

# The Politics of Economic Change: Are We in a Brave New World?

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At the end of the 19th century, Werner Sombart (1976 [1906]) asked what has frequently become a repeated question: why is there no socialism in the USA? At the time, Europe's workers were constantly organizing and pushing for greater participation and a share of the economic benefits of the Industrial Revolution, joining unions and forming various forms of socialist and workers' parties. Some of that zeal and those solidaristic attitudes arrived with German immigrants at that time (culminating in an era of socialist politics in Wisconsin early in the 20th century). The legacy of that social action in Europe continues to this day, as workers in most 'old' European countries still participate – through unions and tri-partite local agreements – in economic decisions. The results, most impressively seen in Germany's experiences, are a shared distribution of pain during economic restructuring since 2008, less income inequality when compared to the USA, and the political position to challenge financial capital and slow the assault on the social wage. Even concessions and changes like reducing paid vacations or the weeks of unemployment support are not automatically conceded (and given levels like 30 days paid vacation and up to two and a half years of assistance for older workers, those concessions do not inflict the kind of pain cutbacks have in the USA). However accurate Sombart's observation may have been, he found workers in the USA focusing on wealth creation, the brightest going into the financial sector, and most eschewing public service and collective values as an important reason for the failure of socialist principles to take hold. Now, over 100 years later, we might wonder whether things are not too different.

Our economy certainly has changed – there are ample discussions and proclamations about our current economic condition, all pointing to the loss of manufacturing jobs, the shift to a knowledge economy, the rise of finance capital being the center of economic activity even as it produces nothing while making capital available. Credit, as we have pointed out in the past, was extended to workers as they tried to sustain their level of consumption, even as real wages stagnated. This propped up the fantasy that the prosperity of the post-World War II era continued, and was perhaps a factor (in addition to a fierce political assault over the past four decades) in the general decline in union membership. But at the same time the real changes in how we produce goods and services in our society has had drastic impacts. For example, at the start of the 20th century households tended to spend on average about 43 percent of their money on food, another 14 percent on clothing, and 23 percent on housing – leaving about 20 percent for all the rest. By the middle of the century the figures for food and clothing had dropped to 30 percent and just over 11 percent respectively, housing costs had risen to about 27 percent, and almost a third of all household expenditures went on things like transportation, entertainment, health, education and pension and insurance costs. At the start of the 21st century, food and clothing account for just over 17 percent of all household

spending (13% and 4% respectively), housing now accounts for a third (33%) of expenditures, and 50 percent of a household's consumption goes on the rest (see US Department of Labor, 2006 for a detailed discussion of these trends).

It is not the place of this essay to decompose this trend, other than to notice that technological change, in the form of labor saving processes, has driven down the cost of production making those key elements much cheaper, but resulting in a major loss of manufacturing jobs (let us not forget industries like leather goods, textiles, and clothing manufacturing were a major part of our industrial growth throughout the 19th century). Even the production of cars (as household expenditure on transportation rose to about 20% of the total by 1973, and has remained at that level since) is done more cheaply, keeping the price down and using a fraction of the labor, and at the same time decimating the membership of the UAW and other unions in the glass, steel and rubber industries – major components in automobile production – in the process. We only need to refer to cities like Detroit, Youngstown, and Pittsburgh to evoke images of once proud industrial centers now laid to waste. This transformation is not restricted to the USA – the Ruhrgebiet, or literally the territory around the Ruhr Valley centered on the German city of Essen, is another example of the decay left behind after the decline of industry. But the strong institutional roles of unions and communities in social partnership with industry and government have transformed the industrial landmarks there into cultural centers, unlike the hulking ruins populating the once bustling centers of industry in the Rust Belt of the USA.

Unemployment is high, in the USA hovering around 9 percent, and the question is whether or not we are in the midst of a sea change in employment. Throughout most of the second half of the last century full employment was considered to be at the level where the unemployment rate hovered around 4 percent – mainly the product of frictional unemployment as people changed jobs or took some time finding their first job. But the decline of manufacturing, the reliance on more skilled and educated workers, and the introduction of new technologies that employ these higher skilled workers displacing the workforce of old all bode ill for workers over 45 who lose their jobs in today's economy. We might reflect that these workers are caught in a significant shift in how employment passes from generation to generation. This older generation, like their fathers before them, entered the labor market after a secondary education that taught manual skills to fill entry level industrial jobs of the Fordist era, and acquired skills with time on the job. Today, a new generation is getting a college degree at much higher levels, is comfortable with the new technologies and new techniques that define this post-Fordist world driven by neoliberal policies. Older workers and those without a higher level of educational attainment are left out of the new economy. Like the water receding after a wave strikes the shore, this mass of aging baby boomers may well represent a human tragedy akin to the consequences of the earlier displacement of agricultural workers faced with the rise of the mechanization of farm work (accounting for the steady fall in the share of household expenditure on food). The neoliberal impulse in countries with weak labor unions and no tradition of social solidarity now shapes the response to the dual pressures of an increasing number of permanently displaced workers, and the increasing level of resource expenditure needed to maintain the social support systems. The rhetoric of fiscal responsibility we hear across advanced capitalist countries is code for letting these people fend for themselves.

*Critical Sociology* has published articles that explored the nature of these economic changes (Asimakopulos, 2009; Comor, 2011; Horowitz, 2009; Kennedy, 2010; Mayer-Ahuja and Wolf, 2007; Sheak and Morris, 2002; Vidal, 2007), evaluated the potential for solidarity and resistance to changes in capitalism (Babson, 2000; Robinson, 2000; Sullivan, 2010), and contemplated the impact of neoliberalism on our society (Bone, 2010; Robinson, 2000). These articles explore the forms of these transformations, and the political and social responses that accompany these

changes. What remains for us is to undertake a careful inquiry into how capitalism is morphing into a new form of economic activity, with new levers of appropriation and exploitation. What is required is the application of Marx's analytical frame without the need to adhere strictly to Marx's historical constructs, while at the same time recognizing that Marx's basic understanding of capitalism as a system, with its clear articulation of the sites of tension and conflict, can still serve us well as we grapple with fundamental changes.

Manufacturing will continue, and I have written in the past how profits remain robust in that sector even as we decry its downfall. But manufacturing jobs will not return and we need to anticipate and project what will replace them – and in the meantime work to support the transition of this bulge of unemployable workers. It is not impossible to see that soon we will normalize a 9 percent unemployment rate, with as much as 20 percent of the workforce under-utilized because they have given up or taken any job they can find, as the standard for a properly functioning economy (at least until that bulge of older workers passes into another realm). Now, more than ever, there is a need for solidarity among US workers, a need for the kinds of actions and mobilization that emerged recently in Wisconsin and Ohio in response to the assault on unions, a need to recognize that the stagnation and decline of the American worker coincides with the successful assault on the union movement since 1970. With it comes the urgency to seek greater solidarity and collective action, to understand that the single contributing factor to the demise of the social welfare of workers in the USA coincides with the decline of unionization and the loss of organizations that can defend hard fought gains. Without this solidarity we have to anticipate very bleak prospects for the generation of workers who now find themselves redundant and without secure programs to support them during the next couple of decades. It is up to us to decide what sort of brave new world we will be facing.

The articles in this issue of the journal, in one way or another, explore the nature of our society and the consequences of political and social decisions taken in the current environment. The contributions by Steinkopf et al. and Hammond both take on the question of how our immigration policies fit into the kind of economy that is emerging. Class warfare and citizenship are the focus of Ryan, Barany, Gosine, Pozo and Xing. These authors explore how systems in place provide spaces for change even as the form barriers to meaningful transformations in society. The issue closes with articles by Tang, Arfire, Longo and Grollios that provide insights into the consequences of capitalist social relations, and explore forms of democracy under capitalism.

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