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## **Corporate propaganda and global capitalism - Selling free enterprise?**

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# Corporate propaganda and global capitalism - Selling free enterprise?

Sharon Beder

This chapter examines the way in which capitalism has been underpinned by a self-conscious propaganda campaign on the part of the world's major corporate powers.

Corporations have used a variety of propaganda techniques not only to dominate markets but also to attempt to monopolise the realm of ideas where dissent and alternate voices might be heard (Beder 2002; Ewen 1996). The rise of corporate propaganda since the 1970s has been particularly aimed at selling the idea of free, unregulated business enterprise and an accompanying policy agenda that facilitates the expansion and spread of global capitalism. Ideas associated with the maintenance and expansion of capitalism as a social and economic system have progressively taken on the status of accepted wisdom in policy circles.

## **Public Relations responses to counter-culture challenges**

Capitalism came under attack during the late 1960s and early 1970s when the counterculture movement brought with it a proliferation of public interest groups that challenged the authority of business and sought government controls over business activities. Confidence in free enterprise and the consonance between profits and public welfare declined sharply. Anthony Sampson, in his book *Company Man*, argued that this “revolt marked a watershed – the end of the consensus between corporations and society” (Sampson 1996: 122)

In many industrialised nations protests focused on the social and environmental impacts of business activities and the first-wave of modern environmentalism was born. These environmentalists blamed development and the growth of industrial activities for environmental degradation. Their warnings captured the popular attention, resonating with the experiences of communities facing obvious pollution in their neighbourhoods. Many governments responded with new environmental legislation to cope with the grossest sources of pollution, introducing clean air and water acts and new regulatory bodies to implement and enforce these acts (Beder 1996: xii).

Throughout the 1970s, in various business meetings, corporate executives lamented their decline in influence: “The truth is that we’ve been clobbered” the chief executive officer of General Motors told chiefs from other corporations. (quoted in Vogel 1989: 194) As a result US corporations became increasingly politically active, getting together to support a conservative anti-regulatory agenda and financing a vast public relations effort aimed at regaining public trust in corporate responsibility and freedom from government regulation. Corporations began to adopt the strategies that public-interest activists had used so effectively against them—grassroots organising and coalition building, telephone and letter-writing campaigns, using the media, research reports and testifying at hearings (Beder 2002). To these strategies corporations added huge financial resources and professional advice. “A new breed of public affairs professionals began emerging” who could service corporations in their new activism (Grefe and Linsky 1995: 3).

Corporations established ‘public affairs’ departments, increased the funding and staffing of those departments, and allocated responsibility for public affairs to a senior company executive, such as a Vice-President. Chief Executive Officers (CEOs) also devoted increasing amounts of their time to government relations (Saloma 1984: 67). A survey of four hundred American public affairs units in large and medium-sized firms in 1981 found that most received more than half a million dollars each year in funding and more than half were set up after 1970 (Vogel 1989: 195-7).

Businesses cooperated in a way that was unprecedented, building coalitions and alliances and putting aside competitive rivalries. Broad coalitions of business people sought to effect “a reorientation of American politics.” In the US the Chamber of Commerce and the National Association of Manufacturers (NAM) were resurrected and rejuvenated and new organisations such as the Business Roundtable (for large corporations) and the Small Business Legislative Council (for small businesses) were formed to lobby government (Himmelstein 1990: 132; Ricci 1993: 156).

This trend towards corporate activism could be observed in other countries too. In Australia corporations “substantially increased their level of resources and commitment to monitoring and influencing the political environment”; ensured their senior executives were effective political operatives in their dealings with politicians and bureaucrats; hired consulting firms to help with government submissions; and established government relations units within their companies with direct access to the chief executive officer (Bell and Warhurst 1992: 58-9; Wanna 1992: 73).

Corporate money was invested in political campaigns but more importantly it was invested in other forms of political influence, particularly those aimed at influencing the political agenda through the dissemination and selling of ideas:

Right-wing business men like Richard Mellon Scaife and Joseph Coors, and conservative treasuries like the Mobil and Olin foundations, poured money into ad campaigns, lawsuits, elections, and books and articles protesting ‘Big Government’ and ‘strangulation by regulation’, blaming environmentalists for all the nation’s ills from the energy crisis to the sexual revolution. (Sale 1993: 49)

In the US corporations put large amounts of money into advertising and sponsorships aimed at improving the corporate image, countering ideas from opposing groups, and putting forward corporate views. The full range of public relations and mass communications techniques was utilised including front groups; Astroturf (or PR-generated grassroots campaigns) utilising computer-generated demographic data and increasingly sophisticated telecommunications techniques; and infiltration of the school curriculum with corporate sponsored and designed ‘educational’ materials (Beder 2002).

During the 1980s, under Reagan’s administration, the numbers of trade and professional associations, corporations and interest groups with offices in Washington continued to grow. By 1985, an estimated 80,000 employees of these associations were being serviced by accountants, lobbyists, lawyers, trade paper journalists, public relations advisers, direct mail consultants, economists and think tanks (Sale 1993: 43). It was a huge information industry and all this information was shaped and presented to promote the interests of the associations and corporations generating it.

### **Selling free enterprise**

In response to the significant decline in confidence in free enterprise in the 60s and 70s, the US Advertising Council launched a major campaign in 1976 to promote free enterprise, or as the Council termed it: “create greater understanding of the American economic system” (Ad Council 1976e: 1). This campaign has been described as “the most elaborate and costly public-relations project in American history” (Rippa 1984: 306).

The idea for this campaign came from the chairman of the board of Procter and Gamble, the largest advertiser in the US, who called for American people to be better educated about the free enterprise system, so that business people need not be defensive about their work (Parenti 1986: 73; Sethi 1977: 61). The campaign was supported by so many major corporations that the Ad Council boasted the list of supporters read like a “who’s who in American business” (Ad Council 1976b: 1). It was also supported by the US Department of Commerce (Ad Council 1976d: 3).

The campaign attempted to educate the public about the benefits of free enterprise, distributing millions of booklets to schools, workplaces and communities. The stated premise of the campaign was that people were economically illiterate and therefore needed economic education. The unstated premise was that if people were educated to view the free enterprise system as business people saw it they would appreciate and defend it rather than criticise it.

The multimillion dollar campaign included media advertisements, dedicated newsletters, films, teaching materials and training kits, and booklets, point of sale displays, messages on envelopes, and flyers included with bank statements, utility bills and insurance premium notices (Ad Council 1976b: 1,5). The Ad Council told the media that “every communications technique that is appropriate for such a campaign will be used in this effort, which we anticipate will carry over for a three to five year period” (Ad Council 1976e: 6).

Teacher education was targeted because of the influence of teachers on millions of children. Various university chairs of free enterprise or private enterprise were funded by corporations. Classroom materials were also produced for the purpose of selling the free enterprise system to school children. Four million packages of *Industry and the American Economy* (an 11 booklet package), were distributed to students and teachers throughout the nation (Rippa 1984: 308).

Various oil companies got involved. Phillips Petroleum Company supported the production of a series of five films entitled “American enterprise” with an accompanying teachers’ guide. Amoco Oil Company produced a 26 minute film and teachers’ guide to explain how the free enterprise system works. The Exxon Company got together with Walt Disney Educational Media Company to produce a 22 minute film for high school students about two children that go into business (Ad Council 1976c: 3). The US Chamber of Commerce also produced films, teaching materials and booklets on the economic system and a package entitled “Economics for Young Americans” that included film strips, audio cassettes, lesson plans and text on productivity, profits and the environment (Ad Council 1976a: 7).

In the late 1970s US business was spending a billion dollars each year on propaganda of various sorts “aimed at persuading the American public that their interests were the same as business’s interests”. The result of all this expenditure showed in the polls when the percentage of people who thought that there was too much regulation soared to 60% in 1980 (up from 22 per cent in 1975) (Carey 1995: 89; Parenti 1986: 74).

Similar but lesser efforts occurred in other countries. In 1978 AIMS of Industry, which had been formed in Britain “by leaders of free enterprise industry... to promote a free market economy and to defend freedom and enterprise”, held an International Conference in London on “The Revival of Freedom and Enterprise” and organised a Free Enterprise Day (Ivens 1978: back cover, v).

Facts about Business launched a schools program in the UK in 1975—“Business and Profit”—which included a free booklet and purchasable wall charts and study folders. By 1978 the program was being used in a quarter of all secondary schools in Britain and they launched another called “Discover British Industry” which was taken up by over 400 schools in the first four months (Broadway 1978: 63).

In Australia, after the election of a ‘progressive’ Labor government in 1972, the Australian Chamber of Commerce reacted with a nationwide ‘economic education campaign’ to promote free enterprise and in 1975 Enterprise Australia was established by the Free Enterprise Association (funded by multinational companies such as Esso, Kodak, IBM and Ford Motors) to take part in the “propaganda warfare for capitalism” (Carey 1995: 87-8, 105, 112-4).

The Australian Chamber of Commerce and Enterprise Australia used surveys of school leavers to find the ‘deficiencies’ in their attitudes to the free enterprise system and then circulated corrective

material through schools. Additionally business groups such as chambers of commerce, the Australian Bankers Association and the Australian Mining Industry Council ran conferences and made presentations to teachers, business people and school students (Carey 1995: 112-7)

### Neoconservative think tanks

Think tanks also took a leading part in the war of ideas in various countries. In the US in particular, conservative foundations and large corporations established and/or funded a new set of think tanks which were ideologically compatible with right wing causes and corporate interests, promoting the free market and attacking government regulation.

Funded by eccentric billionaires, conservative foundations, and politically motivated multinational corporations, right-wing policy entrepreneurs founded think tanks, university centers, and political journals, and developed the social and political networks necessary to tie this nascent empire together. The end product was a tidal wave of money, ideas, and self-promotion that carried the Reaganites to power. (Alterman 1994: 59)

This influx of money meant not only that conservative think tanks proliferated but that other think tanks moved towards the right. As Jerome Himmelstein points out in his book *To the Right*: “The political mobilization of big business in the mid 1970s gave conservatives greater access to money and channels of political influence. These helped turn conservative personnel into political leaders and advisers, and conservative ideas, especially economic ones, into public policy.” (Himmelstein 1990: 129, 146)

As an example, the Heritage Foundation, one of the largest and most important of the Washington-based think tanks was formed in 1973. Early support came from beer magnate Joseph Coors and petroleum tycoon Edward Noble. It promotes deregulation of industry, an unrestrained free market and privatisation. The *Economist's Good Think-Tank Guide* described the foundation's ideology as “red-blooded, celebratory capitalism” (*The Good Think-Tank Guide* 1992). *The Economist* noted:

First, they help to set the agenda of the political debate. They inject arguments (neatly packaged for a copy-hungry media) into the public arena before they are raised by politicians. This both softens up public opinion and pushes the consensus farther to the right. (*Of Policy and Pedigree* 1989: 54)

Edwin Feulner, president of the Heritage Foundation, described to an Australian audience in 1985 the role of think tanks. He said that whilst people like Milton Friedman were “the *first-hand* dealers of ideas” who explained and expanded upon ideas, think tanks introduced these ideas into the policy arena, marketed them and sought to change government policy:

It takes an institution to help popularise and propagandise an idea — to market an idea. Think-tanks are *second-hand* dealers of ideas. Organisations ... host conferences, lectures and seminars and publish policy reports, books and monographs to popularise an idea. Through 'outreach' programmes an institution can promote an idea on a continuing bases and cause change. But this takes time. Procter and Gamble does not sell Crest toothpaste by taking out one newspaper ad or running one television commercial. They sell it and resell in every day by keeping the product fresh in the consumer's mind. The institutes I have mentioned sell ideas in much the same manner. (Feulner 1985: 22)

The Heritage foundation spends only 40% on actual research. More than half its budget goes on marketing and fund raising, including 35-40 per cent of its budget on public relations. All this marketing enables the Foundation to successfully attract mass media coverage for its publications

and policy proposals. The Foundation claims that it usually gets 200 or more stories nationwide from each of the position papers it publishes (Gellner 1995: 502; Smith 1991: 171, 201, 287; Weaver 1989: 572).

Other conservative think tanks also focussed on the marketing of ideas. The American Enterprise Institute (AEI) was said, in the 1980s, to operate “as the most sophisticated public-relations system in the nation for dissemination of political ideas” (Moore and Carpenter 1987: 146).

Similarly, the rise of Thatcherism in Britain can be attributed in large part to the endeavours of two think tanks. The first was the Institute of Economic Affairs, IEA. It set out to gain wide acceptance for the “philosophy of the market economy” through education directed at the opinion leaders such as intellectuals, politicians, business people and journalists.

During the 1970s the IEA managed to enrol several academics and influential journalists to promote economic liberalism, as well as some prominent MPs, most notably Margaret Thatcher. In its early years the IEA also had some influence in the universities and produced undergraduate and secondary school texts. It had trained young economists at the IEA early in their careers and these economists provided the personnel for free-market think tanks established in the 1970s and 80s (Cockett 1994; Desai 1994: 29).

The Centre for Policy Studies, CPS, was to some extent an outgrowth of the IEA. It was founded in 1974 by an active member of the IEA, Keith Joseph, together with Margaret Thatcher, who had also been associated with the IEA. Joseph, a former Tory Minister, is credited with Thatcher's conversion to economic liberalism (Ashford 1997: 23). The CPS was set up to convert the Tory party to economic liberalism and formulate policies for the Party that were in line with this philosophy (James 2001: 495).

These two think tanks “provided the ideas which gave intellectual shape to the instincts and energy of Thatcherism” in Britain. They helped to convert the Tory leaders to economic liberalism whilst they were in opposition and gave the Thatcher government “a style of politics whose cutting edge was its ideological crusade.” (Desai 1994: 31; James 2001: 497) Once in power Thatcher set about implementing the economic ideology she had been imbued with, including monetarism, privatisation and government spending cuts.

Even after Margaret Thatcher's departure, the ideas of the conservative think tanks continued to influence Prime Minister John Major. Richard Cockett, who has charted the rise of conservative think tanks in Britain in his book *Thinking the Unthinkable* notes that a new consensus, which included keeping government control of industry to a minimum, has been achieved by those think tanks. The free market ideas of think tanks such as the IEA have become the new conventional wisdom

### **Neoliberalism and globalism**

The new economic liberal or neoliberal agenda promoted by neoconservative think tanks in English-speaking countries consists of a basic policy formula involving government spending cuts, privatisation of government services and assets, removal of tariffs (particularly in other countries) and deregulation of business activities; all in the name of free markets, competitiveness, efficiency and economic growth. It involves the replacement of government functions and services with those provided by private profit-seeking firms in the name of the public interest. In reality such policies are promoted by those who are likely to gain most from them.

This new agenda not only assisted the expansion of capitalism into areas previously controlled by government and removed many of the controls on business, but it facilitated the expansion of global capitalism. In particular the adoption of policies such as reduced government spending,

privatisation, trade and financial liberalisation, and the deregulation of foreign direct investment opened up investment opportunities for multinational corporations around the world.

These policies were taken up by policy networks supported by large corporations and international financial interests and incorporated into an economic reform agenda for both developed and developing nations, referred to as the 'Washington Consensus'. This policy prescription was actively promoted by the World Bank and the International Monetary Fund (IMF) and was the driving force behind the structural adjustment packages being imposed on all developing nations with debt by the IMF. The policies were also adopted voluntarily in affluent countries by governments of many different political persuasions during the 1980s including the conservative governments of Margaret Thatcher in Britain, Ronald Reagan in the US and labour governments in Australia and New Zealand.

The Washington consensus was a policy prescription that benefited multinational corporations and international financial institutions, often at the expense of local business, and always at the expense of the poor. The United Nations Development Program (UNDP) admits that privatisation benefits multinational corporations by allowing them to get access to industries in developing nations that had previously been closed to them and to buy up established enterprises sometimes at cut rate prices: "In many countries the privatization process has been more of a 'garage sale' to favored individuals and groups than a part of a coherent strategy to encourage private investment." (quoted in Avery 1993)

Michel Chossudovsky, Professor of Economics at the University of Ottawa, outlines how these policies have transformed low-income countries into open economic territories and 'reserves' of cheap labour and natural resources available to multinational companies and consumers in high-income nations. In the process, governments in low-income countries have handed over economic control of their countries to the World Bank and the IMF, which act on behalf of powerful financial and political interests in the USA, Japan and Europe. Having handed over this control, they are unable to generate the sort of local development that would improve the welfare of their own people (Chossudovsky 1992: 13).

The theories behind the new policy prescriptions which were promoted by neoconservative think tanks provide a means for covering and legitimising the vested interests that stand to gain from the policies. The policy prescriptions that suited multinational corporations, including reductions in taxes, minimal regulations, and freedom to trade and invest anywhere in the world, were justified by a body of economic theory that promoted these policies as being in the public interest: "An elegant body of microeconomic theory shows that under certain circumstances the general good... will be promoted by a set of competitive markets and integration into the world economy." (Williamson 1994: 16)

The theories emanated from particular economics schools such as the Chicago School in the US. Even in the mid 1980s the Chicago School represented a minority economic opinion (Easton 1988: 75). Nonetheless economics departments in universities throughout the English speaking world, outside of the US, began teaching neo-classical theory as orthodoxy (Carroll 1992: 9).

An interview conducted by scholar Jane Kelsey in 1998 with Michael Porter, the founder of The Centre of Policy Studies at Monash University in Melbourne and later of another Australian think tank, The Tasman Institute, revealed the influence that individual economists and the corporate-funded think tanks wield in the field of agenda setting and policy formation:

As Porter tells it, high flying graduates from elite US universities such as Stanford, Harvard, and Chicago ...moved into government and quickly became senior advisers in countries such as the UK, the US and Chile. Porter himself went to the IMF, then to the Reserve Bank of Australia and later...became Professor at Monash University.

'Government was very exciting at the time' (Porter said). Because the political parties were basically doing nothing very well so the think tanks were able to fill the breach'. Well resourced special units were attached to the offices of political leaders in many of these countries, feeding new ideas into government. (Kelsey 1999: 63-4)

By the 1980s most Western countries were moving towards smaller government and market liberalisation.

### **The work ethic and inequality**

The propaganda disseminated to directly sell free enterprise was supported by that aimed at indirectly providing legitimacy to the inequalities it created and ensuring the compliance of workers in the capitalist system. As hundreds of corporations downsized and moved their production to developing nations as a result of globalisation, and government services were made more 'efficient' in preparation for privatisation by shedding thousands of workers (Beder 2003: 197, 232), the need to reinforce the work ethic in developed countries grew. This was not only to motivate the remaining workers, particularly those who now had insecure, temporary or part-time work, but to ensure that welfare did not become an attractive alternative, and to legitimise a system that had thrown so many out of work (Beder 2000).

An ideology of work has been promoted in Western societies since the early days of modern capitalism "as a means of masking the drudgery and necessity of work" (Gini and Sullivan 1989: 9) and ensure a willing workforce for employers. But more than this the work ethic provides legitimacy for the wealth being accrued by a minority of the population in terms of reward for hard work, initiative and the ability to take advantage of opportunities that supposedly abound in a capitalist society. The work ethic turned wealth into a measure of worthiness and success while poverty and unemployment became indicators of laziness and lack of character (Beder 2000).

In response to the decline in faith in the American Dream that followed the wave of downsizing in the US, business people and the politicians they supported frantically promoted the American Dream. Bill Clinton gave speeches on it. The House Republicans put out a book in 1995 entitled *Restoring the American Dream* which claimed that anyone in America could succeed whatever their skin colour or current income level ('The Mall of Dreams' 1996: 23).

In the mid-1990s a whole spate of books were published on how to promote and rejuvenate the American dream, including *Reviving the American Dream* by Alice Rivlin, *The Success Ethic, Education and the American Dream* by De Vitis and Rich, *Facing up to the American Dream* by Jennifer L. Hochschild, *The American Dream* by Edmond Morris, *Recovering the American Dream Through the Moral Dimension of Work, Business and Money* by Robert Wuthnow, *The Good Life and Its Discontents* by Robert J. Samuelson and *Chasing After the American Dream* by Thomas Kerr.

Bill Gates devotion to hard work was mythologised by business magazines. The mainstream media also promoted the idea of work leading to success and this was not limited to the US. Programs such as *60 Minutes* in Australia (Woolley 1999) propagated the idea. Such media portrayals of self-made business people as heroes were complemented by the media's negative portrayals of the unemployed as bludgers and undeserving wretches who were trying to avoid work (Beder 2000: 161-9).

Work-for-benefit schemes became prevalent throughout the English speaking world as politicians translated the theme of undeserving welfare recipients into policy. Such schemes ensured that welfare recipients were deterred from choosing an 'easy' life on welfare; that the unemployed would acquire work habits; and that there was a ready and somewhat desperate reserve labour force



to ensure that those in work feared for their jobs and maintained a downward pressure on wages (Beder 2000: 174-87).

The new welfare reforms, including compulsory work-for-benefit schemes, also reinforced the idea that unemployment had been caused or at least exacerbated by the welfare system rather than factors such as the massive corporate and government downsizing that occurred during the 1980s and 90s (Beder 2000: 187).

### **Business coalitions and free trade**

Whilst the Ad Council and individual corporations sold the message of free enterprise to the general public and the neoconservative think tanks sold a neoliberal policy prescription to governments and policy makers facilitating the global spread of capital in the name of free enterprise, corporations from the major industrialised nations joined forces to form formidable coalitions with huge influence to lobby in international fora for free trade in goods and services and free investment world wide.

Early efforts were focused on the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and transferred to the World Trade Organisation (WTO) when it was formed in 1995. For example, the European Round Table of Industrialists (ERT) is a leading lobbying force for free trade and claims credit for achieving a final agreement in the Uruguay Round. Its Trade & Investment working group worked closely with the US Business Roundtable “in backing the launch of the Uruguay Round” and supporting the ongoing negotiations (ERT 2003a; ERT 2003b: 40).

The ERT describes itself as a “forum of around 45 European industrial leaders aiming at promoting the competitiveness and growth of Europe's economy” (ERT 2003c). ERT was modeled on the US Business Roundtable and uses the rhetoric of competitiveness to promote deregulation, privatization and free trade (Balanyá, et al. 2000: 20-1). Membership is by invitation only and includes Chairs and CEOs of major multinational companies headquartered in Europe. Current members are from companies including Bayer, Fiat, BP, Royal Dutch/Shell, Unilever, Hoffmann-La Roche, Total, Volvo, Renault and Siemens.

ERT was credited with being the driving force behind a single European market by former Commission President, Jacques Delors (Doherty and Hoedeman 1994). It applied itself with similar vigour to the GATT negotiations. ERT Assistant Secretary General, Caroline Walcot said in 1993: “We have spoken to everybody. We have made press statements. We have written to Prime Ministers. We have done *everything* we can *think* of to try and press for the end of the Uruguay Round.” (quoted in Balanyá, et al. 2000: 24-5)

The ERT is just one of the many corporate coalitions campaigning for the expansion of free trade. The World Economic Forum (WEF) is another. The WEF is a private group of top level business people who meet annually at the Swiss ski resort of Davos, and at numerous other more specialised meetings during the year, to network, have private discussions, share information and ideas, form alliances, and influence policy-makers. A “club atmosphere” is deliberately cultivated and a “privileged, informal, framework for intensive business networking” is maintained (World Economic Forum 2000).

But business people also come to WEF meetings to set the economic and political as well as the business agenda worldwide. The WEF is not a decision-making body but one that has influence through the financial power of its members. It wields influence through bringing the world's top business people and top policy makers together at its meetings. Government leaders are invited to WEF meetings enabling business leaders to have high level access to government ministers, prime ministers and presidents. The WEF's web pages describes its deliberate role in shaping the global political agenda and claim: “Over the past 27 years, the World Economic Forum has evolved into a

major force for economic integration at the corporate as well as the national economic levels.” (World Economic Forum 2000).

According to researcher James Goodman, “WEF strategising drove the neo-liberal agenda in the 1980s... It offered a proactive forum, removed from the public gaze, and played a central role in diffusing neo-liberalism and was highly effective in extending the reign of the market.” Similarly, Kees van der Pijl, in his book *Transnational Classes and International Relations*, states that “[u]ntil well into the 1990s, the WEF was a pivot of neoliberal hegemony” (quoted in Murphy 1999).

During the 1980s and 1990s the ERT and WEF and other business coalitions managed to conduct their lobbying behind the scenes and advance the cause of the expansion of global capital without much public attention. This all changed at the end of the 1990s. With the completion of the Uruguay Round of GATT negotiations and the creation of the WTO, a logical progression for multinational corporations was a more concerted push to deregulate investment.

In order to bypass developing nation opposition it was decided to secretly negotiate a far-reaching treaty amongst OECD nations, and then to invite (or coerce) accession from developing countries. Formal negotiations on a Multilateral Agreement on Investment (MAI) began in 1995 aimed at removing national regulations restricting foreign investment and improving protections for foreign investors. However the text of the draft agreement was leaked to the public and the protest campaign that followed helped to bring the negotiations to a halt, forcing the agreement’s corporate backers to move their efforts to the WTO.

Business coalitions feared that the collapse of the MAI talks and the controversy surrounding the MAI might stall or reverse precariously-balanced moves to progress investment deregulation in the WTO (USCIB 1998). These fears were realised at the WTO Ministerial meeting in Seattle in 1999. Developing nation opposition to a new round of negotiations was supported by over a thousand NGOs – environmental, labour, consumer and development – prior to the Seattle meeting (Madeley 2000: 12). More than 50,000 people from all over the world protested at the meeting itself. These were the “largest demonstrations witnessed in the US since the Vietnam War” (Hoedeman and Doherty 2002: 65).

The MAI controversy had instilled greater public scepticism about the claimed benefits of trade and investment deregulation, and the failure of the negotiations instilled a belief in opponents that it was possible to slow — perhaps even reverse — the corporate agenda. De Jonquieres noted in the *Financial Times* that “the unexpected success of the MAI’s detractors in winning the public relations battle... has set alarm bells ringing.” From now on it would be “harder for negotiators to do deals behind closed doors and submit them for rubber-stamping by parliaments. Instead, they face pressure to gain wider popular legitimacy for their actions by explaining and defending them in public.” (de Jonquieres 1998)

In response to the growing public opposition to free trade negotiations, particularly with regard to services and investment, business launched a new public relations campaign. Opposition to the expansion of free trade rules was labelled ‘globophobia’, and business groups sought to portray free trade in a more favourable light. Hoedeman and Doherty from Corporate Europe Observatory (CEO) describe how: “Since Seattle, US business has engaged in a multi-faceted, multimillion-dollar counter-campaign involving individual corporations, lobby groups like the Business Roundtable (BRT) and the US Chamber of Commerce, corporate-sponsored think tanks, and of course the ever-faithful PR industry” (Hoedeman and Doherty 2002: 67, 71). Similarly Phillip Babish from the National Radio Project noted how “corporations are showering the US Congress with well-funded lobbying campaigns and pro-free trade think-tanks are engaging in an information war for public opinion” (Babich 2000).

It was generally recognised that the internet had played a major role in mobilising opposition to MAI and the WTO at Seattle so PR firms advised that business interests also utilise the internet to promote the pro-free trade message and attack anti-WTO NGOs (Hoedeman and Doherty 2002: 70-1). A host of new websites emerged including the BRT's goTrade site, which was in place whilst business was lobbying Congress for presidential authority to fast track free trade agreements.

In business coalition meetings around the world there has been much discussion on how to present globalisation as more than just a market or economic force. It is now presented as being beneficial to developing countries. For example Bill Gates, at the WEF's Asia-Pacific Summit in September 2000, dismissed the thousands of protestors outside the meeting by arguing that globalisation was good for the poor.

Fred Bergsten, Director of the Institute for International Economics (IIE) told the 2000 meeting of the Trilateral Commission – another international body supporting capitalist expansion – that the backlash against globalisation was threatening “the prosperity and stability of the world economy”:

All this occurs after two decades when a market-oriented philosophy, the so-called ‘Washington consensus,’ seemed to gain near-universal approval and provided a guiding ideology and underlying intellectual consensus for the world economy, which was quite new in history. (Bergsten 2000)

He argued that a response required public education “first and foremost” to show how globalisation was beneficial to all countries and most groups, although clearly there would be costs and losers and this also needed to be admitted (Bergsten 2000).

WEF members similarly recognise that free trade leads to winners and losers and often results in greater inequalities but their problem is not how to prevent or ameliorate those inequalities but how to strengthen “public faith in a market economy” and show ordinary people that they too can benefit from it. In an article entitled “The Case for Capitalism” Walter Mead pointed out that for the first time there is a “broad degree of consensus among economists and policy makers about what ought to be done... The trick, as always, is winning public support for good policies” (Mead 2000).

## **Conclusion**

The 1970s were marked by a crisis of confidence in business and a challenge to the legitimacy of unfettered capitalism. Corporations responded to this challenge with a barrage of propaganda and sophisticated public relations techniques. These campaigns were not only aimed at countering specific government regulatory moves and popular movements calling for more regulation, but also at restoring faith in the benevolence of business and the sanctity of free enterprise. Nowhere were the efforts to sell the merits of free enterprise so well-financed, widespread and coordinated as they were in the US.

The liberalisation, deregulation and privatisation of the 1980s that made the possibility of global markets a reality was facilitated by a shifting ideological consensus achieved by corporate-funded think tanks—many of which were set up as part of the response to the 1970s legitimacy crisis. These think tanks not only promoted free enterprise and small government but they disseminated and marketed the ideas and theories of a minority of neoconservative economists. Such theories gave a public-interest rationale to liberalisation, deregulation and privatisation that provided cover for the self-interested motivations of corporations.

However the dislocation and increasing inequalities that have resulted from these policies created a further crisis of legitimacy for global capitalism leaving corporations with no choice but to continue to sell themselves as well as their commodities on a global scale. Within affluent countries the resulting unemployment and declining work conditions required propaganda aimed at renewal of

beliefs such as the work ethic and the American Dream which provided some sort of justification for the inequalities and hope for the dispossessed. In poorer countries the resulting unemployment and declining affordability of food and basic services required propaganda aimed at renewal of faith in the benevolence of free trade and investment, and neoliberal structural adjustments, for the economic growth of developing countries.

The communications industry has developed to accommodate the growing communication needs of global capital. “For the past two decades the disparate international tribes of ad men and PR consultants have been quietly consolidating their power by forging giant conglomerates.” Two of the three biggest of these, WPP and Omnicom, were founded within a year of each other in the middle 1980s. “Together they now manage the hearts and minds of global populations for their transnational corporate clients” (Beder and Gosden 2001).

The UK-based WPP Group alone consists of over 160 companies including some of the world’s largest firms in the areas of advertising — J. Walter Thompson, Ogilvy and Mather, Young & Rubicam — and public relations — Burson Marsteller, Hill and Knowlton. WPP employs 62,000 people in 1400 offices in 103 countries and its revenue for 2002 was just under £4 billion (<http://www.wpp.com/>). WPP founder and CEO, Martin Sorrell told *Forbes Magazine* in 1999: “It is politically incorrect to say so, but our big clients are becoming more coordinated”. That is why providers of communication services must also be coordinated and centralised (quoted in Beder and Gosden 2001).

The necessity of this proliferation of corporate propaganda in recent decades supported by a massive communications industry shows that ideology still plays a vital role in supporting and legitimising global capitalism and its goals.

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