocacy for, and the passage of, the FTA. Nor, at the time, did they know of the business lobby's behind-the-scenes efforts to secure the deal. Since the election it has become common knowledge that the business lobby spent in excess of \$50 million to help sell the deal.

Few people outside the business community really understood the extent to which the FTA was designed to rewrite the relation of the role of government to business and society. This in itself gave that side a considerable advantage in developing a debating strategy. For this reason alone it would be difficult to demonstrate that the business point of view was underrepresented. There is no doubt, as the Fraser Institute contended, that a consensus existed among business economists that free trade was a good thing. But in spite of the Fraser Institute's contention that the economist's point of view was underrepresented, there should be no denying that journalists drew upon that body of opinion to develop their well of information. This in itself affected the coverage significantly, both in the characterization of the debate and in the undervaluing of the profundity and significance of the disagreement over free trade.

The disagreement, among economists, especially business economists, was significantly less than it was in any other sector of the Canadian mosaic. By calling upon such "experts" and "analysts" from within this sector as much as they did to inform themselves and the rest of the population about the FTA, journalists coloured the "factual" and "objective" side of the debate considerably.<sup>15</sup> To do so, to the extent the Fraser Institute's view implied, would have turned the "debate" into a ritualistic assent acknowledging the incontrovertibility of the business lobby's view. This ought not to be the way we define the notion of a balanced approach toward our public affairs.

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<sup>15</sup> The Fraser Institute, as I noted, claims economists were not cited enough! Left wing economists, however, considered mavericks in their own field, are given even less access and even then are usually permitted to speak on an issue as a voice in the wilderness.

## CONCLUSION

This thesis has in some sense attempted to plot a middle course between more radical views of the Marxian tradition, with which I do not necessarily quarrel, and other liberal and more conservative views which, from my point of view, may be less adequate in their analysis. I have done this for two reasons. The first is that I wished to avoid the accusation, as much as possible, of being unfair to those conservative thinkers, the thoughts of whom are so central to my thesis. Yet I am sure there will still be some who consider that I have not gone far enough in that direction. While others will find that I have gone too far. Taking the ideas of conservatives seriously by conforming to their ground rules—that thinkers be considered from their own points of view and criticized within that frame—I have attempted to demonstrate good faith.

My second reason for taking the approach I did is that I have come to believe that public life and its affairs do not, at least for the time being, lend themselves well to critiques that are considered too far off the mainstream. Again, this is not to downplay the importance of any such analysis. Rather, it is to point to a task which those who take both public affairs and public policy seriously must undertake in a way which does not imperil the task's success. This may sound like reformist logic of the wrong kind, but perhaps I might make my point better by returning to the words of Meiklejohn:

In 1849 Matthew Arnold, then twenty-seven years of age, published his first volume of poetry. It was called *A Stray Reveler and other Poems*. In the same year Karl Marx, the German-Jewish exile, began his work in London....For thirty-four years these two men—the Strayed Reveler and the exiled revolutionary—lived in the same city. It was hard to imagine two men with social backgrounds more different. And yet they were curiously alike in

fundamental motive. They were both trying desperately to understand an English society. And in curiously different ways they were both arriving at the same conclusion.

In his own way, Arnold was quite as deeply concerned with the contradictions of capitalism as was Marx. He knew little of technical economic or political theory. But he did know literature and teaching. And in both these fields he found human tragedy arising out of human institutions....I am not here raising the question as to which of these two leads is more promising....In fact, there is no need to choose between them. And we do not understand either Marx or Arnold except as we see the basic identity of direction between their obvious and manifold differences.

In a way what Meiklejohn said of Arnold in relation to Marx I am saying about Meiklejohn and Keynes. A "manifold [of] differences" are there, yet we do not understand any of our protagonists unless and until we understand their connectedness. Meiklejohn continues:

And, further, it is worthy of note that, for thirty-four years, these two men, though living in the same city, did their thinking in total disregard of one another. It was from intellectual dislocations such as this that Comenius had wanted to save England. (MKJ, 1942: 36-37)

The purpose of this thesis was to point to such "intellectual dislocations", such distractions, as Meiklejohn also called them, in order to alert readers to the consequences of these dislocations. For those "as deeply concerned with the contradictions of capitalism as was Marx", who have "found human tragedy arising out of human institutions", the query is: what is to be done? Shall we take notice not just of the human tragedy but also of the value and former purposes of human institutions or shall we ignore them and overlook them as we have become, in my belief, so accustomed to

doing? If the former, then how do we propose building or rebuilding? According to what plan and for what purpose? What shall we take as given and what shall we say is dismissable: to be jettisoned onto the scrap heap of history. Before we answer such a question we should consider that the twentieth century began by posing that question and as it comes to a close, it seems to have been concluded that nearly anything is expendable from one point of view or another. Acting in concert, in this one regard, we seemed to have jettisoned it all in the end.

In this thesis public affairs television has come to represent the divisiveness, the mental distractedness, the indolence of mind and oblivion of purpose or character which Arnold, Comenius and Meiklejohn decried. Television for me is still not a given. I have not accepted its impact. This is why I rail against it in the hope that somehow, someday, those who work its beat will come to understand some part of what they are doing and take some responsibility for their actions. This may seem naive. But it is posed not as a theory but rather as a plea.

Karl Mannheim wrote that

acting [persons] have, for better or worse, proceeded to develop a variety of methods for the experiential and intellectual penetration of the world in which they live, which have never been analyzed with the same precision as the so-called exact modes of knowing. When, however, any human activity continues over a long period without being subjected to intellectual control or criticism, it tends to get out of hand. (Mannheim, 1936: 1)

From my point of view television reflects that part of our social life which is truly out of hand. Yet in the good Puritan spirit to which it has

adapted, it gets out of hand in a very selective and controlled fashion. By its getting and being out of hand it takes others in hand. This cannot be understood except by submitting the philosophy we find inherent in it to the careful scrutiny Mannheim has in mind. I am not saying I was fully able to do this in this undertaking. I did caution the reader in the introduction that this work could only hope to be a prolegomenal glimpse at the subject I have chosen.

Because of the sheer depth of the problem inherent in our public affairs, I therefore felt it necessary to take a very long running start before finally plunging onto my mark. It may therefore appear to some that I landed with a rather heavy thud. Again, this reflects my sense of the gravity of the situation. I hope it is not too presumptuous to say in this context that I believe policy changes only take place within an environment where at least some will point out the value of social institutions and the value, therefore, of regulating some domains of social life. This is not posed for the purposes of controlling, coercing or harming anyone; it is to protect those most likely to be harmed by the vagaries of life, in the belief that only a positive affirmation of the purposes of social institutions will provide an environment where this is possible. Ultimately, then, it is an argument against the sullenness of our public affairs, which public affairs television too often celebrates in my opinion. The hoarding principle Keynes decried in capitalism operates as much and as effectively in public affairs as any where else. And its consequences are, from my perspective, as dangerous.

As Meiklejohn suggested, the danger in the laissez-faire view, in Locke's ideals, in his practice of what he believes, is not in its being conspiratorial but rather in its being all too pragmatic. We note the "the aggressive exploitation of the weak by the strong, which we call Capitalism".



(MKJ: 24) But we are too often are dumb-founded by its dominance, yet remain too comfortable with its comfortable demeanor to act with the fury that is required to dislodge it.

The philosophy of laissez-faire absolves one and all (who are responsible) from responsibility. It further suggests, encourages and then guides us through our unthoughtful and un-responsive state. It actively crowds out those who would choose to be responsible, and does so ultimately for that most distasteful reason: in the name of pluralism, tolerance, and reasonable cooperation.

Ultimately, the strength of contemporary public affairs lies in its hypocrisy; this is not a happy legacy. But this calculated approach to life, again unfortunately, is perceived by its practitioners as merely a game, a pleasurable experience. Its impact is to shame its opponents into silence. Ironically, dissenters find themselves the Puritans of the piece: calling for a tempering of the destruction, an alleviation of the exploitation, and a refinding of the well worn, and now easily discredited, virtues of the past.

The indolence of their imagination makes our cause all the more lost. In that regard public affairs television became not so much the battleground in this thesis as the line beyond which one must not go. I have attempted to look, in this light, at the pivotal role television now plays in the life of the democratic process.

This is so because history is quickly unfolding the way Hayek said it should. The "strongest" are surviving. The weakest are being pushed aside. The marketplace of ideas finds social democratic and true liberal values close to being worthless tender. The question I ask here resembles the one I asked at the end of the part three of Chapter Four. The question concerned what labour's response might be to the implementation of the FTA. Television's

power, much like Smith's power, lies in its ability to evoke cooperation, indolence and passivity from the publics which surround it. The continuation of such indolence can only mean that the process of natural selection, for which our public affairs is now a spawning ground, will select the good out and continue us on our evolutionary path. That path itself will allow this "evolutionary logic" to finally overtake us. I wonder what our response might be.

It seems to me that it is time to reassemble the forces of light, which is the final reason for choosing a middle course in this endeavour: to draw attention to our commonality of purposes, not to our differences. In this respect we can learn from the forces of reaction who have coalesced against us so successfully in the recent past.

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