

## About this book

**M**any books have been written about globalization, including many radical indictments of its devastating effects on the people of the world. In fact, a number of these sources have been used in writing the present work. This book, however, is not limited to issuing an indictment. An analysis of the comprehensive global restructuring of capitalism and the relentless leveling downward of wages going on in the United States, it uses Marxism to lay bare how these processes are laying the basis for a long-delayed social upheaval of the multinational U.S. working class.

Section I of the book deals with the basis for this prognosis. It analyzes the new international division of labor in the world capitalist economy that was conditioned by the two most important events of the late twentieth century: the scientific-technological revolution in production, communications, and transportation, and the demise of the Soviet Union and Eastern Europe.

Its premise is that the principal feature of the present stage of globalization is worldwide wage competition among the workers of the globe, organized by giant corporations that are orchestrating the depression of wages in a race to the bottom.

For the first time in the history of capitalism, technology has advanced to the point at which transnational corporations are able to pit workers in the rich, developed imperialist countries in a direct job-for-job wage competition with workers in poor, underdeveloped, low-wage countries on an ever-widening scale around the globe.

Autoworkers in Detroit are set in competition with autoworkers in Mexico. Customer service workers in Phoenix are set against customer service workers in Mumbai. The wages of legal secretaries in New York City are measured by law firms against those of legal secretaries in the Philippines. Computer programmers and engineers are set against their counterparts in Moscow or Bangalore.

The other side of offshoring for low wages abroad is the presence of millions of low-wage immigrant workers in the United States. Millions have been

forced to flee the poverty imposed on their countries by corporate neo-liberalism and seek out meager wages in the U.S. Thus, the corporations have an expanded army of vulnerable workers. The threat of deportation hangs over them as a bludgeon, enabling employers to impose low wages and miserable working conditions. This is an integral part of the era of globalization.

This is not a temporary phase that world capitalism and the working classes are passing through. It is the result of changes that are as profound as the Industrial Revolution and the age of colonization.

From 1985 to 2000 the so-called “active work force” available to world capitalism and imperialism doubled from 1.5 billion to 3 billion, an unprecedented event in the history of capitalism.

This vast expansion of territory and low-wage labor newly available to the corporations coincided with the accelerated development of the scientific-technological revolution.

The transnational corporations are using technology to restructure production and services so that they can scour the globe to find the cheapest labor. Under this new international division of labor, wages are being determined based upon international competition, thus pushing downward national wage standards in the rich imperialist countries.

This book goes to press in the autumn of 2008, as the U.S. economy is in the beginning of a downturn. The downturn first emerged in the framework of a global credit crisis, but layoffs are growing. At this point it is impossible to know how the economic recession will end. But this much is certain: The masses are entering a period of impending capitalist crisis more impoverished, more in debt, more insecure, and bereft of any resources that might cushion the blows of a downturn than in decades.

Over the last three decades, workers have been forced to accept lower wages and the reduction or elimination of benefits; they have learned to live on less; they have submitted to harsh working conditions; they have relocated or traveled long distances to get jobs after having been laid off. Households have adjusted by their members working multiple jobs to supplement lost income.

Workers have resorted to unprecedented amounts of credit and borrowing to keep their heads above water. The personal debt of the workers has been used to stave off personal crises—daily, weekly, and monthly in millions of individual cases. All this individual borrowing to stay afloat has transformed itself into a crisis of the class as a whole and is part of the general economic crisis of the system. Millions of workers are faced with the prospect of losing their homes.

Section II of the book deals with the economic background to the present situation. It documents the thirty-year decline in the conditions of the working class and the oppressed peoples in the U.S. Capitalist restructuring began in the late 1970s and early 1980s, mostly within the country, and was heavily influenced by robotics and automated production. It progressed to the international level with advances in the Internet, software, electronic communications, and transportation.

The transformation of the U.S. economy to low-wage capitalism is symbolized by the fact that in the 1970s the largest employer was General Motors, where 600,000 mostly unionized workers earned relatively high pay with benefits. Today the largest employer in the U.S. is Wal-Mart, where 1.2 million workers get near poverty-level wages, many existing on food stamps and government assistance, in an environment utterly hostile to even the mention of unions.

Section III deals with the prospects for the revival of class struggle in the U.S. It draws on examples from history that illustrate the possibilities for the future.

The decline of the conditions of the workers, of union membership, and of oppressed communities has been driven first and foremost by the relentless attacks of the corporations, with the backing of the capitalist state and the big-business media.

But the official top labor leadership, including heads of unions in the AFL-CIO and the newly formed Change to Win, has been in retreat for more than three decades, giving concessions or organizing on the basis of low-wage contracts. Their orientation is to find common ground with business and government in an era when the bosses are fixated on one thing: obtaining more and more concessions.

The multinational working class in the U.S. is being pushed to the wall by low-wage capitalism. There is very little room for further concessions and adjustments to the exorbitant demands of capital—particularly for the most oppressed, but also for a growing number of white workers. A capitalist downturn could lead to the breaking point—either workers' rebellions, uprisings of the oppressed masses, or both.

The employers have made the need to remain "competitive" their universal bargaining weapon. They are attempting to make the workers, who create all the wealth in the first place, responsible for maintaining the profitability of capital. Corporate ideology has become so dominant that the bosses openly demand as a matter of course that the unions and the workers tie their wages, conditions, and their very jobs to fluctuations of the capitalist

market. Combating these capitalist ideological positions goes hand in hand with fighting back.

If they are to stop the blood-letting and regain the initiative in this era of downsizing, offshoring, outsourcing, and plant closings, the workers must transcend the confines of capitalist anti-labor laws and the capital-labor relationship. There must be a fight for the right to a job as a worker's property right. The right to occupy the workplaces to defend jobs and defeat concessions must be put on the agenda. There must be a struggle for the right of workers to take over bankruptcy proceedings as the primary creditors.

The sit-down strikes of the 1930s and the great Civil Rights movement of the 1950s and 1960s defied unjust laws that had been on the books for generations. Beyond the South and the territory of legal segregation, there were urban uprisings against poverty, racism, and repression. The momentum of these struggles inspired the women's movement, the lesbian and gay movement, the disabled movement, and others. It ended up expanding democratic rights in the United States.

In the last thirty years workers have shown their willingness to struggle against concessions—from the Hormel strike of 1985 through the Detroit newspaper strike of 1995, the UPS strike of 1997, the New York City transit workers' strike of 2005, and the May Day Boycott of 2006 led by undocumented workers. This will to struggle needs to be mobilized.

Globalization, capitalist restructuring, the hardships of low-wage capitalism, and growing racism and national oppression are creating the material basis for a new era of rebellion and class unity. As the working class has become poorer, the proportion of African American, Latina/o, Asian, women, lesbian, gay, bi and trans workers has become greater. At the same time white workers have also become poorer. This change in the character of the working class, both its social make up and its increasing impoverishment, is laying the basis for a more militant, more left direction for the labor movement. At the same time it is destroying the basis for class collaboration and class compromise with the bosses. These changes are creating the foundation for building a broad working-class movement which fights for the multinational working class as a whole.

The rank and file of the workers' movement will be compelled by new conditions to assert itself and exercise leadership in the struggle. Such a movement, because it is rooted in the communities of the working class and the oppressed, will be able to go beyond narrow trade unionism, which limits itself to bargaining for wages and conditions, and fight for economic, social,

and political justice on all fronts in the struggle against capitalism, and ultimately against the condition of wage slavery itself.

### **The workers and the warfare state**

The focus of this book has been largely limited to a discussion of the advances in the productive forces, the global restructuring of capitalism, its effect on the working class, and the prospects for a revival of the class struggle. The treatment of politics and war has necessarily been omitted for the sake of analyzing the above developments.

The military aspect has been dealt with only in the appendix, “Imperialist war in the 21st century.” It covers the post-Soviet phase of the U.S. war drive to reconquer spheres of influence and exploitation lost during the preceding three-quarters of a century due to the advance of socialism and national liberation movements. The appendix is an abbreviated version of a longer essay that will be published in the future. Some brief observations on the connection between worldwide wage competition and the growth of U.S. militarism are necessary, however. In fact, the Pentagon is the protector and enforcer of U.S. economic globalization and low wages.

The much-anticipated “peace dividend” that was supposed to follow the end of the Cold War has turned into invasions, occupations, wars, and military spending in preparation for future aggression. All this deeply affects the conditions of the workers and the oppressed in the United States.

As of mid-2008, the estimated cost of the Iraq war and occupation, both direct and indirect, present and future, ranges between \$1 trillion and \$2 trillion. The over-all military budget keeps growing in preparation for future wars. The Pentagon is modernizing its nuclear weapons—“nuclear bunker busters”—for tactical use; it is creating high-tech surveillance systems; it is building anti-missile systems in Eastern Europe, Alaska, and the Pacific; it is developing new missile ships, new generations of aircraft, and is working on space warfare capability. All this is for future wars and/or global intimidation. But while it encircles China, Russia, and Iran and reactivates the Fourth Fleet in the Caribbean, the Pentagon is also churning out “smart bombs,” Predator and Reaper drones, explosive-proof armored vehicles, and other weapons to use in the present against forces of popular resistance.

The money goes into the coffers of Boeing, Lockheed, Halliburton, Northrop, and others, but it is the working class that bears the economic brunt of the war drive. Trillions of dollars in value that is created through the exploitation of the labor-power of workers is transferred through govern-

ment contracts to the military-industrial complex, from the giant firms to the tens of thousands of military sub-contractors in their supply chains.

Meanwhile, the working class pays in blood on the battlefield. An economic draft based on growing pauperization and unemployment forces workers into the so-called “volunteer” army. Recruiters promise funding for education and career preparation to workers who cannot afford college and who have no prospects for the future. Low-wage workers accept signing bonuses that commit them to kill or be killed because there is no economic security in the capitalist job market. Immigrant workers who are desperate to work legally sign up for the military in exchange for promises of a green card. Others sign up under pressure or because they mistakenly believe that they are fighting for a just cause. But the rich don't go to the front lines. They get workers to fight their wars, one way or another.

Finally, the working class is ideologically and politically diverted from pursuing its own class interests by the steady drumbeat of war propaganda, churned out around the clock by every capitalist channel of communication: television networks, cable channels, newspapers, magazines, radio talk shows.

The fact is that every one of the transnational corporations cited in this book as part of the race to lower wages worldwide has a global empire. These corporations are the enemies of the workers. They are the exploiters who are cynically and systematically engineering the destruction of the workers' standard of living.

The Pentagon, the CIA, the State Department, and the entire warfare state promote war and intervention, from Colombia and Venezuela to Iran and the Philippines, to insure the protection and continued expansion of these very corporate empires. And the owners of these corporate empires are the architects of the worldwide wage competition and race to the bottom that are creating low-wage capitalism in the U.S.

There can be no sustained revival of the working class without a consciousness of the role of militarism and war in capitalist society. The working class must be inoculated against imperialist war propaganda and understand the role of the Pentagon. In social and economic crises, when facing a revival of the class struggle, the capitalist class is prone to resort to **war or the threat of war as a political weapon** to divert the masses. Bringing a class understanding of war and militarism to the workers' movement is indispensable.