

chapter two

From Capitalist Crisis to Proletarian Slavery

An Introduction to Class Struggle in the US, 1973-1998

Slavery is not one type of domination and exploitation among others, not merely an aspect of one bygone phase of history. Slavery is the primary and primordial relation of exploitation, that form out of which serfdom and wage labor arise, and that form toward which the master always strives: only force can compel the master to forgo the use of slaves. Whence the many “ends “ of slavery, and its many rebirths.

—Pierre Dockes, *Medieval Slavery and Liberation* (1982)

Among Mexican activists the existence of class struggle in the US is at best an hypothesis deducible from Marxist axioms, but it one often resisted by empirical reality. Where are the anti-capitalist parties and the revolutionary workers and peasants armies that fill the history books in the Americas, Europe and Asia? They certainly are not to be found in recent US history. Nevertheless, class struggle in the US is a daily experience.¹ In this essay, I present a schematic history of this struggle during the 1973-1998 period, stressing those elements that are most important for the creation of cross-border networks of struggle, and the forging of a common history uniting the US and Mexican proletariat.

The Fall

The winter of 1998 is a time of capitalist triumphalism in the US. The stock market is booming, it is the seventh year of capitalist expansion, corporate profits are reaching new highs, while interest rates and unemployment are reaching lows not touched since the early 1970s. The situation is so unusual that a new species of economist is appearing on the financial pages business journals claiming to have discovered a miracle. These “New Economy” economists hypothesize that advanced

capitalist economies like the US can continue to grow without igniting inflation because of the “hidden productivity” gains provided by the computerization of all areas of production and circulation. The old contradiction between growth and inflation is now history, it seems, and the new technology is being hailed as the system’s healer.²

However, a glance at the condition of the waged working class (working with or without the computer), over the last quarter century, quickly reveals the material basis for capital’s triumphs. In 1973-74 the US working class reached its historic peak of power measured statistically. Since then, the real wage, hours of work, security of employment, share of the total social product, capacity to strike, average level of employment have constantly and, at times, dramatically deteriorated. In 1974 the number of strikes reached a new historic high, after many years when strikes were common in most large industries. By the 1980s, however, strikes in these industries had nearly disappeared and 1996 had the lowest level of strike activity since the early 1920s. Again, in February 1998, unemployment reached a “historical low,” 4.6%, after seven years of capitalist expansion; but it is forgotten that such a level of unemployment would have been considered a sign of recession in the 1950s and would have called for extraordinary macro-economic measures to counter its consequences. Consider also the issue of “wage dispersion,” i.e., the difference between the wages of the highest and lowest paid workers, which is a rough, objective measure of working class solidarity. In the early 1970s “wage dispersion” was at one of its lowest levels in US history, but the 1990s have witnessed the highest levels of wage dispersion ever in post-WWII US class history. The wage gap between the best paid male workers and the least paid male workers rose from more than 3½ to more than 5 times. The most important change, however, can be seen in the profit ratio. The 1970s saw a major, across the board decline in profits. Between 1948 and 1968 the US rate of profit averaged about 20%, by the mid-1970s it averaged about 11%.³

How should we interpret these changes? For a start, it is clear that if the trends in wage increases in the 1960s and early 1970s, the shortening of work hours, the profits crisis, and wage dispersion had continued, capitalism in the US would have collapsed. This threat of collapse was not confined to the US. Similar trends were developing in Europe, the major alternative site of US capital’s investment and profit. England and Italy in 1973-1974, especially, were the scenes of remarkably effective expressions of working class power on the highest levels of politics, e.g., the 1974 miners’ strike in the UK brought down the Conservative government.

A look at the condition of unwaged workers in the US shows a parallel story of triumph and decline. The struggle of women against unpaid labor in the home in a capitalist economy has forced both the government and the Marxists to confront the value-productivity of the largely women's labor involved into the reproduction of labor power on a daily and generational basis. This work had historically been unpaid in the US, where there were not even the small "family allowances" that were experimented with by some European governments after WWII. But in the 1960s, the welfare movement largely led by black women brought together the demands of the "Black Power" movement and the feminist demands for the recognition of women's work. By the late 1960s the rights of poor, unsupported women to some form of payment for their work of raising children was being recognized as a "welfare entitlement" by the national government.

In response to the struggles of women these payments grew throughout the 1960s and by the early 1970s the Nixon Administration was discussing a plan for a "guaranteed national wage" that would regularize a nationally agreed upon bottom to all citizens' income.³ These discussions signaled an immense crisis for capital, because one of greatest sources of profit arises from its ability to make the working class bear the cost for its own reproduction on a daily and a generational basis. The guaranteed income and the other aspects of the 'welfare state,' (e.g., the creation of a nationalized medical care system for the elderly, Medicare, in 1965) threatened this immense source of profit and exploitation. This development ended abruptly in the mid-1970s. By the summer of 1996 the national government had moved so far from the "guaranteed income for all" as to explicitly legislate that it was no longer guaranteeing *any* payment to women (poor or not) for the work they do in reproducing the labor power of the future.

The class struggle in the 1960s and early 1970s which led to the historic threat to capitalist accumulation did not take place under the direction of a mass, ideologically identified anti-capitalist party. But it did see an immense production of theoretical and agitational literature concerning the nature of capital (the New Left), feminism, racism in all its forms and targets (against blacks, indigenous peoples, Hispanics, Asians), homophobia, sexuality, and the environment. More crucially, it was able to express its power in the great urban insurrections led by blacks from the Watts rebellion in 1964 to the national urban uprising after the assassination of M.L. King Jr. in 1968, major strikes in all the core industrialized regions as well as new areas like agriculture (the United Farm Workers of America strikes and grape boycott) and government (the national Postal workers' strike), a revolt in the army in Vietnam, strikes in the

university system including a nation-wide shut down after the invasion of Cambodia in 1970, the great prison revolts like Attica in 1971, and the revival of the feminist movement. Even capitalist apologists were beginning to despair in the early 1970s and were writing books about workers with titles like “Where Have All the Robots Gone?”⁵

How did the US working class both waged and unwaged, which in the 1960s and early 1970s appeared to be shaking the confidence of the most powerful capitalist class on the planet, find itself, a quarter century later, more divided, with lower wages, working longer hours, and feeling more powerless and insecure? How was capital able to regain its equilibrium and then take the initiative? A thorough answer to these questions would require a book, but in the following pages I will give a sketch of an answer.

Recession

The first response to a period of growing working class power was instinctual to capital: depression, crisis and a refusal of investment. This did not require much planning. Any successful attack on profit will lead to disinvestment, according to the logic of the system, and the period between 1975 and 1983 included five “recessions,” two of which were more severe than any since the Great Depression of the 1930s. This rapid-fire series of recessions changed what “high” and “low” unemployment rates meant. After 1983, even though there were two periods of “expansion” (1984-1990 and 1991-present) the lowest the unemployment rate reached was 4.6%—what would have been considered a “recession” rate of unemployment in the 1950s.

Capital’s Counter-Strike: “Rust Belt,” “Scabs,” and “Union-Busting”

In previous periods of unemployment after WWII there was never a large-scale disruption of the location of the factories and the general geographical distribution of the branches of industry. Steel was connected with Pittsburgh, autos with Detroit, rubber with Akron, coal with West Virginia in the minds of the workers and capitalists. Even if steel, auto, rubber workers, and coal miners were laid off during a “down turn,” they remained in place for the most part, expecting to be reemployed in the next “up turn.” But the crisis of 1975-1983 was different. Capital physically dismantled itself and moved to the southern US (or even to industrialized Third World countries like Mexico or South Africa), leaving behind a “rust belt” stretching from Chicago to Boston

of abandoned factories, steel mills, and working class neighborhoods. This planned “deindustrialization” of the traditional manufacturing areas of the country had a profound effect on the self-confidence of the most well paid, and historically most combative strata of the proletariat. How can you strike outside a rusty unused factory whose replacement is being built a thousand miles away? Even if northern workers, especially blacks, followed their plants south, how could they reconstruct ties of proletarian trust and cooperation with workers they met in the new plant who might have ties with the KKK or other racist groups?

Capital’s campaign to terrorize the waged working class into giving up the strike “weapon” had many more dimensions beside corporations’ professed and demonstrated willingness to respond to strikes by simply moving a plant thousands of miles away. Large corporations also broke one of the basic rules of “labor relations” worked out in the 1930s: the prohibition of using “scabs,” or strike breakers, or, in the euphemistic term of the 1980s, “replacement workers.” The hiring of “scabs” to break strikes had been a standard tactic of capitalists, both large and small, throughout the late 19th and early 20th century. This practice had been rejected by the larger capitalists as being too dangerous in the era of mass factories, which required thousands of workers and were located in the midst of working class neighborhoods. But, beginning with the nation-wide strike of air traffic controllers in 1981, there was a revival of the “scab,” so that today almost every category of workers’ strikes including those of meat packers, paper workers, coal miners, farm machinery assembly workers, air traffic controllers, pilots, and school teachers have faced and were defeated by a campaign of scabbing. All throughout the 1980s there were years-long sieges of factories, mines, and mills that were operating at maximum capacity by striking workers who impotently demonstrated on the outside. These defeated strikes taught workers a bitter lesson, and have definitely reduced their capacity to reject the reduction of wages and the increase in work-time demanded by their bosses. For example, in 1974 there were 424 strikes involving more than 1,000 workers while in 1995 there were only 31 such strikes.

Another tactic of the late 19th and early 20th century that was also revived was “union busting,” i.e., capitalists’ attempts to either subvert workers’ efforts to unionize to drive unions out of their factories. From the 1930s until the 1960s the large corporations had worked out an accommodation with the unions in their branches of industry, but beginning with the crisis of the mid-1970s this accommodation went into crisis. For example, when a steel mill or a coal mine was moved to a new location, the corporation would often not recognize the older union as the bargaining agent for the

workers in the new location. Moreover, since companies often moved their new plants to states in the South or Southwest which had laws that hindered unionization, it was relatively easy for managers specially trained in “union busting” tactics (taught at a very high price by a new breed of “aggressive” management experts) to subvert their new workers’ attempts to unionize and create the solidarity required to organize a strike. The result was a dramatic decline in union membership, e.g., in 1974 about 25% of the employees in the private sector were union members, in 1994 only about 12% were in unions.

Along with these planned attacks on the waged working class’ most powerful weapon on the factory level, there was also an attack by the state. In the 1950s and 1960s, unemployment benefits, “food stamps” and other forms of income available to workers that were laid off were made available to waged workers who were on strike for a long time. In the 1980s and 1990s these benefits were systematically attacked. Either they were formally denied to strikers or they were severely cut. Consequently, if workers went on strike in the post-1973 period they increasingly faced immediate poverty leavened by small payments from strike funds and solidarity funds.

The Decomposition of Work

The attack on the waged working class in the large factories, mills and mines did not end with eliminating its capacity to formally stop work and strike. Workers can refuse work (in order to demand higher wages, less work-time, and a reduction in the intensity of work) within the factory, on the “shop floor,” often more effectively than by formally striking. By the 1960s, for example, assembly line workers had developed very sophisticated techniques of slowing down the line to protest management practices and to take control of their working conditions. This quiet insurrection within the plant (called “counter-planning from the shop floor”) was more terrifying to the capitalist than the picket lines outside it. For strikes are open declarations of war operating by fixed rules, but this organized insubordination within the plant was more open-ended in its threat to the sovereignty of capital. What could be done about it? Again the first step was instinctual to capital: increase mechanization and surveillance.

As Marx wrote in *Capital*, machines are weapons of war against the power of workers, and the immediate response to any increase of workers’ power is to introduce machines to replace workers, to reduce the skill necessary to do the work, or to subvert workers’ capacity to refuse work on the job.⁶ The machines and techniques have varied with the period, from the Arkwright’s “mule” and the steam engine of the

19th century, to electrification and the internal combustion engine of the early 20th century, to the introduction of Computerization and Robotics in the late 20th century.

The latter innovations have led to a new source of anxiety for the worker, “downsizing.”⁷ In the past, one feared being laid off from a job because of a down-turn in the business cycle and a reduction in the demand for the commodity one helped produce. Normally, if “business” was good, there would be no reason to be concerned about one’s job and one could use the moment to demand higher wages and better working conditions. But this “grace period” for internal bargaining and struggle with the boss is increasingly under attack, because even during a boom time the worker can be threatened with the introduction of a computerized simulation of much of his/her work or even a complete roboticized replacement. Since the computer is a universal machine that can simulate any pattern-producing activity, almost any worker can be threatened with “downsizing,” i.e., a dramatic change in or even elimination of their assigned work without a reduction in the demand for their product, consequently workers’ power to use “good times” to make new demands and to organize greater control of their work-life is threatened. But if “bad times” are not propitious moments, and if “good times” are increasingly not propitious either, then what times are best for putting forth working class demands?

Another classical method for subverting internal worker insubordination is increased surveillance. Again this is nothing new. From the formation of the factory on the model of the prison in the late 18th century, to Taylorism in the late 19th century, to Fordism in the early 20th century, the techniques for monitoring work, controlling its motion, detecting deviations from the norm and crushing insubordination has been at the core of the capitalist science of production. Since the mid-1970s a whole set of “new” practices have been introduced in all the major industrial branches often associated with Japanese management. From “quality circles,” to “just-in-time production,” to “total quality control,” these so-called Post-Fordist techniques are no more than new ways for the capitalists to create forms of surveillance and spying in the process of production and to introduce a continual complicity between elements of the working class and management. As with some of the previous advances in “management science” they have proved initially successful, but then in time the conflictual class relation returns to the fore because the proletariat learns to create a counter-surveillance and subvert complicity in its ranks. But as this has been the initial period of their introduction, many of these techniques have proven effective.⁸

Changes in the Composition of the Waged Working Class: Immigration and Gender

These changes in the location and form of work have been crucial in thwarting the militancy of waged workers. But there were other, equally important, but more ambiguous factors that will help explain the collapse of many past, but problematic bastions of working class strength in the US.

To understand these factors one must reflect on three decisive moments in the formation of the US proletariat. The first two are the genocide of the indigenous people and the massive enslavement of Africans in the US territory and the third is the wave of immigration from Europe and Asia in the late 19th and early 20th centuries. The ability of US capital to move large quantities of labor power is rooted in the success of the genocidal elimination of the indigenous people and their ability to divide European and Asian immigrants against each other, but more crucially against the historically most combative element of the working class, the descendants of the African slaves. These moments defined the working class composition through WWII, but in the 1950s and early 1960s one of the most important revolutions in US working class history occurred: the black working class successfully challenged and destroyed the legal apartheid they faced. This revolution opened the door for the increasing homogenization of the working class in terms of wages, because the blacks, who were traditionally on the bottom of the wage ladder, were able to increase their wages. Racism—the complex of techniques used to divide the working class according to physiognomic factors—finally began to be confronted. The years between 1965 and 1975 were “the second Reconstruction” (the first Reconstruction being the short period after the Civil War when the US government intervened to extend the voting and civil rights of the liberated slaves).

A second revolution also took place at the same time: the remaining indigenous peoples began to create unified organization and to challenge their legal status as “wards of the state.” They began to demand the strict implementation of treaties concluded in the 19th century and to refuse their dependency on the state. This new presence of the indigenous peoples on the historical stage put on the proletariat of European origin on trial for their previous complicity in the genocide.

It was at this revolutionary moment in the mid-1960s that US capital reversed its very restrictive immigration policy. In the thirty years since then, almost 20 million new immigrants legally arrived from Mexico, Central America, the Caribbean, Vietnam, Cambodia, South Korea, China, India, and Africa. Driven to the US by wars (from

Vietnam and Cambodia, to El Salvador, Guatemala, and Nicaragua), and structural adjustment policies (Mexico, the Caribbean, Africa), these new immigrants were politically sophisticated, but also desperately needed waged employment, and almost any wage would do. Since most of these immigrants were also between 18 and 65 years of age, they entered directly into the US wage labor force of a little more than 100 million. Even though most of these immigrants took low-waged jobs they inevitably added to the wage pressure on the non-immigrant low-waged workers especially. This new immigrant wave not only created new racial divisions that capital could play with, it also began to diffuse the African/European, slave-descended/immigrant-descended, black/white, divisions that had been the basic racial fulcrum in the division of the US working class from its origin.

On the other side, the new immigrants came from environments that had already confronted the most modern forms of capitalist exploitation, consequently their arrival added a new militancy and sophistication in the US proletariat that will have an enormous impact in the future. But most immediately they created the basis of the revival of low waged "sweat shop" industry in the US, especially in textiles, sporting goods assembly, and agricultural processing industries.

The second great change in the composition of the waged working class was the increasing presence of women. From the 19th century textile mills to the airplane assembly lines of WWII, women were a crucial part of the waged working class. But just as with the blacks, they were treated as the ultimate reserve army of industry by capital and as second-class citizens by unions. "Last hired, first fired," applied to both. But beginning in the late 1960s the rate of female labor market participation increased consistently and, over the last quarter century, has transformed all layers of employment. For example, the percentage of women in the total waged work force in 1995 was 46% while in 1960 it was 33%; similarly the labor participation rate of women in 1960 was 37% while in 1995 it was 58.9%. This too had an ambivalent impact on the wage labor market. On the one side, since women enter into the factory or the office in the face of gender discrimination, they offer an even greater opportunity for exploitation than men. Moreover, since women were still largely doing the housework they had traditionally done even though they had become waged workers, capital was able to continue accumulating the unwaged part of their working day (housework), while adding to it the surplus value of women in the waged part of their working day.⁹ But on the other side, the introduction of a second wage in many US working class households has made it possible to survive the fall of real wages without entering into poverty. More importantly, the women's waged work has at least

made it possible for many women to escape quasi-slavery in violent marriages they were often doomed to before.

The Internationalization of Capital: The Export of Commodities and the Export of Capital

We have been examining the most immediate determinates of the attack on wages and the length of the work day in the production cycle: the organization of work, the capacity to strike and the composition of the working class. Another, less immediate, but equally effective cause is in the circulation sphere: the export of commodities and capital. It has been given a new prominence in the 1990s as foreign direct investment throughout the world has risen from \$200 billion in 1990 to \$315 billion in 1995 while the growth of international trade has consistently out paced world economic growth since the 1960s (e.g., the GDPs of “high income economies” grew by 2.9% per year between 1980-1993 while their imports and exports increased by 5.5% per year). It has a new name as well, “globalization,” which has become the “buzz” word of the decade. But the export of commodities and capital has been an age-old “escape mechanism” from the class struggle, for it allows capitalists to escape workers both physically and politically. When export of commodities becomes a central objective of capitalists, they become less concerned with the capacity of their workers to consume their products. When the export of capital becomes an easy option and the exploitation of workers outside of the national economy is a common mode of capitalist behavior, then the quality of reproduction of the national working class is even less of a concern.

The period between 1973 and 1998 has been one where there was a fundamental shift in US capital’s focus from a domestic-national to an export-global economy. A reader in Mexico or other parts of Hispanic America might be surprised by this claim, given the enormous impact the US has had on their economic life. But the continental size and, after the mid-19th century, demographic growth of the US has allowed US capital to have its core circulatory interest in the national territorial limits up until recently. A relatively small amount of the GNP was accounted for by export industries up until the 1980s and 1990s, and even today only about 12% of US production is exported (compared with only about 5% of GDP in 1960). But the percentage of US corporate profits created in foreign facilities has grown dramatically from about 5% in 1950 to 20% in 1990. This shift has already had enormous consequences on the class struggle in the US.

The most obvious impact of the new export regime on the class struggle has been in the export of capital. For increasingly when workers made demands, capitalists respond by threatening to export their plants and offices outside of the US. In the past these threats might have been taken lightly, but no more. There are a number of reasons for the newfound seriousness of these threats. First, there are now many more places where capital can safely be exported to (in the form of foreign direct investment). The worldwide impact of structural adjustment programs imposed by the IMF and the World Bank has now changed the legal structure of most of the nations of Asia, the Americas and Africa in such a way that the rights of foreign capital are now supreme. Second, a new continental terrain (from Berlin to Beijing) and billions of workers has become open to direct exploitation by US capital since the collapse of the socialist regimes in Eastern Europe and the former Soviet Union, and the cautious “opening” to foreign capital of the nations in Asia still ruled by existing communist-parties (China and Vietnam). One can say that since the early 1980s the number of potential workers directly exploitable by US capital has increased by approximately three billion. Third, an industrial proletariat has now taken shape in the majority of regions throughout the planet, consequently all the costs of producing such a proletariat do not need to be borne by the investing foreign company. Capitalists are not above pointing out to US workers making \$15 an hour in a manufacturing plants that, with a little inconvenience, this plant could be exported to a country where workers, almost equally prepared, are willing to work for less than a \$1 an hour. The reality of this threat is not lost on workers and their organizations.

There are certainly few US laws that hinder the movement of US capital beyond the national borders (except for the various sanctions imposed on Cuba, Iraq, Libya, and Iran) and that put an export tax on the outward flow of capital. On the contrary, the obsessive drive of the most powerful elements of US capital on the governmental level has been to reduce any resistance to outward capital flows and any restrictions to the penetration of foreign barriers. The General Agreement on Tariffs and Trade (GATT), its progeny the World Trade Organization (WTO) and most importantly, the North American Free Trade Agreement (NAFTA), and the projected Multilateral Agreement on Investment (MAI) are all concrete products of this drive that has given to US capital a legal mandate to threaten any insubordination of US workers not only with a capital-strike (a halting of production), or a campaign of strike-breaking (continuing production with scabs), but with the continuation of production in a safe foreign environment where wages are a fraction of the present US wage.¹⁰

This power to spatially move beyond the reach of working class threats is intensified by the increase of the export focus of the capital that remains in the territorial US. Once export-oriented industry is widespread, a number of factors affecting the balance of class forces come to the fore. First, the old Fordist maxim - the workers in an auto plant should be able to buy an auto - is made null and void. For if the market for a capitalist's commodity is the working class or the capitalist class of a foreign country, then the purchasing power of his/her own workers is not the capitalist's concern. Consequently, the workers cannot use the old Keynesian threat that if their collective wage demands are rejected, the collective capitalists will not be able to sell their commodities and both will lose. Second, export-industrial production also de-localizes the workers themselves, for they recognize that the purchasers of the products they produce have no connection to them beyond the use value and the price of those commodities. Their relation to each other is as abstract as the mathematical space that separates them. Consequently, the locale of production is not crucial to its purchase, it could have been produced in place X, Y, or Z as well. This further intensifies the message of the capitalist in the arena of wage negotiation: I do not need *you* in particular, therefore your particular demands are not binding on me. The capitalist can move to place X, Y, or Z, therefore, threatening his/her workers without threatening the market for the produced commodity.

Export-oriented production has another side, import-oriented consumption, which has been crucial for decreasing wages and increasing profits as well. US workers' real wages were reduced in the 1980s and 1990s without widespread strikes and uprisings because of the importation of clothing, shoes, electronics and agricultural products made cheap by the systematic repression of workers organizations in Asia, the Americas and Africa. Torture chambers for union militants and concentration camps for protesting students have become the "comparative advantage" of many Third World governments looking to attract foreign direct investment from the US and to become "export-oriented." Free enterprise zones from Haiti to Indonesia now house US firms that produce goods for the US working class market without concern for labor or environmental standards. The reduction of the cost of clothes and food has made it possible for capital not only to reduce wages but to also increase the interest charges for credit cards and mortgages and rents for US workers. This not only increases the share of surplus appropriated by capital through profit, rent and interest, it also creates a working class complicity with the exploitation of workers abroad that has only recently begun to be attacked in anti-sweatshop campaigns.

The changing composition of the waged working class, the de-localization of production, the “globalization” of production and consumption have not only affected the specific balance of forces between working class and capital. They are proceeding at such a pace that the very meaning of the terms “US working class” and “US capital” are becoming problematic. For example, if “US capital” means “capital owned by a US citizen” and “US working class” means “someone being exploited by US capital,” then much of the capital in the US national territory is not US capital and an enormous part of the US working class are citizens of other countries. There were definitional problems of this sort before, of course, because the localization of capital and exploitation is intrinsically difficult. However, these problems are now becoming critical and demanding a new strategy to deal with the actual class composition of the working class and the concrete threats of contemporary capital. Not surprisingly, however, at this very moment a new “nationalist” ideology (full of race hatred, capitalist toadying, and anti-immigrant) is becoming the rallying cry of much of a proletariat that cannot find a way to effectively counter the tremendous forces arrayed against it without tearing itself apart.

The State and the Working Class: The End of Keynesianism

In such an environment of class tension, one might expect the state to mediate more forcefully. However, there has been a profound change in the relation of working class, capital, and the state since the early 1970s. The state has traditionally been concerned with the reproduction of capital and, as its necessary condition, the reproduction of the working class. This concern with the working class, beyond merely repressing its desires, became especially important with the rise of Keynesianism in the US. “Keynesianism” is a form of political economy named after the famous 20th century English economist John Maynard Keynes. His thinking influenced the US government’s economic policy of the 1940s through the 1960s. It rejected the view that capitalism, left to itself, will lead to a low unemployment, high growth economy. These objectives required that the state try to plan the major variables of a capitalist economy, from the money supply and the wage rate, to the GNP and the profit rate. Keynesianism, combined with the commitment of US capital to the development of a national market, created a set of mediating mechanisms between capital and the working class, from the formalization of national wage negotiations and unionization, to welfare policies for poor women and their children, to education policies to train future workers and the management of US apartheid (called “racial segregation.”) One

of the most important functions of the Keynesian state was the management of a parallel growth of wages and productivity, via its control of the money supply and the interest rate. If wage increases out-ran productivity increases, then an increase in the money supply with its inflationary impact followed by an interest rate increase and its recessionary consequences, would reduce the value of the wages in line with productivity. But in the late 1960s and early 1970s this cybernetic strategy began to fail. A sure sign of this failure was the lack of correlation between inflation and unemployment (the first went up the latter was down, and vis versa) called “the Phillips curve” in economics. The 1970s was a period of high unemployment and high inflation (sometimes called “stagflation”) whose most important impact was the dramatic decline of real wages in the US after 1973. The commitment to keeping wages growing in line with productivity growth, a central maxim of Keynesianism in practice, was rejected in the crisis.

The new political economy hostile to wage increases was euphemistically dubbed “inflation fighting,” since it would not have been politic to have called it what it really was: “wage hating” and “profit loving.” The theorists of this policy, however, could afford to be more open, because they were more abstract. They defined an acceptable level of employment to be that level which does not increase inflation. In other words, acceptable unemployment rates had nothing to do with workers’ needs, or even the national interest. In practice, any increase in wage demands from any part of the proletariat was immediately used as a pretext to impose higher interest rates that would further weaken the bargaining power of workers even in a boom. Since the real interest rates would reduce the pace of business expansion and the demand for labor power. Real interest rates (i.e., nominal interest rates minus the inflation rate) remained at historic highs throughout the 1980s and 1990s. The result: inflation was reduced from 12% per annum in the late 1970s to less than 3% in the mid-1990s, while the hourly manufacturing real wage was reduced by almost 20% in the same period. This decline in wages and increase in hours took place in two major business expansions (roughly 1984-1990 and 1992-1997).

The end of Keynesianism could not only be seen in the inflation-fighting “macro-economic” policy outlined above. It also involved a successful tax revolt by capital and capitalists. Corporations began a campaign in the 1970s to reduce direct taxes on their profits, and eventually it led to a dramatic reduction of corporate “income tax.” For example, in 1957, US corporations paid 45% of local property taxes, but by 1987, they paid only 16%, even though they are legally considered individuals and have all the rights and responsibilities of individuals. There has also been a steep decline in the

corporation's share of all taxes (state, local and federal). In the 1950s for every one dollar paid by families and individuals, corporations paid about sixty-five cents, while by the 1980s corporations were paying twenty cents.

Individual capitalists also began a campaign to lower their own income tax rates in the 1970s. They succeeded as decisively as corporations. As of the mid-1990s, individuals whose income is \$250,000 and higher pay about 30% of their income in taxes whereas in the mid-1970s they were paying almost 50%. This tax revolt of the rich has not only meant a redistribution of income to the already wealthy. This upwards redistribution was paid for by deficit financing and it signaled the end of the willingness of the capitalist class to invest in the reproduction of the US working class via the national state apparatus. These budget deficits from the 1980s on were partly financed by government *borrowing from* (not taxing) the wealthy of the US and the planet who bought US Treasury bonds at very profitable interest rates. Government interest payments now form the third largest expense of the national budget, after defense spending and social security (national old-age pensions), they grew from 8.9% of the national budget in 1980 to 15.2% in 1995. Interest payments are, in effect, a direct reduction of US working class income in favor of the capitalist class of the planet. Besides shifting the "tax burden" to reduce wages, capital's tax revolt also rejected another Keynesian axiom—investment in the reproduction of the working class is essential to capitalism in an "advanced" stage.

Capital's successful tax revolt put an enormous stress on the national budget, since it meant that the private and corporate owners of the social surplus would not be taxed. This loss could only partially be compensated by new taxes (which were, in effect, generalized wage reductions) on the proletariat. As a result, "austerity budgets" have become commonplaces in the midst of two economic booms of the 1980s and 1990s. "Austerity," of course, when applied to money was the dignified Protestant name for "poverty" in the 19th century, but in the late 20th century it is a cant phrase hiding a grim reality: US capitalism admits that can not solve the basic human problem of poverty even in its own territory. The set of anti-poverty programs struggled for in the 1960s and early 1970s occasioned by the end of racial apartheid and the revolt of women to end poverty (which had at its center single women with children and the descendants of the slaves) was met with one "austerity" budget after another, at all levels of government in the 1980s and 1990s. In the midst of stock market booms, "healthy profit reports," and the usual signals of capitalist vitality, the evident growth of poverty, the segregation of social life, and the consequent despair accumulated for all to see on the streets of the metropolises. In the face of this evidence, politicians

said time and again, “There is no money,” as they spent millions seducing any wandering capitalist with a few dollars to invest.

The result of the fall of real wages, the transformation of the tax burden, the increase of corporate profits and stock prices, the “austerity” budgets which ended the redistributive efforts of government, and the rise of interest payments on the national debt has created an increasing income disparity within US society. The gap between high and low-income families has widened every year since 1980 so that, according to former US Secretary of Labor Robert Reich, “[The US has] the most unequal distribution of income of any industrialized country in the world.”¹¹

The Return of Slavery in the US

This is not a pretty picture. And it is rather one sided, for this essay has largely dealt with actions and plans of capital in its struggle to escape the euthanasia which threatened it in the early 1970s. The working class has not been purely passive in this period of retreat, recomposition, and reflection. But the heroism, ingenuity, and toughness demonstrated by working class struggles between 1973 and 1998 (which require a chronicle of their own) have not been enough to turn the tide. The great strikes of the 1980s (e.g., the 16-month long strike of paper workers in Jay, Maine) and the Los Angeles “no peace without justice” insurrection in 1992 were two important moments in a long series of episodes of resistance, but unfortunately in the last two years there has been a series of legislative changes that lays the basis for the return of slavery in the US on a mass basis.¹² In effect, the US Congress has recently redefined what it means to be a human being. I hope I do not sound too sensationalistic, but it is possible that at the dawn of the next millennium there will be 8 to 10 million adults—would constitute about 7% of the “economically active population” of the US—in a slave-like status.

I do not mean by “slave-like status” a complete return to the human “chattel” of the pre-Civil War period where the slave was the property of private individuals and could be sold at will. But there are many forms of “unfree labor” close to “slave labor”—e.g., debt bondage, serfdom, prison labor, and *corvée*. These near-slave forms of labor were used, e.g., in the US South for almost a century after slavery was abolished and the First Reconstruction was scuttled.¹³ The ending of the Second Reconstruction, practically in the late 1970s and formally in 1995 with the Supreme Court decision to systematically void Affirmative Action legislation, has paved the way for a second round of near-slavery regimes in the US which prey on the traditional

source of slaves: the poor woman, the prisoner, and the stranger. For if slavery is, as Orlando Patterson suggests in his broader definition, “the permanent, violent domination of natally alienated and generally dishonoured persons,” then these people fit the description of the dominated perfectly. The existence of an “information-driven,” “cyber-spaced” capitalism will not save us from a revival of slavery. For as Dockes has put it in the opening epigraph, the development of capitalism will never automatically lead to the end of slavery. On the contrary, as long as capitalism continues to exist there will be an inevitable tendency to reintroduce slave-like forms of labor. If waged and unwaged workers do not have the force to resist this tendency, then many of our number will be doomed to slave status at whatever the level of productive forces the capitalist command.¹⁴

In 1996 three separate laws, directed at single mothers, prisoners and strangers, were passed in the US Congress. They formalized the collapse of proletarian resistance to this tendency to slavery inherent in the system and facilitated a new era of enslavement and low wages in the US. Let me take each of these legislative changes in turn.

The first is the “Anti-Terrorism and More Effective Death Penalty Act.” On the surface, this law is directed against two different groups of people (which, however, the state wants the public to identify): (a) the US supporters of revolutionary groups around the world (from the Zapatistas, to the Palestinians, to the IRA) and (b) the people convicted of capital crimes on death row. This law has very severe provisions for both, but included in this law is a fundamental denial of one of the most basic civil rights, *habeas corpus*, that is, the right to petition a higher court to show just cause why s/he is being kept prisoner. This has been used by thousands of prisoners, who have reason to believe that they were being held on false charges and being treated in a discriminatory way. It is the ultimate right of a prisoner to protest his/her imprisonment.

Why is this so important and what does it have to do with the return of slavery in the US? First, because there are about one and one-half million adults in prison in the US in the mid-1990s and this number is growing. The prison population has increased in line with the fall of wages. Prisons have become the “growth industry” in the 1990s and the portion of some state’s budgets is larger than what is spent on higher education, e.g., California. This growth has come from the criminalization of the cocaine, heroin, and marijuana industry and the “mandatory sentencing laws” that simply assign people convicted of particular crimes to long sentences with no

possibility of parole. As a result, if one is poor, young, male and black, for example, he would have a one out of three chance of being in prison sometime in his 20s. Given the “austerity” budgets that have continued into the boom years of 1990s (and the still virulent racism and classism of the US), there is a capitalist demand for using these prisoners profitably so that they would literally “pay for their crimes.” Hence, prison industries are being instituted throughout the US even faster than the prisons are being built, and increasingly prisons are being built as part of an industrial complex.¹⁵

Moreover, slavery cannot be reintroduced, especially profit-making slavery in the prisons, without a death penalty that would “effectively” threaten the physical elimination of any rebellious workers.

Prisoners had always worked in prisons, of course, but this work was either directed at the prison’s housework (e.g., the laundry or building maintenance) or for the state’s need (e.g., the famous auto license plates or highway signs). In prison industries, the prisoners work for private profit-making companies who pay them a non-negotiated wage rate from which is deducted their living expenses in the prison and a payment into a “victim fund.” They are slaves, not because they are forced to work by their circumstances (for that is every proletarian’s fate), but because they have no right to organize and negotiate their wages.

The second pro-slavery law of 1996 was the “welfare” law, the “Personal Responsibility and Work Opportunity Act,” which in effect eliminated the US government’s guarantee to provide minimal benefits to every indigent person in the US. This law puts a limit of five years on the federally funded welfare support they receive and, in order to get it, they must join a “workfare” program. “Workfare” requires that people receiving benefits report for work or training at assigned places (usually in government agencies) or they will be cut off. In effect, the welfare benefit is transformed into a wage. But again, this is a non-negotiable wage. Consequently, these women, who are not a small percentage of the adult female work force, are transformed into a quasi-slave condition, a form of debt bondage.¹⁶

Finally, we come to the immigration law of 1996, the “Illegal Immigration Reform and Immigrant Responsibility Act.” This law has many draconian penalties for documented and undocumented immigrants even though the US is a society that is largely peopled by immigrants. But most crucial for our theme are the provisions that make a transition from an “undocumented status” to a “documented status” next to impossible. This creates a permanent sector of workers in the US who have no rights

nor even a possibility to petition for them. This stratum is immediately transformed into a slave-like status because people in this situation have great difficulty in negotiating a wage. For an employer of an undocumented worker faces a small fine if s/he is discovered, while an undocumented worker faces financial catastrophe or even death.

Prisoners, single mothers, undocumented immigrant workers are all entering into a new legal status: waged workers who cannot legally negotiate their wages. In other words, millions of adults in the territorial US are finding themselves in situations reminiscent of the 19th century, with its plantation slavery in the South, coolie workers in the West, and indentured servants in the East of the US. This revival of slavery constitutes a major defeat of the US proletariat; for how can one launch a major wage struggle knowing that there are millions of people in slave-like situations undercutting wages? Slaves, not computers, are the somber basis of US capital's "bright prospects" in the winter of 1998.

Conclusion: "The Force to Compel the Masters"

Surely any story that ends with the revival of slavery is a story of working class defeat. It is important for Mexican comrades to know the grim facts, but we cannot end here. Especially not in an article meant to begin a discussion about "the force to compel the masters to forgo the use of slaves" in the common history and future of the US and Mexican proletariats.

A good place to begin this discussion is with NAFTA itself, the official document by which the masters of Mexico and the US have agreed to structure relations between themselves and "their" proletariats in the coming decades. The NAFTA principle is: *free the flow of capital and commodities across the borders and highly restrict the passage of labor power*, allowing capital to easily escape wage struggles while making it difficult for workers to escape wage defeats. NAFTA has definitely been successful for US capital. Since 1994 real wages both in Mexico and the US have fallen while trade, capital flow, and profits have increased dramatically in the US.

But NAFTA is not yet a perfect capitalist tool. A major debate among capitalists in the US since NAFTA became operational in 1994 has been over how restricted should the passage of labor between Mexico and the US be? The far right has been demanding "an immigration moratorium" while the center of the political spectrum is satisfied with creating a class of immigrants in a quasi-slave status who would neither be able to access government services nor negotiate their wages. The "Illegal

Immigration Reform and Immigrant Responsibility Act” of 1996 was a tentative compromise between these two groups, but the sparring between openly racist hard-cops like Pat Buchanan, the Republican presidential candidate, and neo-social democrat soft-cops like Robert Reich, Clinton’s former Secretary of Labor, will continue far into the future. For this politics is used to manipulate the quantity of labor power moving across the borders and to divide Mexican and US workers from each other in accordance with the needs of capital. Moreover, this vicious debate allows the Mexican government to appear as a concerned protector of immigrant Mexican workers (and their remittances) in the US.

But this NAFTA debate is an exercise in futility for the North American working class, forever driven between the rhetoric of racist exclusion, efficient slavery, and Machiavellian paternalism. *NAFTA must be turned upside down and rewritten in the interest of the North American proletariat.* At the very least, this revision would require putting new restrictions on the movement of capital and a liberation of the movement of workers. This strategy began to be discussed in the struggle against NAFTA in 1993 by different cross-border alliances of labor unions and was forcefully put on the working class agenda by the EZLN in the Revolutionary Law they proclaimed on January 1, 1994.

The Zapatistas self-consciously chose that date to begin their uprising as a blow against NAFTA.¹⁷ They called NAFTA a “death sentence” for the indigenous of Mexico and demanded that the NAFTA-inspired revision of Article 27 of the Mexican Constitution be annulled and that any foreign company coming into Mexico pay the same wages to Mexicans that they pay at home. But the Zapatista’s demand for legal and economic autonomy for indigenous regions of Mexico, if successful, would go far beyond the precincts of the indigenous to fundamentally undermine the effect of NAFTA on the whole North American proletariat. Indeed, this rebellion has already helped to halt the expansion of NAFTA to Chile, Argentina, Costa Rica and other parts of the Americas. In this sense, the revolt in Chiapas poses the problematic of the North American working class in its sharpest contours. This explains why the US government has been so diligent in arming and training the Mexican Army (under the cover of a phony “drug war”) and why the Mexican government has been so harsh in its rejection of the San Andreas accords by claiming that it would “Balkanize Mexico.”

The problem with indigenous autonomy for capital is not that it would bring about the breakup of Mexico, but that it would provide a model for workers (both waged and unwaged, both US and Mexican) to restrict and control all capital that flows into its

vicinity. Though not anti-capitalist in itself, this autonomy would have revolutionary consequences in the contemporary era of totalitarian neo-liberalism. Consequently, an important condition for the common future proletarian future in North America is the survival and success of the struggle for indigenous autonomy in Chiapas.

Can the search to find “the force to compel the masters to forgo the use of slaves” end in the *ejidos* of Chiapas, the poorest (*and* richest) region in all of North America? This would be surprising only to those ignorant of Marx. For in the decade after the defeat of the 1871 Paris Commune, Marx turned his attention to the revolutionary possibilities in the communal land and peoples of the world. He found them in the Russian *obshchina*, “a form, albeit heavily eroded, of the primitive communal ownership of land” and similar to the *ejido*. In one of his last published writings, the *Preface to the Second Russian Edition of the Manifesto of the Communist Party* (1882), he laid his considerable prestige on the concluding sentence: “If the Russian revolution become the signal for proletarian revolution in the West, so that the two complement each other, then Russia’s peasant communal land-ownership may serve as the point of departure for a communist development.”¹⁸ These were prescient words, but they were certainly “off color” for those committed to the vanguard role of the industrial proletariat in 1882. Let us learn from history, especially our history to question our assumptions and dismissals.

Mexico City-Parma-Newport-Brooklyn
July 1997-March 1998

Notes

1. There were periods when there was much political cooperation and communication between Mexican and US proletarian organizations. The involvement of the Industrial Workers of the World (IWW) in 1906 strike of Mexican miners in Cananea and with the Magon brothers’ “desert revolution” in Baja California was well known. During the Mexican Revolution, the American Federation of Labor (AFL) organized contacts with La Casa del Obrero Mundial and many other newly formed Mexican unions. The Congress of Industrial Organization (CIO) supported the Cardenas government’s expropriation of the oil companies and collaborated with the Confederacion de Trabajadores de Mexico (CTM) in the 1930s. These organizational ties began to fade in the 1940s and are only being revived in the 1990s, under the pressure of NAFTA. For a discussion of

the relation of US and Mexican working-class organizations from 1906 to the 1940s see Harvey A. Levenstein, *Labor Organizations in the United States and Mexico: A History of their Relations*. (Westport, CT: Greenwood, 1971). A good handbook for the post-NAFTA renaissance of relations between US and Mexican labor unions see Harry Browne (ed.), *Cross Border Links: A Directory of Organizations in Canada, Mexico, and the United States*. (Silver City, NM: Interhemispheric Resource Center, 1997).

2. A review of the "New Economy" literature would include articles like Alan B. Krueger's "How Computers Have Changed the Wage Structure: Evidence From MicroData, 1984-1989." *Quarterly Journal of Economics* 108 (June 1993): 33-60, John R. Cranford's "Economy Will Benefit from Deregulation: Question Is, How Much?" Special Report, *The Information Arena, Congressional Quarterly*, supplement to no. 19, May 14, 1994, and Michael Rothschild, "The Coming Productivity Surge," *Forbes ASAP*, March 29, 1993. But these technology boosters need to confront "the productivity paradox," i.e., labor productivity grew by 3% annually between 1960s and 1973 but it has fallen to 1.1% between 1973 and the present. The latter period has seen an elephantine investment in computer hardware, software, and personnel, but it produced a productivity mouse! For a discussion of this paradox see Daniel E. Sichel, *The Computer Revolution: An Economic Perspective* (Washington, DC: Brookings Institution Press, 1997) and Thomas K. Landauer, *The Trouble with Computers: Usefulness, Usability, and Productivity* (Cambridge, Massachusetts: MIT Press).
3. See Fred Mosley, "The rate of profit and economic stagnation in the US economy," *Historical Materialism*, Autumn 1997.
4. Daniel P. Moynihan, *The Politics of the Guaranteed Income: The Nixon Administration and the Family Assistance Plan* (New York: Random House, 1973).
5. Harold L. Sheppard and Neal Q. Herrick, *Where Have All the Robots Gone? Worker Dissatisfaction in the '70s* (New York: Free Press, 1972).
6. Karl Marx, "Machinery and Large-Scale Industry," *Capital: A Critique of Political Economy*, Vol.1, Chapter 15. (Harmondsworth: Penguin, 1976).
7. For a thorough journalistic account of "downsizing" and workers' reaction to it see The New York Times' Special Report, *The Downsizing of America* (New York: Times Books, 1996).

8. For a positive discussion of "Post-Fordism" see A. Lipietz, *Mirages and Miracles: The Crisis of Global Fordism* (London: Verso, 1987) and for a critique of the thematics of "Post-Fordism" see Ferruccio Gambino, "A Critique of the Fordism of the Regulation School," *Common Sense: Journal of the Edinburgh Conference of Socialist Economists* No. 19, 1996.
9. For statistics on the increase of the total work day of US women since the early 1960s see Juliet B. Schor, *The Overworked American: The Unexpected Decline of Leisure* (New York: Basic Books). Schor shows that there has been an extraordinary constancy of the US housewife's working hours throughout the twentieth century. For example, even though the average US home has much more capital equipment and "labor-saving" appliances in 1990 compared to 1925 there has been virtually no decrease in the housewife's working hours: in 1925 she worked 51 hours per week while in 1990 she worked 49 hours (p. 86-87).
10. The literature on "globalization," "neo-liberalism," "liberalization," "the New International Division of Labor," "The New Enclosures" and other terms used to describe the post-1973 history of planetary capitalism is immense. I merely suggest a short list: Midnight Notes, Introduction, *One No, Many Yeses* (Boston: Midnight Notes, 1997); Silvia Federici, "Reproduction and Feminist Struggle in the New International Division of Labor." In M. R. Dalla Costa and G. Dalla Costa (eds.), *Women, Development, and the Labor of Reproduction: Issues of Struggles and Movements* (Lawrenceville, NJ: Africa World Press, 1998); Jerry Mander and Edward Goldsmith (eds.), *The Case Against the Global Economy and For a Turn Toward the Local* (San Francisco: Sierra Club Books, 1996); Roger Burbach, Orlando Nunez and Boris Kagarlitsky, *Globalization and its Discontents* (London: Pluto Press, 1997); Kevin Danaher (ed.), *Corporations Are Going to Get Your Mama: Globalization and the Downsizing of the American Dream* (Monroe, Maine: Common Courage Press, 1996). For a more sceptical treatment of these descriptions see Paul Hirst and Grahame Thompson, *Globalization in Question: The International Economy and the Possibilities of Governance* (Cambridge, UK: Polity Press, 1996).
11. Quoted in Kevin Danaher, *Corporations Are Gonna Get Your Mama*, p. 29.
12. The story of the epic strike in Jay, Maine was told by David Riker in Midnight Notes (ed.) *The New Enclosures* (New York: Autonomedia, 1990).

13. An important set of articles on slavery and its horrendous cousins was edited by Leonie J. Archer, *Slavery and Other Forms of Unfree Labour* (London: Routledge, 1988), see especially G.E.M. de Ste. Croix's "Slavery and Other Forms of Unfree Labour" and Robin Blackburn's "Slavery—its Special Features and Social role."
14. Orlando Patterson, *Slavery and Social Death: A Comparative Study* (Cambridge, MA: Harvard University Press), p. 13; and Pierre Dokes, *Medieval Slavery and Liberation* (London: Methuen & Co. Ltd., 1982).
15. For a discussion of the "prison-industrial complex" see Section One of Elihu Rosenblatt (ed.), *Criminal Injustice: Confronting the Prison Crisis* (Boston: South End Press, 1996).
16. There has been a major struggle against the 1996 welfare law's provisions concerning the non-negotiability of the wages and working conditions in workfare. For example, one activist group, Association of Community Organizations for Reform Now (ACORN), has created a union of workfare employees in New York City and is demanding recognition. The Clinton Administration has responded to such efforts by placing a provision in the 1997 Budget bill requiring that workfare workers employed by state governments should receive at least the minimum wage.
17. For a discussion of the complex conjuncture of forces that led to the decision to start the Zapatista insurrection on January 1, 1994 see Subcommandante Marcos with Yves Le Bot, *Il sogno zapatista* (Milan: Mondadori, 1997), pp. 133-149.
18. The *Preface* is reprinted in an important collection of essays and documents concerning Marx's last decade: Teodor Shanin (ed.), *Late Marx and the Russian Road: Marx and "the peripheries of capitalism"* (New York: Monthly Review Press, 1983). The quote is on p. 139.