

CAN AMERICAN EGALITARIANISM SURVIVE A GLOBALIZED ECONOMY?

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Most of the infrequent contacts between CEO's and philosophy professors take place on airplanes. These contacts take the form of exchanges of life-stories between seatmates, exchanges which mitigate the boredom of the flight. Such exchanges provide one of the few ways in which inhabitants of the world of business and inhabitants of the academy get a sense of what the other is doing.

Professors who work in fast-breaking fields like molecular biology or neo-pragmatist philosophy are always flying off to conferences in places like Sao Paulo, Taipei or Vienna. Our trans-oceanic flights are usually in economy class, but we nevertheless have our reward. When we return home we find that the airlines have sent us upgrade certificates for domestic air travel. This means that we can sometimes go first class to conferences in places like Los Angeles or Seattle. We thus get to sit next to richer and more important people.

My most memorable airplane conversation took place last year over free drinks in the front cabin of a plane from Charlotte to Houston. It was with a man who was in the business of exporting American jobs. He was a man of great sophistication and very wide experience--a self-made entrepreneur, who had worked his way up from a working-class background to founder and CEO of a substantial manufacturing company. Having sold the company at a good price to a conglomerate, and not being ready for retirement, he had become a consultant. He now spends his time helping companies relocate their manufacturing facilities in far-away places--mostly in Asia, but sometimes in Europe. Currently he was working on transplanting a factory from a small town in North Carolina to a small town in Slovenia.

My reaction to his story was a mixture of admiration for his obvious ability and enterprise, and incredulity that he would so insouciantly confess to what he was doing. I suggested to him that it might be dangerous to create an economy in which Americans who were not good at being what Robert Reich calls "symbol analysts" could no longer find work, except for minimum wage burger-flipping jobs. I asked him whether the communities which were deprived of their traditional sources of employment had much hope of ever replacing them.

His reply was that American workers were going to have to tighten their belts, since they were no longer competitive on the world labor market. Repeating the usual arguments for free trade, he went on to explain, echoing Marx, that labor was a commodity like any other. It could not be exempted from the global market without producing distortions of the world economy which, in the long run, would work against American interests. It was understandable, he admitted, that American workers should be unwilling to accept wage cuts, but they would find that they had no choice in the matter.

By this time the flight was almost over, and we could not pursue the issues further. But ever since, I have been reading articles about the globalization of the labor market with fear and trembling. The last such article was by Edward Luttwack, and was called "Why Fascism is the Wave of the Future". Luttwack's argument was that the social disruptions which have always been a product of the operation of free markets were about to become far more intense than at any period since the early nineteenth century. There is, Luttwack claimed, nothing which the workers in the industrialized democracies can do for \$10 or DM20 or FF60 an hour which cannot be done just as well for \$1 an hour in Southern China or in Thailand. Those who once earned those high wages, he predicted, would not tolerate governments that permitted a catastrophic fall in employment and in the standard of living. They would imitate the behavior of the Germans at the end of the Weimar period. They would turn to populist rabble-rousers who would make empty promises, or else attempt to reinvigorate the economy by starting a war.

Having recently visited Guanyzkow, I am pretty sure that Luttwack was right about the economic facts. I suspect that he is also right about the socio/political consequences of these economic changes. Democracies are at their moral best in periods when everybody is pretty confident about their own and their children's future. America's greatest moral achievement of this century, the end of racial segregation, was possible only because, in the '50s and '60s, the white middle class of the United States thought that there was going to be enough for everybody, even the blacks. A Civil Rights Movement was not in the cards during the Depression, the period in which Sinclair Lewis wrote *It Can't Happen Here*, a marvelously plausible scenario for the coming of fascism to America. That novel is a bit out of date, but it would not be hard to revise it to provide a scenario for the United States in the first decade of the twenty-first century--a decade in which the steady decrease in the standard of living of the middle class may result in cataclysmic political change.

The gap between rich and poor has been widening in the US for twenty years, and by now we live in a time in which 57% of Americans think that life will be worse for their children than for themselves. But this is still a vague, dark, suspicion. If the globalization of the labor market accelerates at the rate my seatmate predicted, it will soon become a very concrete certainty. Vast areas of the country will be on the dole, with no hope of ever getting off it. We know what happens when a middle class realizes that its hopes have been betrayed, that the system no longer works, that political leaders no longer know how to shelter it from catastrophe. Middle class people look around for a scapegoat--somebody to blame for a catastrophe which they themselves did nothing to deserve.

In Germany the scapegoats for *the Depression* were the Jews. In the Germany of the early 21st century they will probably be from Southern or Eastern Europe, since there are no more Jews left to kill. In France they will probably be Algerian and Moroccan immigrants. In the America of that period the scapegoats will presumably be, as usual, African-Americans. Race will matter even more than it does now. The color of one's skin will be even more a matter of life and death than at present.

The idea that Americans will see the need to tighten their belts, as my seatmate put it, would make sense if the country as a whole could resolve to tighten its belt—if we could do so consensually, as a community, in a way that insured that nobody would profit from the new global economy at anybody else's expense. But this will not happen. The decision to tighten America's belt will not be made by the people, nor by their elected representatives. It will be the resultant of lots of small, unpublicized, decisions, taken behind the scenes in boardrooms and offices. The people who make these decisions will see no need to tighten their own personal belts. On the contrary, the managerial class will probably vote itself an increase, for their decision to globalize manufacturing will greatly improve their companies' bottom lines.

Indeed, it is not clear that the Americans at the top of the business community will, by that time, be thinking of themselves as having any particular attachment to the country of which they are citizens. They will have become citizens of the world. Their sources of capital, the majority of the people with whom they do deals, and the vast majority of their employees, may no longer be US citizens. They may have come to think of themselves as happily free from merely national interests as the giants of nineteenth-century American capitalism were free of merely state and local interests. They may become dismissive of the parochialism of people who, like Walt Whitman, John Dewey, James Baldwin and Martin Luther King, shared a national dream—people who still want, in Baldwin's phrase, to "achieve our country."

America held itself together and made moral progress in the twentieth century. It did not succumb to what the American Legion used to call "the warfare of the classes and the masses." This was because its white population formed a fairly well integrated, community of economic interest, one in which rising tides did in fact raise all boats. The disputes between management and labor were about slices of a pie which kept growing. At times even the descendants of the black slaves have been given a slightly larger share of that growing pie. But all bets, and all tacit social compacts, will be off if it ever becomes clear that the pie is going to keep right on shrinking. Not only may the US decide to repeal the Civil Rights Revolution, it may give up on the whole idea of the American Dream. It may become a community of resentment rather than a community of hope, a community of vengeance rather than of reciprocal trust.

The only people who are in a position to know whether my and Luttwack's, forecasts are too pessimistic are, once again, the leaders of the American business community—the people who make, or at least hear about, decisions on whether a factory will move from North Carolina to Slovenia, or on whether it is more profitable to have a product assembled in Thailand than in Virginia. I and my fellow academics do not know many of these people, and we do not have any idea how they see the moral situation in which they find themselves—nor even whether or not they see themselves as in an ethical dilemma.

We can only hope they do. For not only are these leaders the only people to have a perspicuous view of globalizing trends, they are the only people who might conceivably influence the country's thinking about how to deal with these trends.

Our increasingly cynical political leaders are far too concerned with short-term reelection prospects to pay attention to the question of how much money Americans will be making twenty years from now, and how they will feel about making that amount of money. Just as the economic revolution which Luttwack believes to be going-on is entirely a top-down phenomenon, concern for the socio-political effects of that revolution will be found, if anywhere, only at the top.

I have no idea whether the business community is prepared to think about the fate of the democracies in the next century, prepared to think about the socio-political consequences of economic globalization. But if they do not, I have no idea who will. Academics like Luttwack may shout or whimper from the sidelines, but it is hard to imagine that either the public or the politicians will take heed. Yet if the business leaders spoke as national leaders—if they were frank with the rest of us about the long-term prospects for our country—perhaps both the public and the politicians would notice that something important was going to happen, and start talking about it.

What I have said may seem to have little to do with concerns about race. But if we think about the relations between races in a global perspective and over a long term, there is an obvious relevance. The combination of high technology and free markets has been, for two hundred years, almost exclusively the property of white people, with occasional crumbs tossed to others. But in the next century, the effect of this combination may be to redistribute economic opportunity without regard for race, to the vast relative deprivation of white people. The first beneficiaries of the distribution are obviously going to be Asian, but eventually factories may stop being sent from Virginia to Thailand and be sent to Nigeria or South Africa instead. This deprivation may strike the Third World as just what the white race deserves, but such resentment overlooks the fact that the white race used its money to create, among other things, free elections, a free judiciary, a free press, and free universities. It is far from clear that, if the whites grow too poor and desperate to support these institutions, they will spring up elsewhere.

However the Asians and the Africans fare, the African-Americans will almost certainly lose everything they have gained, and more. For the likely effect of the kind of lowering of white Americans' standard of living will be a recursion to the idea that it is outrageous that a white family should have little when a black family has much. It is not so long ago, after all, that when a black sharecropper had managed to buy a mule, his muleless white neighbor would shoot that mule. The white man shot the mule in order to preserve the natural order of things, the order of things ordained by God.

If Luttwack's scenario comes true, the suburban black middle class of the United States might conceivably manage to survive, with blacks and whites in the suburbs commiserating with each other at PTA meetings on the hard times, and agreeing that the country needs a strong leader. But I would bet that things will get unimaginably worse for the blacks in the cities, simply because our new strong leaders will have to take out the country's resentment on somebody, and urban black men will be the obvious choice. Already the national, state and local governments have arranged

things so that urban blacks live largely outside the protection of the laws. They live in blocks which the police dare not enter, and in circumstances in which crime is often the only practicable career option. If jobs continue to be drained from the country, "crime" will be used as a euphemism for "the blacks", and the war on crime will become indistinguishable from a race war. Already many African-Americans believe that the government's failure to remove drugs and handguns from circulation is a white conspiracy against them—a way of making sure that black men destroy each other, rather than burdening either the labor market or the welfare rolls. Whether or not this is true now, it may become the evident fact of the future.

Let me end by returning to the question of whether the American business community will put business or America first. My hunch is that that decision is the most momentous and salient question of business ethics on the horizon. I have nothing to offer in refutation of the usual arguments for NAFTA, GATT, and free trade generally—nor against my seatmate's thesis that labor too is a commodity. But I also have nothing to offer to offset Luttwack's argument that globalization of the labor market will mean the end of democratic government in the rich, fat, lazy, overpaid, white countries which invented such government. I have no answers, only questions, and the hope that the business community is thinking about those questions.

When I am at my most pessimistic, however, I lose even that hope. George Orwell wrote that "since the end of the Neolithic Age, there have been three kinds of people in the world, the High, the Middle and the Low." "The aim of the High," he continued, is to remain where they are. The aim of the Middle is to change places with the High. The aim of the Low, when they have an aim—for it is an abiding characteristic of the Low that they are too much crushed by drudgery to be more than intermittently conscious of anything outside their daily lives—is to abolish all distinctions and to create a society in which all men shall be equal.

The Western Europeans created, late in our century, and for the first time in human history, societies in which the distinction between the Middle and the Low almost, though not quite, disappeared. They falsified, at least for a time, Marx's prediction of the progressive immiseration of the proletariat. We Americans had created, by the middle of the century, a society in which the distinction between the Middle and the Low almost disappeared from within the white majority. It was preserved only in the form of an hereditary caste distinction between black and white.

The globalization of the labor market seems likely to tear the white population of the United States apart once again, one result may be the expatriation of the American representatives of the High to villas in Switzerland, or beach houses in the suburbs of Singapore. The High may become citizens of the world, a super-national super-class which prides itself on being above both national and racial allegiance. What makes me most pessimistic is the thought that the tightening of American belts, and the consequent end of democratic government, may mean almost nothing to the High, even though it will mean everything to the American Dream of a society in

which all men and women are equal. I hope that I am completely wrong about this, but this conference seemed a good occasion to offer my fears, and my pessimism, as topics for discussion.