
WOMEN AND
ECONOMIC STRUCTURES:

A Feminist Perspective on the Canadian Economy

by Marjorie Griffin Cohen

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Most of us recognize that as individuals, we have some control over our own lives. By acquiring the right skills, making the right choices, and being in the right place at the right time, we can determine how we will live. We have some control over how much independence and freedom of action we have. Women generally tend to resist the notion of ourselves as victims of circumstances. And it is essential that we continue to feel empowerment over our own lives.

But unless we've been really lucky and were born rich, brilliant and gorgeous, many women come up against constraints which defy solutions any individual, all alone, can devise. When we live in a society which requires that many people not work and that many others are underemployed or receive less than they are worth, the power many have to take care of themselves can be extremely limited.

Our society relies little on planning and mostly on market forces to structure our circumstances. Each of us is enormously dependent on the market getting things right. If something goes wrong, as it does periodically when the market is less than efficient, we become extremely vulnerable: some people lose their jobs, many

see their incomes reduced, and we are all told the economy simply cannot maintain social programs in the way it once could. Those whose economic circumstances are most precarious (the old, women, immigrants, people of colour, natives, and youth) suffer first and hardest.

The market is not getting things right at the moment. More than 10% of the workers of Canada can't find jobs. The federal government would have us believe that the economic crisis is a result of world-wide forces which are beyond the ability of the government to control. We must not believe this. The hardships people are now experiencing have been imposed on us by this government.

The government is imbued with the philosophy that things have gone wrong in the past and the economy is now in a mess because the government has been too much involved. The belief currently in ascendance is that we really need to leave our future to nature. That is, that the natural working of the vast, world-wide market mechanism will eventually sort things out to the benefit of all, as long as we are willing to be patient and flexible.

Women have long recognized that when markets are left alone, and business is left to pursue profits any way it wants, things do not turn out well for us. Our efforts, as feminists, have been to correct the deficiencies of the market. We recognize that market forces alone cannot provide us with sufficient jobs and social services and eliminate the grossly unfair ways we are treated.

Our experience is that justice and fairness have to be imposed on the market: they cannot be left to chance.

We are now experiencing a massive restructuring of our society and economy. Part of this has to do with the ideological imperative associated with the size and power of international corporations. Our economic structures and policies are increasingly being directed by trade, tax, and social policy strategies which will place these corporations in the best possible position. The justification trotted out for the changes which affect us negatively is "global competition." The assumption is that, when policies are designed to improve business competitiveness, everyone will be better off.

The size and power of giant international firms is truly awesome. According to the United Nations Centre on Transnational Corporations, 600 international corporations with sales over \$1 billion annually produce 25% of everything made in this world. These corporations account for 80-to-90% of all the exports of industrialized countries like Canada, the U.S. and Britain. Yet, these corporations employ only 3% of the world's labour force. The power of these corporations is truly phenomenal, since many are larger than nations. For example, General Motors is about one-third the size of Canada (comparing sales to GDP). Toyota is larger than Greece, New Zealand and Portugal. The Royal Dutch/Shell Group is about the same size as Denmark, Finland and Norway.

These transnational corporations have enormous influence over the direction of economic development and labour force restructuring within countries. More and more nations are manipulated by what appears to be the pure working of markets. However, real planning and manipulation of the global economy is in the hands of private, giant firms.

In Canada we are told we will need to adjust and be flexible. The federal government's obsession is with business confidence: we need to take this seriously. I am not suggesting that the emotional temperature of businessmen become a priority for us, but that we recognize that the government's objective is to redesign our systems so that this unconfident group of men feels more secure. [I'm looking forward to the day when the Financial Post runs headlines like "Women losing Confidence: Programs Must be Redesigned."]

The objective of improving business confidence leads to identifying specific issues as problems. The problems the government wants to solve and around which it designs economic policy focus on the following: relatively low labour productivity and high wages; excessive government spending; inflation; and the competitive position of industry.

The major policy instrument which the government has used to redesign the economy is trade liberalization - or free trade. The objective of free trade is to increase capital mobility so that the large businesses can sell to countries without necessarily locating

their production within those countries. Firms are in constant search of places to move production where wages are low and there is little government interference in what they do.

It is no accident that international corporations are shifting production to countries which often have the most repressive governments or little concern or ability to control the health, safety, and income levels of workers. These are countries where trade unions are virtually nonexistent and which have draconian labour policies which are viewed as providing a "favourable" environment for business. That is why companies like Bata Shoes locate in South Africa, Union Carbide goes to the far east, and Fleck Manufacturing relocates in Mexico.

Women worked hard against Canada's entering the free trade agreement with the U.S. We knew that it would adversely affect our jobs, wages, working conditions, and the level of government commitment to social services. We were not wrong. If we made any miscalculation, it was in estimating the speed with which restructuring would occur.

There have been no publicly available government studies on the effects of free trade, and getting statistics on women is extremely difficult. But some data indicate that we were correct in our prediction that women would be disproportionately affected by free trade. For example, women account for 29% of all workers in manufacturing, but accounted for 36% of job losses in manufacturing last year. The industries being hit hardest are those

where women are concentrated, with the biggest job losses in textiles, clothing, and food processing. These industries have a high proportion of immigrant workers. In Ontario, for example, 70% of the women workers in the clothing industry were immigrants.

Most of the information on job loss has focused on the manufacturing sector, primarily because the firms tend to be larger and it makes the news when the auto industry lays off workers or Algoma Steel threatens to close down. But the job losses in services have been rather startling. These tend not to make the news because they are occurring in a less concentrated way and it is women who are being affected. For example, from September to October 1990, 28,000 jobs were lost in Quebec alone. Of these, 27,000 (or 96% of the total) were women's jobs in services.

One of the arguments in favour of free trade which was frequently advanced by government and business was that it would "rationalize" Canadian industry. It was argued that our wage rates were too high in comparison with other countries and that increased competition would harmonize our wage rates. But what is occurring is quite different. It is the low-wage industries which are taking the brunt of the free trade "adjustment" phase.

This results in an increased economic divisions among people, including a greater disparity between women. While the aggregate statistics on women's employment indicate that women's wages are improving and the wage gap between men and

women has narrowed somewhat, this masks the big shifts that are taking place among women. A small minority of women are experiencing real improvement in their economic conditions: these are women with relatively high levels of education who are located in areas of the country where they can take advantage of expanding opportunities in management and the professions. However, the conditions for most women are deteriorating.

The main point to be made here is that, while our efforts toward securing pay equity and employment equity are important, they will not have similar effects on all women as long as our economic policies are designed as they have been in the past. As women we can fight for decades for measures to improve our working conditions. We can struggle for equality clauses in the constitution, for equal pay for work of equal value, for decent labour legislation and affirmative action. But ultimately, even if we win our struggles and these programs do become part of public policy, they will do little to truly help if the government is pursuing economic policy objectives which threaten our livelihood, increase taxes on low-income people, and make our social programs less effective.

Certainly economic policies by themselves are not responsible for women's inequality and the poverty of many. Women are and always have been disproportionately poor because we are seen as deviants from the norm: the norm is male. The effect of economic policy builds on what already exists and exacerbates the inequalities between men and women and people in different classes and racial groups.

If we were to design economic policies with people in mind, we would define our problems differently. Our most serious economic problems can be categorized under four main headings: high rates of unemployment; gross inequalities between groups of people and regions; the poor provision of social services; and environmental degradation. An economic program which focused on these problems would be radically different from that which looks first at what business needs.

Since the last election, the federal government has gone to heroic lengths to convince Canadians that the government's perspective on economic issues is responsible and correct. There are three major assumptions which are guiding recent government initiatives for policy changes. These are:

- 1) that government social spending must be reduced because the deficit is growing out of control;
- 2) that inflation must be curbed; and
- 3) that business leaders are best qualified to guide the economy.

These assumptions are leading to drastic changes in government policy which are having particularly unfortunate implications for the people of this country.

Is government spending out of control? The short answer is no. Since this government took control it has been raising taxes and reducing spending. The government has had a surplus in revenues over expenditures in its primary account since 1986. Last

year the government received \$14 billion more than it spent on all programs and administration. Since this government first took office in 1984 its revenues have increased 54% while its expenditures on all government programs and administration have increased by only 20%. The problem is not with government spending. Yet the government would have us believe, every time we ask for programs to meet our needs, that excessive program financing for health care, education, and general welfare are the problems.

Canada does have a deficit problem, but this is not a result of overspending by government on services for people. It arises because of the huge amount of interest paid on the total government debt. The deficit has been escalating because of a deliberate government policy to raise interest rates to "cool down" the economy.

The high interest rates we have experienced in the past few years are related to the obsession of government and business with the 'threat of inflation.' The main worry has been that, as unemployment rates began to drop a few years ago, and the pool of unemployed became smaller, workers would be in a position to demand wage increases to make up for the real wage losses they had experienced earlier in the 1980s. And this began to happen. Even nurses and day care workers (workers who have traditionally been kept in line) have had the temerity to challenge the pay hierarchies. But the threat of inflation has been an excuse. Price levels have been relatively low and stable during the past six

years and whatever increases have occurred have been because of increases in taxes (clearly a problem of the government's own making).

The government's solution to the "problem" of the inflationary threat of workers' demands has been to raise interest rates. The reasoning behind this is that high interest rates would cool down the economy by making it more expensive to borrow money. Consumers could be expected to postpone purchasing items for which they would have to borrow, and spending would be reduced. Business, then, would curtail production in response to lower spending, and begin to lay off workers. These workers, of course, would have even less to spend and a downward cycle would begin. (If you feel this is an exaggeration, I would direct you to an article by Terence Corcoran in the Globe and Mail, Feb.14, 1991, entitled "Recession isn't the problem, it's the solution."]

Women certainly have been hit hard by the high interest rate policy. Those in the most vulnerable industries have lost their jobs, others have been told by their employers that their wage needs cannot be met. But we've been hurt in other ways, too.. Oddly enough, although high interest rates are designed to reduce inflation, they are themselves inflationary. Because it costs more for everyone to borrow money, certain effects cannot be avoided. For example, it has been estimated that the increase in the interest rate between 1988 and 1989 added \$125 a month to payments for the average mortgage holder; \$75 a month for renting a one-

bedroom apartment; and \$20 a month for instalments on a car. This affects the poor and is especially punishing when they must borrow money to live from month to month.

The deliberate government strategy of high interest rates, not increased government spending, is responsible for keeping the federal government debt at about \$30 billion a year. For each percentage increase in the interest rate, an additional \$1.5 billion was added to the federal deficit.

My point has been that inflation and the deficit are problems of the government's own making. It hasn't been workers' wages that caused inflation, nor has it been increased social spending that was responsible for the deficit. But in the government's fight against inflation and the deficit, it is working people and low-income groups who pay dearly.

The ability of the government to target the deficit as the country's major economic problem has enabled it to proceed with a massive restructuring of the tax system in this country. In what has probably been the most cynical attempt at public deception which we are ever likely to see, the government has tried to convince us that its tax plans for us will make the system fairer. But what has happened has been a dramatic shift in the principles of taxation from one which assumed that wealthier people could afford to pay a larger proportion of their income in taxes, to one which places a heavier burden on those who have low incomes. Women, of course, are disproportionately represented in the low-income groups, so they are being particularly hard hit by these changes.

The GST is said by the government to place the poor in a better position than they were before the tax came into effect. Tax credits for low-income people are supposed to make up for the new taxes they will have to pay. But they won't. For example, a single person with an income at poverty level (\$13,700 in 1991) will have to pay \$710 in new sales taxes, and will receive a tax credit of \$290. This person will have taxes increased by \$420. Of course, the government does not calculate it this way. The government claims the poor person will be better off because it assumes that the prices we now pay for items will be reduced because the federal sales tax has been replaced by the GST. But this will occur only if every manufacturer behaves as a good corporate citizen and gives consumers the full benefit of removal of the federal sales tax. Lower prices are highly unlikely, since there is nothing to force manufacturers to behave honourably.

The GST fits into the whole government redesign of the tax system-and the entire economic system, for that matter. The objective has been to ease the tax burden on corporations and the wealthy and to increase it on almost everyone else. Until 1988 we used to have ten different income tax brackets. The Tories "simplified" the system so that we now have only three, with the bottom rate at 17%, the middle rate at 26% and the top rate at 29%. This is virtually a flat tax, with most people paying about the same rate. According to the National Council of Welfare, the income taxes of the average working poor family have increased 44% since Mulroney took power, while those of the typical middle-class family have increased only 10%. The rich have fared best. Their income taxes have dropped by 6%.

At the same time, corporate taxes in Canada have become the lowest of the Group of Seven industrialized nations. When Mulroney first took power in 1984, direct taxes on corporations contributed 15% of total federal government revenues. In 1989 they accounted for less than 10% and will be an even smaller proportion of revenues this year. As was pointed out to the Senate's hearings on the GST, the vast majority of bank tellers in Canada, including those with the lowest salaries, paid a far higher rate of tax throughout the entire 1980s than the banks which employed them.

In our struggle against poverty and inequality, women have begun to realize that we must have a say in economic decision-making. It isn't enough to say that we are exercising our decision-making power when we "decide" to take a job outside the home. We want to have power in shaping the conditions of the choices we have been handed.

All of the issues which we, as women, see as our issues are connected with the way our society is run. By now governments and employers are used to women's interventions on issues like equal pay, working conditions, health and safety, and maternity leave. They also seem to accept our right to speak on day care, reproductive choice, and violence against women. These are seen as women's issues. But when women begin to talk about economic issues, like the budget, trade policy, tax structures, privatization and deregulation, the government thinks we are going too far. These are not women's issues, we're told.

From the perspective of governments and business, women and economics do not mix well. Our demands are seen as "take-aways," not contributions. Our insistence on full employment, true equality, and adequate social services are considered unrealistic in the hard world of economics. It is not that our demands are deemed totally unreasonable, but that they just do not fit with "hard-time" economics. What we have to say about economics is treated as a discussion of welfare policy, not economic policy.

When women talk about economic issues, it appears naive to economists and, therefore, not worthy of serious consideration. We tend to focus on the irrationality of what is going on. We focus on goals and objectives and are critical of choices which have been made, choices which have been damaging to people.

Never before in the history of human existence has there been as much food produced in the world as now. Yet people starve to death in some parts of the world while vast resources go into the making of junk food in North America and Europe. We see this as irrational.

We know that in Canada there is considerable poverty and that this poverty is increasing, in spite of the fact that Canada is a rich nation with abundant resources. We know there is a need for better social services and a need for people to provide them, yet our unemployment rate is huge. We see this waste of labour as irrational.

We are downright hostile to government programs which are directed toward supporting the war industry, rather than toward meeting real human needs. Most importantly, we are critical of the priorities which have been established and feel they have lost sight of the goal of a more just and equitable society.

Economic policy shapes the structures of our lives and we will not be able to eliminate poverty and inequality until we are in a position to ensure that the economy is designed to meet our needs. But women do have a voice, and it is getting stronger. We are not helpless in the face of the government and business agenda. There are more of us than there are of them.

While we have certainly lost ground since this government has been in power, we are in a strong position to see that it does not get re-elected. But we have some very difficult tasks ahead. It is imperative that more women feel confident in discussing economic issues and that the mystification of economics by the economists be erased. This is beginning to happen, but it must accelerate.

We must continue to oppose the expansion of the free trade agreement to include Mexico. But most importantly, we must be clear about demanding the kind of economy that will serve our interests, and work to see that it comes into effect.