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Introduction to the New Leviathan

“I authorise and give up my right of governing my selfe, to this man, or to this Assembly of men. . . . This is the generation of that great LEVIATHAN. . . [that] hath the use of so much power and strength. . . that by terror thereof he is inabled to forme the wills of them all . . . ”

—Thomas Hobbes, *Leviathan*, 1651

The Irony of the New Leviathan

At the dawn of the modern era, Thomas Hobbes reasoned that the absolutist state was erected on a foundation of implicit consent. To avoid the war of each against all, a sovereign authority, composed by the cession of each individual's rights to it, would impose, through the terror of coercive law, the civil peace that he sought.

Three and one-half centuries later, after the birth of constitutional democracy and industrial capitalism, a new system of power has been erected on a world scale, and its agents are able to obtain their will around the world. The fiction of consent is no more real for the New Leviathan than the Old; the social contract of the late twentieth century is just as much imposed as that of the seventeenth century.

The New Leviathan is not the state, but a newly invigorated system of global capitalism.

The multinational conglomerate symbolizes, crudely, the power of the New Leviathan. Yet the irony of the New Leviathan is that its individual agents, global firms, and financial institutions, are not sovereigns but severely constrained competitors committed to the *economic* war of each against all. The only Sovereign is indirect, fluid, acting upon states as well as embodied in them. The New Leviathan is the system of global capitalism itself, not any of its powerful parts.

Not only the terror of coercive law, but the fear of joblessness and penury enforces the demands of the new system. The New Leviathan of global capitalism does not defend the citizens of any given nation from foreign invasion, as Hobbes noted of the Old Leviathan, but rather it disciplines those who labor in every land with the weakness of others.

The Old Leviathan was jealous of all centers of competing authority; the New Leviathan welcomes all variation in social conditions, for it uses the uneven development of the regions of the global economy as a lever to bargain with each unit of government for the most profitable conditions of global production.

The characteristic “terror” of the Old Leviathan was the police power of the state. The characteristic terror of the New Leviathan is unemployment, wage cuts, the fear that a family or a community’s aspiration for environmental or economic improvement may cause the agents of the New Leviathan to take their investments to some other place where working people are more vulnerable to the demands of their employers.

The Old Leviathan seemed, later—in the era of the democratic revolutions—to be permeated with irrational commitments to hierarchy, status, and the privilege of birth; the New Leviathan is the outcome of “rational” calculation.

The New Leviathan is global capitalism: an adaptive transformation of an old system to new challenges.

Discovering the New Leviathan: Global Capitalism

The global transformation of modern capitalism is part of our everyday experience. In this book, we present much data, but it is not exotic, not “unknown.” As a Washington editor said recently about his journal of opinion: “The world needs to make sense of the facts that are lying there.”¹

We began our effort by trying to make sense of the distress of the older industrial regions of the advanced capitalist countries that became evident in the 1970s and early 1980s². We approached the problem from the perspective of international political economy and from the analysis of metropolitan regions. Soon it became clear: separately or together, the dominant North American theories of modern capitalism, those that depicted the modern era as one in which “monopoly capitalism” described national systems, and “world system analysis” described a hierarchy of nations in the international system of exchange, did not produce satisfactory models of the way the world was working.

Our discontent, and our perception, was widely shared. Colleagues at Clark University and elsewhere were engaged in the analysis of the new era.³ The plant closings and disinvestment of the 1970s were soon followed by the evidence of rising inequality, stagnating wages and income, and reversal in the progress made in eliminating poverty.⁴ We resolved to draw together the strands of theory and empirical analysis that would demonstrate both the need for a new departure and a “middle level” formulation of new concepts for the analysis of contemporary capitalism.

We describe this book as a “middle level” of analysis because it does *not* claim new insight to the general dynamics of capitalism as a world historical phenomenon. Our goal is more modest. We *do* claim that at the centers of world capitalism there has been a shift in the alignments of power and the calculations of advantage. These shifts have changed the structure of power and politics that have not yet been synthesized as part of the “standard” analyses of capitalism. Our effort is focussed on showing that the changing structures of social relations that produced that transformation of power relations require conceptual change in the way we understand modern capitalism.

Domains of New Theory

In the vocabulary of the social science of the 1980s we have a “society-centered” view of the analysis of the state and politics, informed by Marxian social science and those who have argued within and against that tradition.⁵ Because our analysis of any given “society” or social formation is highly conditioned by our understanding of its economic development, our goal of analyzing power requires that we first probe the new dimensions of global capitalist development, of the social relations that form the complex interdependence of the market-oriented societies. In order to accomplish this task we, a sociologist and a political scientist, have had to foray into territory ordinarily reserved to economists. We understand therefore, that our analytical procedures may be found wanting by those who claim professional priority in this field. But we are firm in our conviction that the structural analysis of social life, and of power among people, depends vitally on the ways men and women produce their livelihoods, and the relations into which they enter as they strive to support their families and advance their material interests.

We are forced to the conclusion that, as with war and soldiers, the social relations of “economic” life are too important to be left to economists.

Global Capitalism: An Informal Summary

The theory of global capitalism portrays a new moment in capitalist development—a successor to monopoly capitalism and a change in the structure of the world-economy.

Levels of theory and historical perspective. Capitalism as a social system may be analyzed on three levels: its enduring logical necessity—the level that Marx ventured in *Capital*, in volumes I and II, and Smith in *The Wealth of Nations*; the level of its historical development, as in *Monopoly Capital* by Baran and Sweezy and O’Connor,⁶ or Schumpeter’s *Capitalism*,

Socialism and Democracy;⁷ and at the level of a specific social formation in its own (often unique) development.⁸

This book about global capitalism is informed by work at the first level and uses observations from the third to develop a conceptual framework at the middle level.

The middle level of structural analysis in social science has characteristic pitfalls. The most important problem occurs in distinguishing between trends and cycles and structural change.⁹

Cyclical changes are repetitive; however painful individual or family adjustment to rising or falling unemployment may be, in the ordinary understanding of recession and expansion in the capitalist business cycle, their alternation implies no structural change, nothing new.

Trends are cumulative changes that endure: for example, the continuing concentration of capital; the movement of manufacturing facilities from central cities to suburbs and beyond.

At some point the incremental, *quantitative* accretion of trend phenomena are recognized as having produced *qualitative* differences: *structural* changes.

Cycles may execute trends (for example, when, in recessions or depressions, larger firms survive and/or acquire weaker ones, and the concentration of capital increases). And trends may cumulate to structural change (for example, when repeated waves of mergers and acquisitions transform a large number of formerly competitive industrial sectors into concentrated ones, and we observe that a basically competitive economy has become an oligopolistic economy).

Problems arise because analysis at any given moment may confuse a cycle or a trend or structural change for any one of the others. An upsurge in housing construction over a few quarters may *not* necessarily indicate a fundamental shift, lowering the proportion of income that average householders must devote to housing costs, or the onset of a housing glut more friendly to buyers than developers; an increase in employment in a given industrial sector may *not* necessarily signal a new leader in economic development. Indeed, an electoral victory by a conservative political leader may *not* indicate a fundamental change in the consciousness of the mass electorate.

This work contends that the recessions of the 1970s and the early 1980s executed a trend, and that the trend has finally amounted to structural change: capitalism is no longer well comprehended by conceiving of a system of national oligopolies (as in theories of monopoly capitalism) in which nations are in a fixed hierarchy of international exchange (as understood by world systems analysis). Rather, a new variant of capitalism is emerging on a world scale.

Global capitalism diffuses manufacturing around the world, disrupting the older model of a manufacturing intensive “core” and raw material exporting “periphery.” This diffusion reflects an expanding geographic sphere of investor choice. The spatial mobility of capital, as well as its sectoral mobility, both made possible by an increasingly perfected worldwide financial market, transforms the balance of power in the older industrial regions.

Under the conditions of monopoly capitalism, labor, especially its most organized sectors in concentrated industries was able to successfully mobilize resources to win major economic and political gains.

In the new era of global capitalism, employers can counter labor’s former strategic strength by the threat and reality of capital mobility toward more compliant labor and more propitious political or technological environments. A simple “labor theory of industrial location” does not capture totally the complexities of the international variations in technology, infrastructure, tariff barriers and markets.¹⁰ Yet, it does pinpoint the global nature of the available pool of labor and the vast differences within this pool of levels of living and political potency. In all, “competitive” pressure disciplines labor and capital in ways unfamiliar to the model of monopoly capitalism.

This transformation is similar in scope and importance to that which has been generally recognized as having occurred when nineteenth-century competitive capitalism was transformed into the monopolistic form that was basically complete by the mid-twentieth century.

Perhaps. But perhaps we mistake a *cycle* of outward investment from the older industrial regions for a *structural change*; perhaps we leap too soon to claim that the world has changed when all that has occurred is a bend in the rails of a familiar line of travel.¹¹ Of course, time *will* yield a definitive answer.

But how much time is enough? In our examination of industries and regions (in Part III) we examine structural data since 1950, and we perceive the onset of the new era in, approximately, the late 1960s. Thus, our claim is that the new system of global capitalism is discernible over the last twenty years. In the broad history of capitalism, this is but a moment, some will contend, and we agree. But at a similar moment, around turn of the century, just such a qualitative change was observable and observed. The rise of the “trusts” and the strategic role of finance capital in modern society was broadly perceived by Marxists¹² and others such as Veblen as a central feature of a new era.¹³

In retrospect, the turn of the twentieth century was a strategic pivot in the history of capitalist development. But those who claimed that monopoly capitalism, finance capitalism, and imperial domination of the worldwide

economy were the characteristics of the new era were not well honored by the canons of academic social science. Another fifty years of capitalist development were required before their insights were widely accepted, and even then, the sociological implications of that work encountered the obfuscating myths of the Cold War.¹⁴

We are too awed by their stature to associate ourselves with the insights of Luxemburg, Lenin, Hilferding, Veblen, Bernstein, Baran and Sweezy, Mills, or more recently, Wallerstein.¹⁵ But we are inspired by their ability to counter the conventional wisdom (leftist or capitalist) of their times and to argue their views with vigor and confidence. Even if we have erred in claiming that there is a new moment in the development of modern capitalism, we aspire to fruitful error, to advance the understanding of power and structure at the brink of a new century.

Methods for strategic analysis. The expansion of the global capitalist economy allows investors to locate production—and “disaggregated” parts of the production itself—in states and societies in which workers are poorer, less economically powerful, and less politically potent than they are in the traditional centers of manufacturing. This, we argue, gives investors a new birth of power in the older regions themselves. The threat of capital mobility becomes a potent weapon in the old contest between labor and capital.

This view is often countered by a number of (accurate) observations: most direct foreign investment from the older industrial regions flows toward already “developed” economies; the statistical predictors of the location of investment in manufacturing (within nations, or across the regions of the world) include many more factors than labor costs, per se; the location of manufacturing investment from the rich nations, toward the Third World is highly concentrated.

There is a methodological problem involved in these apparently contradictory contentions. We do not contest the proposition that, for example, the majority of direct foreign investment by multinational corporations headquartered in the United States is destined for Europe or Canada. But the data and analysis compiled in support of the traditional view of the organization of the global economy depends too much on numerical aggregates rather than strategic analysis. For the social analysis of power, however, the problem is at least in part qualitative.

Those statistical analyses that show that the majority of U. S. direct foreign investment is *not* in poor countries do not illuminate the *strategic* impact of investments in poor countries on the United States, on collective bargaining or political contentions (about, for example, plant closing notification legislation).¹⁶ When we learn, from a report of an interview, of a United Auto Workers (UAW) local in which potential outsourcing of parts

from low wage export platforms was decisive in obtaining concessions from workers, we believe we have an indicator of a new strategic lever in relations between workers and employers.¹⁷ The qualitative importance of this lever is not necessarily indicated by aggregate data about the magnitude of investment flows.

Quantitative analysis of international aggregates is irreplaceable to social science; but it is not, by itself, adequate to the analysis of power. Similarly, the industrial geography of capital investment is replete with the analysis of factors of location *other than* labor costs, labor discipline, and regulatory policies favorable to workers or consumers. What is qualitatively new to world capitalism, however, is that investors may find a broadening geographic field of choice in which modern methods of production and adequate human and physical infrastructure is available without the impediments of unwanted constraints. Sometimes these opportunities in the newly industrializing countries (NICs) are decisive; at others, the skill, discipline, and policy environment (e.g., West Germany's low rates of work stoppages and tariff protected membership in the European Economic Community (EEC) continue to attract investment. It is the scope and size of the *new* field of investment opportunity which has changed the strategic balance of social power in the older industrial regions.

As to the relatively few number of NICs that dominate the trade in manufacturing exports between the old industrial world and the new, we propose an additional focus to comprehend world development, that is, for the production of theory about society and capitalism in this era.

While only a limited number of NICs make quantitatively significant contributions to world export trade in manufactures, many more exhibit structural tendencies toward industrialization that were not anticipated by either the theories of monopoly capitalism nor of world systems analysis.¹⁸ The first group looms large in the calculations of employers (and the fears of their workers) in the older regions; the second group adds reasons to seek alternatives to the standard ways we have organized our perception of the world structure of capitalism.

Power, ideology, and global capitalism. Power, Mills wrote, summarizing Weber, is the ability to realize one's will although others resist.¹⁹ This is the classical definition of power under conditions of adversarial conflicts, where parties to a conflict understand their interests as a zero-sum: if Party A gains, Party B loses in equal amounts.

Everyday life is usually somewhat more ambiguous. Many years ago two political scientists, Bachrach and Baratz, pointed out that one "face" of power was the ability to keep some conflicts from ever being joined, to control the *agenda* of conflict.²⁰ A matter not joined in explicit conflict

cannot be lost: in the United States, struggle over the ownership of the means of production, that is, socialism, has hardly ever reached the public agenda. If Party A can keep a certain matter from ever reaching the stage of explicit decision, that Party, or set of interests, exerts a certain kind of power not comprehended by the classical Weberian definition. Party B may not be able to resist the will of Party A because there is no arena of explicit decision.

What then appears on the public agenda, and who controls it? Crenson showed that the “nondecisionmaking” of agenda control about air pollution was related to local dominance in a power structure.²¹ By implication: if nondecisionmaking indicated power, then “unpolitics” was one of the processes of power.

Crenson’s was an empirical exercise consonant with Gramsci’s idea of ideological hegemony: contending parties were constrained, in the scope of the conflicts in which they engaged, and the solutions they sought, by their ability to formulate ideas, to imagine alternatives.²² If capitalist ideas were successfully dominant in a given political culture, even challenging forces would formulate their interests within the confines of concepts that assumed the continuity and natural right of current social arrangements.

So power is not only the ability to prevail in conflict; it is also the ability to mold the ways in which actors understand any potential conflict. Sociologists typically approach this problem as one of socialization and social control in the context of stratification.²³

The advent of global capitalism brings a new dimension to our understanding of the power to prevail via the medium of agenda control. In contemporary America, throughout the Western European economies, the “competitive” environment of global capitalism is used as the reason to restrain workers’ and consumers’ demands for this or that advance in their conditions. The looming presence of the “goose” of capital investment is invoked; if demands are too expansive, investors might lay the “golden egg” of jobs in some other, less demanding jurisdiction. That the probability of such a choice is relatively low, that is, it is often a bluff, merely adds to the uncertainty within which workers calculate their strategic situation.

The hegemony of capitalist culture, and the perceived realities of political choice are such that the given structure of choice appears to be rational, inevitable, “natural.” There is often no “politics,” that is, no large scale conflict or explicit contention about this structure of choice, because it has been accepted by potentially contending parties before public agendas are constructed. There is a “prepolitical” process which constructs the public agenda and thus predisposes “politics” to a narrowed set of choices.²⁴

In our times, the erosion and stagnation of manufacturing and other wages in the United States indicates the power of capital in its direct relation

to labor at the point of production.²⁵ But the general phenomenon proceeds far beyond the collective bargaining or wage relation. In politics, blue collar workers supported conservative political figures in larger than ordinary numbers, in the 1980s, in part because those candidates seemed to promise a more propitious environment for capital investment, that is, they plausibly promised jobs.

In short, global capitalism *does* enlist a kind of consent to its new regime, but this “consent” is not a positive political or social accord; it is more like the resignation with which humans accept the “natural” force of the weather. This resignation is based on acceptance of the parameters of capital investment in a “competitive” world in which the poor of South Korea, and tariff-protected workers of peripheral Europe and Latin America, and the middle-income workers of the industrial “core,” are all part of the same global labor force, all accessible to the global firms, acutely conscious of the stakes of the game in international trade, but hardly ever conscious of their common fate.

Workers have experienced the new era in terms of regional, national, or sectoral threats. But the closely knit financial, corporate, and transport networks of world investment and production have produced new class consciousness and embrasive political coalitions among employers and investors. The consequence is the political reality of the 1980s: divided workers and united employers. The power of capital in relation to state policy increases, the “relative autonomy” of the state from capital decreases.

This chapter is about the New Leviathan, global capitalism, a “variant” of capitalism, a concept similar to that of a new regime or “social structure of accumulation.” This variant of an old system is based on the contradiction that arises from the near universality of global investment choices among social formations that, on a world scale, are characterized by vastly divergent political and social experience and conditions of life and labor.²⁶ Global capitalism is a new stage in capitalist development, a moment not anticipated by the varieties of the theory of monopoly capitalism or world systems analysis.

This is a bold claim, we realize, so we introduce it in stages. Here, an overview has described elements of our theory. We proceed cautiously, mindful of the warning implicit in the principle of scientific parsimony. As Bertrand Russell put it (in *The History of Western Philosophy*): one should not needlessly multiply entities.

The structure of our argument is inductive. There are changes in the structure of world capitalism. First, we examine what the dominant theories—monopoly capitalism and world systems—say about this. They prove to have problematic responses to these changes. Only after examining these do we venture to present our own views.

Our strategy argues that the analytical tools at our disposal have served us well, but times have changed.

Overview

In what follows, we both prosecute this contention about the reality of a change in the way capitalism is working and explain it to the best of our current knowledge. The presentation has three stages: the theoretical context (Part II), case studies (Part III), and the strategic and theoretical analysis of power and the state (Part IV).

In Part II we first introduce, chapter 2, “Tools for Analysis,” the historical background for conceiving of variants or submodes of the capitalist mode of production. We define three relationships, which are central to understanding the evolution of capitalist society: capital-to-labor, capital-to-capital, and especially, capital-to-state. These three strategic relations become the themes of our analysis of change in contemporary capitalism. We show that transitions from one dominant variant of capitalism to another is accompanied by crises short of the orthodox conception of breakdown, revolution, and transition to socialism. But the evolution from competitive to monopoly to global capitalism has changed the specific matrix of these strategic relations.

In chapter 2, we also present the various analytic approaches to the theories of crisis tendencies that depress or reduce profits, thereby producing inherent obstacles to the unimpeded accumulation of capital. These theories focus on obstacles to accumulation that may arise from the success of workers’ class struggle, from substituting machines for human labor, and from the inability to sell profitably that which has been produced. Here, and in chapter 5, we try to show that our work is consistent with a number of the orthodox “crisis” theories within Marxism. Readers more interested in structures than in these particular dynamics may wish to skim this material.

We then proceed to locate our contention in relation to two of the dominant theories of modern capitalism the theory of monopoly capitalism (chapter 3) and the analysis of world systems (chapter 4).

In chapter 3, we present the dominant social theory of contemporary capitalism—monopoly capitalism. From the theory of monopoly capitalism is typically derived a “model” of the strategic relations of capital-to-labor, capital-to-capital, and capital-to-state. In this model, labor in the monopoly sector has come to an accord with large-scale capital, which affords it a stable and rising material level of living, competition is dominated by American firms that do not use prices as a central instrument of competition, and the major firms acquiesce in large-scale transfers of income, through the state, to workers and the poor. In chapter 3 we show the theo-

retical basis of this model and suggest the ways in which we appreciate but shall later challenge it.

World systems analysis is the other major theoretical school that dominates North American analysis of capitalism. In chapter 4 we present the international hierarchy of exchange relations that are depicted by world systems analysts. In this tradition of analysis, a rich core dominates world manufacturing. To obtain these goods, a poor periphery sells its cheaper products of mines and farms, and this inequality ensures a permanent disadvantage in world trade, and thus a future of industrial stagnation.

In chapter 4 we explain both our appreciation and our analytical criticism of world systems theory, and we suggest the ways in which we shall challenge it.

Chapter 5 presents the outline of the theory of global capitalism. It closes our section on theories of modern capitalism by presenting a model of the ways in which our view of the restructuring of capitalism is different from that of the dominant models. In this chapter, we show that each of the theories of capitalist crisis are consistent with the arrangements of the global capitalist social order—that is, that the theory of global capitalism depends on no particular school of orthodoxy at the level of the mode of production in general. Again, those less interested in the classic theories of Marxian dynamics will pass over this material.

Chapter 6 begins Part III, Explorations in Global Capitalism, which illustrates the impact of global capitalism on the structure of the world system and on three areas of the United States.

We begin with a review of the diffusion of manufacturing in former colonies and poor countries. We have a dual purpose for this review. Our analyses of Detroit, New York City and Massachusetts emphasize the role of capital mobility as a lever of power and competitive necessity in this era. Chapter 6 draws together data about the industrialization of formerly non-industrial regions to demonstrate concretely the global scope of the options now available to investors and the changes they entail. The chapter, therefore, presents evidence central to the plausibility of our argument.

Our discussion of Third World industrialization also shows how the theory of global capitalism provides a coherent explanation of this development. We integrate our understanding of the decline and restructuring of the three other regions with our analysis of the location and timing of Third World industrialization.

Chapter 6 shows that manufacturing is no longer the unique property of the rich or core nations, and that the world production process is truly global. This structural overview lays the foundation for the case studies of restructuring and its attendant crises in the 1970s and early 1980s in Detroit and the automobile industry (chapter 7), New York and its sweatshops in the garment industry (chapter 8), and Massachusetts and its transformation

from mill-based industry to a service-dominated economy within which high technology electronics plays a unique political role (chapter 9).

While aggregate studies of world trade and production cannot always capture the strategic implications of structural change, case studies have inherent weaknesses. They can never be more than inferential evidence for a theoretical model. On the other hand, one test of theory is heuristic: does it make more coherent sense of a given situation than alternative theories?

The case studies were chosen to illustrate the usefulness of an approach based on the theory of global capitalism. Each city or region has a different industrial history, a different path to the current moment. These different paths present somewhat different analytical problems, and they serve to illustrate different aspects of the impact of global capitalism.

What each case has in common is that the region selected is or has been a world center of a world industry. And each industry is quite different, representing the basic types of global manufacturing: capital intensive heavy mass production; older labor intensive light industry; and new high technology. Each case focusses on the contrast between our model and one of the others (in Detroit and New York) or on the political implications of restructuring (Massachusetts).

Automobile production has been the classic exemplar of the theory of monopoly capitalism. Highly concentrated, the industry has also been the dominant force in the history of Detroit. As distinct from garment production, the automobile industry is highly unionized and, relative to wages in other manufacturing sectors, well-paid. And as distinct from New York, Detroit has not been an international center of capital, corporate services, or headquarters functions.

Thus, by turning our attention to Detroit (in chapter 7) we are able to illustrate the ways in which our approach contrasts to that of the theory of monopoly capitalism.

In our examination of New York City, in chapter 8, we ask whether the status of the City as a world center of capital and administration implies a privileged or affluent level of living for its resident workers. This examination allows us to contrast our conception of the global system to that embodied in some of the broader extensions of world system models of the global economy. We focus on the garment industry as it has been changed by global competition, and we look at some general indicators of the standards of living of working-class New Yorkers. We find, in the Global City, the decline of a competitive industry, the creation of substandard conditions in it, and conditions of life in the "core of the core," which are more typical of the "periphery."

The garment industry is among those most likely to experience internationalization. Easy entry to the market has maintained it as fiercely price competitive, and labor costs are apt to be prominent in location decisions.

As the data in chapter 6 show, this industry (along with the production of textiles) has been among the most likely to migrate to low-wage production sites in the poor countries.

While New York's garment industry remains as but a small vestige of its former centrality to the city (although a large part of its low-wage jobs in manufacturing), Detroit has not yet finished with the process of decline and restructuring in the automobile industry. By contrast to both of these, Massachusetts has seen a new manufacturing industry grow to prominence in the last fifteen years.

"High tech," and the computer industry in particular, has been claimed as the basis for the reversal of the state's economic fortunes. After decades of unemployment in excess of national averages, the Bay State now enjoys full employment. Chapter 9 examines decline and change in Massachusetts in order to illuminate the process of restructuring.

The selection of the *state* of Massachusetts as our unit should be explained. In part, our selection maintains a degree of comparability in the size of units: the population of the state of Massachusetts is about three-fourths that of New York City, and about comparable to that of the Detroit metropolitan region. Furthermore, the high tech industry, and its minicomputer fraction has a number of areas of concentration in the state, rather than a single regional concentration.

While these reasons for choosing the state of Massachusetts for our third American case study might be adequate, we have another decisive consideration. The high tech industry has impressive, perhaps unique, influence in the politics of the state. Because we are vitally interested in the question of power and public policy in the era of global capitalism, the Massachusetts experience seemed particularly relevant.

As students of class, industry, and power, we have access and insight to the politics of the commonwealth that could not be duplicated elsewhere. One of us (Ross) worked as a consultant to a member of the Massachusetts State Senate and, as we complete work on this volume, for the economic development agency for Boston. The senator was the prime sponsor of several pieces of legislation important to our story: plant closing notification legislation and legislation establishing a "right-to-know" about the presence of hazardous materials in the workplace and community. As a result, this legislator was a member of Massachusetts' Governor's Commission on the Future of Mature Industries, to which Ross acted as his liaison. Because Ross had previously acted as a location consultant for study of the high technology industry, we have been in a good position to analyze the *political* economy of the state.

Figure 1.1 is a schematic of the plan of the three regional studies.

We are aware, of course, that while our theory is global, our cases are North American. By themselves, they illustrate but cannot "prove" our

FIGURE 1.1
 PLAN OF THE CASE STUDIES: RESTRUCTURING INDUSTRIES AND REGIONS

<i>Initial Form of Manufacturing Industry Analyzed</i>	<i>Dominant Function of City or Region</i>	<i>Area</i>
Competitive Garment industry	Headquarters Financial	New York City
Monopoly Automobiles	Heavy Industry	Detroit Region
Global High technology	Business Services/ Miscellaneous Traditional Manufacturing	Massachusetts

overall contention. Other work by ourselves and others, however, shows that the process of internationalization has had highly similar impacts on workers, industries, and areas throughout the older industrial world, and that the impact on social and political power is similar.²⁷ As the numbers of cases accumulate, the limits of any one or more of them are overcome.

The last section of the book focusses on the political and policy implications of the new era. The emphasis is on the basic strategic resources and orientations of classes and communities, rather than on macroeconomic policy. The analyses extend the case studies and elaborate our society-centered view of power.

Economic and social life have spatial dimensions. Any given place, a unit of governmental jurisdiction or a market area, has a history of development—social, economic, and political. Rapid economic development or change concentrated in a given area brings new people and new social (that is, ethnic, racial, or class) groups to it. Between 1880 and 1920, for example, the United States saw millions of Southern and Eastern European peoples brought to the industrializing urban concentrations of the nation. Employers used these flows of migrants as a more or less conscious means to undermine emerging working-class solidarity.

In the South Chicago Steel Works of U.S. Steel, for example, foremen were instructed to tell Italians that their English coworkers would desert them in strike action.²⁸

Over time, the resident working-class may find means of overcoming its divisions, of molding itself as a class. It may (and it has in the U. S. northeast) use in its interest the liberties that legitimate the democratic state. It may and it has formed unions and other associations of class interest for class purposes. Because the state in formally democratic societies must, to some minimal degree, continue to legitimate itself as more than the instru-

ment of capitalists, this process may result in certain accomplishments: the abolition of child labor; the achievement of workers' compensation, unemployment compensation, social security, welfare, housing subsidies, and so forth. True, some of these policies may prove to be in capital's larger interest—but not necessarily because all capitalists realize it, and not necessarily in the interests of all capitalists.

Over time, then, a place develops a particular social and political configuration, a characteristic terrain. As of the 1970s, the Massachusetts legal and social terrain (e.g., unemployment compensation and welfare payments) show the local working class to have been relatively successful as compared to others. In general, this can be said of the entire northeast-midwestern industrial belt of the United States. Rates of unionization were higher and many aspects of the social wage were also higher than, for example, in the southern United States.²⁹

Thus, a nation, and, indeed, the world is a mosaic not only of technical and economic dimensions, but a differentiated juridical terrain in which capital and labor have had varying degrees of relative success. This terrain is the result of the tensions produced in part by the legitimization-accumulation dialectic.³⁰

The imperatives and opportunities offered to political actors have changed in the course of capitalist development. The emergence of monopoly capitalism remade the tasks of government and the alignment of class forces.

The constellation of function and power that characterized the monopoly era is giving way under the geologic pressures of a new variant of capitalism. The terrain of the old political world is shifting in a variety of ways.

It is within this varied terrain that we observe, in chapter 10, the strategic initiatives of business and workers in the older regions of the United States.

Finally, in chapter 11, we draw together the implications of the theory of global capitalism for understanding changes in the state in recent years. The theme of our work is that a New Leviathan of global capitalism confronts the schemes of local and national actors with a stern and rigorous discipline. In this final chapter we suggest that the increase in the power of business interests in state policy, reflected in the conservative regimes of the 1980s in Western Europe and North America, is underlain by a change in the relation of the capitalist class to the state. The autonomy of state policy was partially supported by labor's political influence in the era of monopoly capitalism; it was also supported by divisions among fractions of capital. Now, with labor's power waning, and new bases of unity among fractions of capital, state policy is more responsive to the transient will of capital. The

relative autonomy of the state under capitalism undergoes relative decline in the era of global capitalism. Together, the increase of capitalist class power in state policy and the global expansion of the reserve of labor have major implications for the prospects of the socialist movement in the West. Mao was wrong: the East wind does not blow red, rather it postpones the socialist project.

The study of power is never innocent of or irrelevant to value commitments. Our own biographies have surely formed the lens through which we have refracted the world of the 1980s. Sons of school teachers and garment workers, we were afforded the opportunity to be scholars in a historic moment in which working people had struggled with some success for democracy and equity, if not equality, and our parents, finally, obtained some measure of security later in their lives. The world of our maturity appears to threaten these gains.

In that sense, we have striven for a rigorous objectivity. One of us has been a local activist for almost thirty years; another has worked for more than a decade on issues of development in the Third World. Neither of us welcomes the vista which we depict.

The claim that there is a new kind of capitalism emerging in the current era is an ambitious one, it composes our maximum program. Our critics will find our errors; if in so doing we draw attention to the new strategic realities of power we will find solace in that.