Reproducing Neoliberalism: the power of Canada’s poor

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Abstract. Based on the varying views of power under neoliberalism, the literature draws divergent conclusions regarding its quality as a policy approach. Neoliberal economic restructuring is generally regarded as positive by the conservative public choice school, as positive by some Weberians and negative by others, and as overwhelmingly negative by Marxians and feminists. Critics usually present restructuring as something that is happening “to” us, that is presented to us as a fait accompli, handed down by bureaucrats and elected officials influenced by international business. This view obscures the role of the average citizen in pushing restructuring forward, not only in allowing it to happen, but also in actively performing it. In response, this paper suggests a focus on individual actors at the local level that locates the expansion of neoliberalism in intersecting global and institutional, as well as in individual sites, without obscuring the various oppressions generated by restructuring.

Keywords. Neoliberalism; poverty; agency; intersectional approach.

An extensive debate on neoliberalism concerns the question of power. How should power be theorized? Which actors hold power and, therefore, can be seen as the motor that drives neoliberalism forward? The public choice, Weberian, Marxian, and feminist research traditions each have their particular answers to these questions – although, of course, there are some internal divisions over the answers as well. Based on the varying views of power under neoliberalism, divergent conclusions are drawn regarding its quality as a policy approach. Thus, neoliberal economic restructuring is generally regarded as positive by the conservative public choice school, as positive by some Weberians and negative by others, and as overwhelmingly negative by Marxians and feminists. Critics usually present restructuring as something that is happening “to” us, that is presented to us as a fait accompli, handed down by bureaucrats and elected officials influenced by international business. This view obscures the role of the average citizen in pushing restructuring forward, not only in allowing it to happen, but also in actively performing it. In response, I suggest a focus on individual actors at the local level that locates the expansion of neoliberalism in global and institutional, as well as in individual sites, without obscuring the various oppressions generated by restructuring. The paper begins by exploring some existing approaches to understanding power and neoliberalism before explaining the focus on the individual and the research project concerning economically and politically marginalized families in Montreal.

Power in the Neoliberal Era: Individuals, Institutions, Classes, and Gender

The forces that drive neoliberalism have been located in individual will, the institutions that shape how we see the pressures of the globalizing world, a class struggle in which capitalists carry the day, as well as a class, gender, and racial struggle. The public choice school assumes that individuals act rationally to maximize their own interests. From this perspective, institutions are analyzed for their efficiency in shaping individual preferences (Chilcote, 1994: 190). During
and after the crisis of the Keynesian Welfare State in Canada, the conservative public choice school has found the competence of government and its institutions wanting, blaming them for the crisis. The state is said to provide the wrong type of opportunities for individuals, in the shape of extensive redistributive programs, leading them to make wrong choices that create inefficiencies in the market. The wrong choices range from preferring unemployment insurance over a minimum wage job to organizing special interest groups to lobby the government for favourable decisions to the detriment of the majority of individuals (Courchene, 1992: 759-60; Olson, 1996: 74-6, 82; see also discussion in McKeen and Porter, 2003: 116). Motivated by the crisis, individuals have demanded greater participation in governance (the steering of society by providing a coherent direction, Peters, 2000: 32), which has come about through a restructuring that allows cooperation and resource-sharing between the public and private sectors, ostensibly creating greater transparency and accountability through consumer choice (Pierre, 2000: 333-4, 349).

The synopsis of neoliberalism provided by its advocate Thomas Friedman (quoted in Albo, 2002: 46-7) can be seen as a rallying point in supportive and critical camps. The “golden rules” of liberalism are a private-sector dominated economy, low inflation and balanced budgets, small bureaucracy and public sector, free and competitive international and domestic trade and investment, and allowing citizens a choice among competing investment programs. For the conservative public choice school, these rules lead the way to better opportunities and choices for individuals and, therefore, more economic growth and prosperity. All existing capitalisms are seen to be converging on this model (see Kitschelt, 1999: 443-4) in which power lies with the individual and her freedom to make choices. For analysts using rational choice from progressive or Marxist perspectives, individual rationality is more complex because choices are seen as influenced by an individual’s structural position (see Chilcote, 1994: 191, 296-7). Weberians also find unconstrained choice problematic and consider the supposed unidirectionality of the golden rules as overstating reality, while Marxists criticize these rules as appallingly negative.

From a Weberian perspective, politico-economic reality is much more variegated. Historical institutionalists, for example, attempt to analyze politics in terms of its institutional context, where institutions are the formal rules, procedures, and processes that structure relationships (Thelen and Steinmo, 1992: 2). They certainly agree that restructuring has taken place in the aftermath of the Keynesian Welfare State’s crisis, and also that this restructuring has been toward the neoliberalism of Friedman’s discussion. Nonetheless, there is some question regarding divergence among the types of state that emerge from restructuring because institutional differences among the advanced Western countries are thought to have caused path-dependent developments. That is, the results of restructuring may differ according to institutional patterns. It is contended that the golden rules of neoliberalism have taken a stronger hold in the previously liberal individualistic political economies than in the coordinated and collectivist ones due to their institutional histories. In sum, the argument holds that development is not necessarily toward one theoretically most efficient model, but rather toward various models that best promote a country’s economic interests based on its existing natural and institutional characteristics (Kitschelt et al., 1999; Hall and Soskice, 2001).

Thus, for institutionalists, individual actors have the power to make choices, but their rationality is bounded by institutions (Kitschelt et al., 1999: 440). The question then becomes which institutions are the most important, the most powerful in the contemporary era of neoliberalism and globalization? For some, there has not been an obvious transfer of power away from the state. They find that governance power has indeed shifted up to supra-national (continental and international) levels as well as down to sub-national (provincial and municipal) levels, but argue that this does not necessarily mean that the nation-state has lost influence because governance is not a zero-sum game. These authors see the central state as the body that shapes the direction taken by other regulators and decides how much discretion to give them (Clarkson and Lewis, 1999; Peters, 2000; Hirst and Thompson, 1992). For others, power has become concentrated at the sub-national level. These analysts conclude that regional institutions have become the key drivers of economic growth and that we should look to this level for important developments (see Wolfe, 1997). Still others look to the supra-national level for institutional processes that constrain the policy-choices of nation-states, arguing that the policy preferences of “global managers – officials of the multilateral institutions (IMF, World Bank) and executives of transnational corporations and global bankers” shape national policy directions (McMichael, 2000: 133-4).

For Marxists, on the other hand, not only is neoliberal restructuring dangerous, but individual rationality – whether bounded or not – is meaningless in the structural reality of class struggle under capitalism. Here, neoliberal restructuring is seen as the result of a battle in which capital is increasingly gaining the upper hand. In the post-war, Keynesian Welfare State era, a state-mediated social consensus between labour and capital gave labour extensive collective bargaining rights and fostered the growth of social programs to redistribute wealth and ensure some minimal level of socioeconomic equality. In Canada, the capitalist class tolerated these developments because it saw them as a legitimation of the free enterprise system and a way to solve economic management problems after the Great Depression (McBride, 2001: 57-8, 64). The crisis of the 1970s allowed capital to clearly regain the upper hand, leading, among other things, to the re-emergence of finance capital as a powerful agent dependent on deregulated international capital flows and as a key shareholder in, or owner of, productive companies. Finance capital has less interest than productive capital in appeasement of labour, instead focusing on pressuring the state for further trade and capital liberalization and its integration and concentration in 17 dominant ventures allows it to veto government initiatives (Carroll, 1989: 81-4; Albo, 2002: 50; McBride, 2001: 64-5). Some hold that the state has actively aided capital’s objectives and concentrated its own power in the executive, lead-
ing to a decrease in political accountability and transparency but certainly not in state power (Albo, 2002: 51; Brodie, 1995: 51; McBride, 2001: 145), while others find that neoliberalism and globalization have transcended the nation-state’s governance capabilities, rendering it relatively helpless (see discussion in Panitch, 1994: 62-3). Regardless of whether the process of neoliberal globalization takes place under the aegis of the state, it has transformed the post-war context of labour/management negotiation into one of employer hegemony vis-à-vis an increasingly insecure and flexibilized workforce (Burke and Shields, 2000; Gabriel, 2001: 236). In sum, power is once again firmly in the hands of capital, particularly its financial sector.

Feminist Marxists take issue with the orthodox focus on class. They find this to be a much too reductionist concept since it obscures the domination of women; these analysts locate oppression not only in class but also in gender. For them, the end of the post-war social consensus and concomitant shift of power further into the capitalist class’ hands means not only the end of the welfare state and less democratic political participation for the mass of citizens. It also brings a transfer of burden from previously state-held responsibilities onto overwhelmingly female shoulders. Cutbacks and restructuring in healthcare, welfare, unemployment, daycare, and so on, primarily affect women who are expected to take on the extra work of caring for other family members, and who continue to disproportionately represent those most in need of a social wage in a gender biased job market and society (Brodie, 1995). Feminist Marxists find that an understanding of neoliberal restructuring from a strictly class perspective does not go far enough in explaining the variegations in burden-sharing within classes. They argue that power has not only shifted further back toward capital, but also that this results in a particular loss for women, who had made great gains in equality through the welfare state. This is a view shared by liberal feminists more influenced by the institutional approach (see Vickers, 1997: 160).

From an intersectional perspective, even Feminist Marxism does not go far enough in explaining varied experiences. Further divisions exist according to intersections between class, gender, and race, sexuality, age, disability, and others (Gabriel, 2001). Thus, “a woman who is Black (White), Spanish (English) speaking, and a doctor (waitress) does not experience herself in disjointed segments of gender, race, ethnicity, and class; rather, all these elements are produced and reproduced within the same everyday experiencing of her life” (Acker, 1999: 51). The multiple locations of oppression must be accounted for.

The essence of this discussion is that the different research traditions have varying ideas of where power rests and what drives neoliberalism forward. For the public choice school, power rests with individuals and their choices have brought about the advent and consolidation of neoliberalism. For institutionalists, power is to be found in institutions, whose characteristics in turn shape neoliberalism in response to technological innovations. For Marxists, power lies in the structure of production and class struggle engenders restructuring, while feminist Marxists find that power also rests in patriarchal social structures. Finally, for intersectional analysts, power is to be found in the intersection of various structures (patriarchy, capitalism, racism, etc.) and neoliberalism is furthered by capital and technology.

The works critical of the public choice approach and neoliberalism are curiously devoid of considerations of individual responsibility. This is not to say that they do not take individuals into account. The intersectional approach argues for the importance of the particularities of different individuals’ specific experiences. Gabriel (2001), for example, shows that the structural position of women of colour in the Canadian labour market makes them particularly vulnerable to the adverse effects of neoliberalism. There is also the Lefebvrian discussion of the “everyday” as that which links individual lives to the economy. Using this idea, Keil (2002) focuses on how the urban (in this case, Toronto) is the global; how urban citizens constitute global change (without, however, considering the differential impacts of neoliberalism on class, race, and gender). Both Gabriel and Keil regard the individuals they study largely as would-be protesters, assuming that those who are negatively affected by neoliberalism are potential recruits for resistance movements. Neither seriously considers how these individuals live out and reproduce neoliberalism, pushing forward restructuring.

**Individuals in the Reproduction of Neoliberalism**

In order to respond to the gap in the literature, I propose an ethnographic study of poor families in Montreal. Montreal is a culturally diverse city that is home not only to francophone and anglophone communities, but also to a wide diversity of immigrant communities. At 14%, its poverty rate is five points higher than the national average, there is a shortage of affordable housing, and poor and immigrant families are particularly affected by limited availability of state subsidized programs such as daycare (Foundation of Greater Montreal 2012). Seven families from different cultural and ethnic backgrounds – francophone Quebecois, anglophone Quebecois, Haitian, Indian, Mexican, Moroccan, and Sengalese – will be interviewed and observed for a period of one year. The differences in heritage and characteristics provide a good variety of racial, religious, cultural, and women’s role factors for study. The aim is to study three elements of the families’ lives: how existing structures of labour market flexibility and increasingly limited state support programs affect their economic opportunities; how their class, cultural, ethnic, and gender characteristics intersect with these structures; and how their employment, entrepreneurial, consumer, and political choices interact with these structures. As much as these families may have mobilization potential for resisting austerity policy directions, I hypothesize that their choices actually support such a policy context. In doing this, I draw on the analyses of the sociological and anthropological literature dealing with poor people’s politico-economic realities in Latin America and the Caribbean.

The stimulus for my project comes from two anthropological studies: Oscar Lewis’ (1959) path breaking analysis of
five families, four poor, one well-off, in Mexico City and Freeman’s (2001) exploration of women’s work in the Caribbean. Lewis observed and interviewed the five families over a number of years, recording their routines, personalities, interactions, desires, and relationships with other members of their communities. In his book, he describes a day in the life of each family and draws broad conclusions regarding their choices: they live in, and perpetuate, a culture of poverty, by focusing on the immediate satisfaction of consumerist desires rather than on bettering their lives and those of their children. I want to draw on this work’s methodology, concentrating on the experiences of particular families, rather than on more superficial data dealing with entire communities, to gain a thorough understanding of how people live the reality of state retrenchment.

Although I wish to reproduce something akin to Lewis’ methods, my theoretical perspective takes a different turn. I do not believe that the culture of poverty is a perfect fit for analyzing the reality of poverty in Montreal in the early 21st century. Instead, I hypothesize that there are several reactions to the structural context of class, cultural, race, and gender based inequalities, ranging from the immediate satisfaction type of behaviour described by Lewis to concrete strategies for improving income and education levels. Nonetheless, both responses (and those falling between the extremes) tend to perpetuate the context. The immediate satisfiers lend credence to the public choice reasoning that state-subsidized programs support the negative impulses of the poor, while the strategizers focusing on hard work to get ahead are loath to draw attention to themselves by demanding better programs and greater equality, thereby sustaining the individualizing and inequalitarian status quo. In all cases, as much as the intersecting characteristics of the families and the individuals within them make them particularly vulnerable to the economic context, their choices have an important impact on that environment.

Carla Freeman (2001) has analyzed the lives of Caribbean women workers who are both exploited by and take advantage of global economies. While mainstream theories of globalization focus on the power of large actors and institutions, Freeman argues that globalization is also reproduced by individual actors rooted within its processes. She studies a group of women formally employed in the offshore information industry, where firms in industrialized countries outsource telephone operator activities, data entry, and so on. Wages are low, expectations are high, work is feminized, and the women find that they have to work in the illegal informal economy in their spare time in order to make ends meet. A number of them use performance incentives offered by their employers to travel internationally to buy clothing and other small consumer goods that they then sell through informal networks at home. They try to dress fashionably and they like to watch pirated Hollywood movies. Although the economic system exploits them, these women make work and consumer choices that reproduce the system.

In fact, sociologists and anthropologists studying the Latin American and Caribbean region have long argued that the poor are not just helpless victims of their contexts, but are strategic actors who use the resources available to them to meet their goals. Portes (1972) showed that slum dwellers across the region are highly rational in their decisions. While other analysts reasoned that low rates of participation in voluntary associations demonstrated apathy and resistance to moving from slums to government housing projects were signs of preferring disorganized and unhygienic living circumstances, Portes used data collected in a number of studies to disprove these views. Slum dwellers participate in community and other associations when such activity is necessary to reach their goals. If they do not participate in the long term, it is because the time spent on activism is a luxury vis-à-vis more immediate necessities such as work, housework, and family life, and if they do not participate in radical movements, it is because they prefer to focus on getting ahead through hard work. Resistance to government housing may be due to an unwillingness to undergo constant scrutiny by government officials, or simply to the fact that slums tend to be more centrally located in cities and, therefore, closer to employment opportunities. Slum dwellers, Portes argued, are much like members of the middle classes in acting to meet their goals.

More recent analyses of the economic and political realities of the poor in Latin America and the Caribbean support Portes’ position, but also point to the negative external repercussions of the choices made. Gay’s (1999) case study of a Brazilian slum demonstrates that common perceptions viewing slum dwellers engaged in clientelistic exchanges of votes for resources with politicians as hapless victims of nondemocratic vote-getting schemes are inaccurate. Instead, the participation of the poor in such exchanges is a method of accessing resources and ensuring accountability of elected politicians. By demanding that the resources are distributed prior to the vote being granted, the poor are able to get goods and services that are otherwise not available to them and guarantee that politicians keep their promises, which they forget easily once elected to office. Yet this strategy is problematic because accountability is limited and programmatic responses to the needs of the poor are not promoted. Since the vote goes to the politician making the best material offer, slum communities sometimes support politicians whose policy preferences hurt their interests in the long run.

Auyero (1999a, 1999b) similarly shows that poor people’s exchange relationships with the political brokers of the Peronist party in an Argentine community are rational. The brokers expect their clients’ support for the party in demonstrations and during elections, and in return they intermittently distribute goods and services. For the clients, the trade makes sense. It provides them access to resources – ranging from employment to medication and food subsidies – they would otherwise not know how to get and it provides them with a leadership figure around whom they establish a community identity that makes life in the slum more bearable. At the same time, the clients’ consent to the relationship perpetuates exploitative relationships and hinders the development of horizontal solidarity in the demand for better programs and services. This is not to say that the poor have no political vision or ideals, but rather that, as Shefner (2001) has so astutely pointed out, justice cannot be eaten: the immediate needs of the poor outweigh their long-term goals.
in strategic cost-benefit calculations. Their support of politicians whose policies perpetuate inequalities is based on the need to survive in the immediate term.

In my own work in Mexico, I have found evidence to support both the culture of poverty and the strategic actor theories. For example, in December 2004, I met two women living on a squatter plot in Mexico City, who had very different perspectives on the project in which they were participating. The plot was occupied by the members of an organization lobbying the government to regularize their housing situation and subsidize the building of permanent lodging. The squatters lived in single room, self-constructed cinderblock dwellings and knew that they would have to wait for years to gain access to decent housing in a city where the housing shortage affects at least 22% of families (Horbath Corredor 2003). The first woman was not employed and had been living in similar settlements for about 20 years, taking advantage of the protection of squatter organizations from the authorities to not have to pay rent and other bills, such as electricity (which was pirated). She now occupied her room with her daughter, daughter-in-law and their children. The second woman had been living in the settlement with her husband and children, her parents, and her sister’s family for three years. All of the family members held jobs and each family nucleus occupied a separate dwelling. They decided to move to the settlement from their rented apartments because they were not able to save enough to buy their own property while paying their bills. Squatting allowed them to increase their savings and they were actively looking for a plot of land to purchase and begin construction. The first woman and her family resemble Lewis’ portrayal of the culture of poverty, while the second woman and her family are a better fit for the strategizers described by other authors.

Based on these theories and the evidence from Latin America and the Caribbean, I hypothesize that similar variations exist in Montreal, with some families being satisficers and others strategizers. I also hypothesize that both types, and those falling in-between, perpetuate the system that has generated their situation in the first place. Their consumption choices support free trade. They tend to vote for parties favouring private sector growth and protection, free trade, balanced budgets, and cuts to social programs. If they invest, they do so in private sector options building on growth – including at the international level – rather than social conscience. Their activities in the informal economy are both a by-product of labour market flexibilization and poor wages, which force them to work on the side to reach their goals of advancement, and take pressure off policy-makers, since informal work allows them to meet their goals, making them less likely to demand change (see Portes and Haller 2005). Finally, they are willing to work jobs where they face exploitation and discrimination based on class, gender, race, and culture. To be sure, they do not necessarily have a great deal of choice on the job market. The point here is not to blame the victims of the system, but to draw attention to the reproductive side-effects of their actions.

Conclusion

In a brief word of conclusion, existing studies critical of the public choice approach and of neoliberalism in the Canadian context fail to address individual responsibility for the further development of neoliberal policy and ideology. The focus on individuals at the local level suggested here proposes to address this gap by considering both sites of individual oppression and individual responsibility.

References


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