In an article written six years ago, I noted how "over the last 15-20 years, labor unions, working-class parties and states ruled by socialist governments, particularly of the Communist variety, have all been under considerable pressure to restructure themselves and change their orientation or face decline.... Some may be able to stave off the decline, even prosper, through a simple change in strategy. Others can attain the same result but only through a process of thorough self-restructuring. And others again can only decline, no matter what they do" (1).

This tendency was traced to the fact that all existing working-class organizations had formed under the circumstances of world-market disintegration typical of the first half of the twentieth century. Under those circumstances, organized labor in high income ("core") countries—the United States included—had acquired considerable social power and political influence, while Communist revolution had made great advances in middle income ("semiperipheral") and low income ("peripheral") countries—first and foremost, in Russia and China. But the revitalization of world market forces that occurred under US hegemony progressively undermined the conditions of national economic seclusion on which the social power of organized labor in core countries and the advances of Communist revolution in semiperipheral and peripheral countries were based. Under the emerging circumstances, all working-class organizations—no matter how effective they had been in meeting the challenges and seizing the opportunities of the bygone age—would find it difficult, if at all possible, to meet the challenges and seize the opportunities created by the reintegration of national economies in a single world market. Since this was written, Communist parties have become a nearly extinct species throughout Europe; Social Democratic and Labor parties have transformed themselves out of recognition; and long-established and once powerful labor unions have been

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struggling to stave off decline in membership and political influence. If my diagnosis of the joint crisis of organized labor and Communist regimes underestimated anything, it was the speed at which the crisis was unfolding and the extent to which it would result in the extinction rather than transformation of existing working-class organizations. But the very pace and destructiveness of the crisis confirm with a vengeance the validity of the contention that the working-class organizations that had been "made" in the early twentieth century were in the process of being "unmade" at the end of the century.

This does not mean that the world labor movement has no future. What it does mean is that, in order to be at all effective, the world labor movement in the twentieth-first century will have to develop strategies and structures as different from those of the twentieth century as the latter were from those of the nineteenth. World capitalism evolves continually, and so do the conditions under which the working classes of the world make their own history.

In order to grasp how these conditions are evolving, we must first of all dispel two misconceptions concerning the present crisis of world labor. The first misconception is that the crisis is due primarily either to a decline in the disposition of workers to struggle to protect or improve their working and living conditions, or to the effects of the relocation of industrial activities from high income to lower income countries. The second misconception is that the crisis demonstrates the failure of the world labor movement as instituted in the first half of the twentieth century to attain its objectives, as well as the capacity of world capitalism to overcome indefinitely its limits and contradictions.

The first misconception is based on a narrow focus on the labor movement in core countries, and a lack of attention to the wider and longer-term effects of the relocation of industrial activities. Capital, US capital in particular, has been relocating its activities to lower income countries throughout the twentieth century. US corporations became transnational almost as soon as they had completed their continent-wide domestic integration at the turn of the century; and by 1914 US direct investment abroad amounted to 7 percent of US GNP, the same percentage as in the late 1960s and a slightly higher percentage than today (2). These relocations did contain, and at times rolled back, the bargaining power and disposition to struggle of the US working class. But these domestic effects were more than counterbalanced on a world scale by the strengthening of the bargaining power and disposition to struggle of the working classes of the countries to which industrial activities were relocated (3).

More generally, new worldwide data on labor unrest based on
reports in The New York Times and in the Times (London), has revealed that labor unrest since the end of the Second World War shows a declining trend only in core countries. In semiperipheral countries throughout the same period, and in peripheral countries since 1970, in contrast, there has been a rising trend in labor unrest (4). As Beverly Silver explains,

Corporations were initially attracted to particular semiperipheral sites because they appeared to offer cheap and docile workers (e.g., Spain, Brazil, South Africa, South Korea). The subsequent inflow of (direct and indirect) foreign investment contributed to a series of semiperipheral "economic miracles" in the 1970s and 1980s. But the expansion of capital-intensive mass production industries that accompanied these "economic miracles" also created new and militant working classes with significant disruptive power. Workers exercised this power in waves of struggle that spread throughout the semiperipheral miracles of the 1970's and 1980's--from Brazil... and South Africa... in the 1970s to South Korea in the 1980's (5).

Had spatial relocation been the main thrust of the ongoing restructuring of world capitalism, the chances are that in the 1980s and early 1990s we would have witnessed massive labor unrest worldwide; and today, it would not even occur to us to speak of a crisis of world labor. If we are speaking of such a crisis, it is because the spatial relocation of industrial activities to lower income countries--even the faster relocation made possible by the latest technological developments--is not the most fundamental aspect of the capitalist restructuring of the last twenty-five years.

As argued at length elsewhere (6), the primary aspect of this restructuring is a change of phase of processes of capital accumulation on a world scale from material to financial expansion. This change is not at all an aberration but a normal development of the capitalist accumulation of capital. From its earliest beginnings 600 years ago down to the present, the capitalist world-economy has always expanded through two alternating phases: a phase of material expansion--in the course of which a growing mass of money capital was channeled into trade and production--and a phase of financial expansion, in the course of which a growing mass of capital reverted to its money form and went into lending, borrowing and speculation. As Fernand Braudel remarked in pointing out the recurrence of this pattern in the sixteenth, eighteenth and nineteenth centuries, "every capitalist development of this order seems, by reaching the stage of financial expansion, to have in some sense announced its maturity: it was a sign of autumn" (7).

As Braudel was writing, the great expansion of world trade and production of the 1950s and 1960s--the so-called "golden age
of capitalism"—began announcing its own maturity by turning into the financial expansion of the 1970s and 1980s. In the 1970s, the expansion of financial activities was associated with, and in many ways contributed to, an expansion of capital flows from high to lower income countries. In the 1980s, cross-border borrowing and lending continued to grow exponentially—the stock of international bank lending rising from 4 per cent of the total GDP of all OECD countries in 1980 to 44 per cent in 1991. But capital flows from high to lower income countries, after contracting sharply in the early 1980s, began to recover only towards the end of the decade (8). The ultimate and privileged destination of the capital withdrawn from trade and production in core locations, in other words, has not been lower income countries but the "hidden abodes" of financial speculation that connect high income countries to one another. It was this withdrawal, rather than relocation, that in the 1980s precipitated the crisis of world labor.

As previously mentioned, this crisis should not be misconstrued as evidence in support of the view that the world labor movement as instituted in the first half of the twentieth century failed to attain its objectives, or of the view that world capitalism can overcome indefinitely its limits and contradictions. Let us begin by noticing that powerful working-class organizations of the Trade Unionist, Social Democratic and Communist varieties established themselves in the first half of the twentieth century as key institutions of world society under conditions of almost uninterrupted warfare or preparation for war among capitalist states. The establishment of Communist revolution as a force in world politics, first in Russia and then in China, was of course a direct result of the ravages of the two World Wars. But even in core capitalist countries, the greatest waves of class struggle occurred towards the end and immediately after the two World Wars (9).

The US Cold War world order, and the great expansion of world trade and production that occurred under the auspices of that order, were thoroughly shaped by this joint advance of organized labor in core countries and of Communist revolution in semiperipheral and peripheral countries. By the end of the Second World War this joint advance was widely perceived as constituting a fundamental threat for the very survival of world capitalism. If the advance was not contained and eventually reversed, the only question that seemed to remain open was not whether world capitalism would survive but by what combination of reforms and revolutions it would die. The US "invention" of the Cold War was primarily a response to this situation of emergency for world capitalism.

Under the Cold War world order the advances of the world labor movement of the first half of the twentieth century were indeed contained and, eventually, reversed but only through a
partial accommodation of its objectives. Core capitalist states were encouraged to appropriate the working-class objectives of job security ("full employment") and high mass consumption. Colonial states were granted juridical sovereignty. Along with other peripheral and semiperipheral states, they were also encouraged to pursue modernization and "development," so as to be able, in a more or less distant future, to provide their own working classes with the job security and high mass consumption that for the time being only workers in core states would enjoy.

To be sure, the pursuit of welfare for core workers and "development" for non-core workers became objectives of governmental action primarily as means of an anti-Communist crusade and, as such, it came to be embedded in a US-centered system of military alliances and in an armament race between the United States and the USSR that had no historical peacetime precedent. But the Cold War between the two superpowers did remain "cold" and, moreover, it became the basis of a fundamental reorganization of world capitalism designed to ensure a lasting peace among its various national components.

The importance of this reorganization cannot be emphasized too strongly. Ever since President Wilson had responded to Lenin's summons to world revolution with his Fourteen Points (10), the more enlightened factions of the US ruling classes had implicitly concurred with Lenin that the greatest threat to world capitalism came from its internecine struggles over colonies and territory. It is not surprising, therefore, that once the Second World War had validated Lenin's hopes and Wilson's fears, the US government skillfully exploited the fear of Communist revolution to induce the governments of Western Europe to renounce colonialism, to enter into long-term military cooperation with the United States, and to mutually integrate their national economies into a single common market of continental dimension. By so doing, the United States created in Western Europe and in the former colonial world new arenas of profitable expansion for US corporate capital. But it also created durable structures of political and economic cooperation among Western European states that undermined their dispositions and capabilities to engage in mutual war.

The achievements of the US reformation of world capitalism went beyond the rosiest expectations of its promoters. The 1950s and 1960s, in Thomas McCormick's words, were "the most sustained and profitable period of economic growth in the history of world capitalism" (11). Communist revolution continued to advance--in Cuba, in Indochina, and in Africa--but in ever more peripheral locations. What's more, the two original centers of Communist revolution developed mutual antagonisms that made it easier for the United States and its allies to play one center against the other. And while Communist revolution was peripheralized or tamed, industrial conflict in core countries was progressively
routinized; and after a brief revival in the late 1960s, it started to decline precipitously.

By no stretch of the imagination, however, can this miraculous recovery of world capitalism be construed as a failure of the world labor movement, and even less as a lasting resolution of the contradictions of capitalism. On the contrary, the recovery of world capitalism was based primarily, not on the negation, but on the partial realization by world capitalism itself of the objectives of the world labor movement of the preceding half century. This accommodation does demonstrate the extraordinary adaptability of world capitalism as historical social system. But the onset of a new financial expansion around 1970 shows that this adaptability has limits, and that the approaching of these limits brings back to the fore the crisis tendencies of capitalism in old and new forms.

II

Financial expansions are moments of crisis and fundamental reorganization of the capitalist world-economy. As in all the financial expansions of previous centuries, the driving force behind the present diversion of capital from the purchase and sale of commodities (including wage labor, plant and equipment) to borrowing, lending and speculation has been a major intensification of intercapitalist competition, itself a consequence of the preceding expansion of world trade and production (12). As old and new enterprises invested a growing mass of capital in the purchase and sale of commodities, they brought down profit margins in their respective lines of business. And as an increasing number of enterprises sought to counter diminishing returns by diversifying their activities across locations and lines of business, they invaded one another's market niches and thereby further intensified competitive pressures and uncertainty in all branches of trade and production.

Under these circumstances, it is only natural that a growing mass of capital should be withdrawn from trade and production and held liquid to avoid the risks and troubles of investment in an increasingly competitive and uncertain business environment. This large and growing mass of surplus capital--capital, that is, that cannot be reinvested profitably in the purchase and sale of commodities--in itself creates all kinds of profitable opportunities for financial intermediaries to borrow, lend, and speculate. Historically, however, the full flourishing of financial expansions, has always been associated with an intensification of interstate competition for the capital that was being withdrawn from trade and production. As competition in commodity markets escalated, governments tended to step into the struggle and to compete with one another for the capital needed
to overpower rivals, mostly, though not exclusively, through an escalation in the armament race. This competition, in turn, multiplied opportunities to profit from the mobilization of surplus capital in borrowing, lending and speculation.

This pattern can be clearly recognized in the present as in past financial expansions. Throughout the 1970s, surplus capital was channeled in directions—lending to semiperipheral and peripheral countries and speculation in currency markets—that further increased competitive pressures and uncertainty in world trade and production without increasing returns in financial markets. Abundant and cheap credit encouraged semiperipheral and peripheral countries to step up their industrialization and modernization efforts and, therefore, to compete over markets and resources (most notably, oil) that had previously been the privileged preserve of core countries. Speculation in currency markets, for its part, first undermined, and then destroyed the system of fixed exchange rates that had contributed to the stability of world economic conditions in the 1950s and 1960s. This further increase in competitive pressures and uncertainty strengthened the overall tendency of capital to withdraw from trade and production; it widened the disequilibrium between a rapidly expanding supply and a stagnant demand for surplus capital; and it depressed returns in financial markets (13).

It was only after 1979 that the US government, first under Carter, and then with much greater determination under Reagan, took steps that created highly favorable demand conditions for the ongoing financial expansion. These steps were taken in the context of a major escalation of the ideological struggle and armament race with the USSR—what Fred Halliday has called the Second Cold War. Responding to the serious deterioration of US power and prestige that ensued from military defeat in Indochina and diplomatic defeat in Iran, the US government came to the rescue of a battered dollar by aggressively bidding up real interest rates in world financial markets. It then used the seemingly unlimited credit that it gained through these measures to escalate the armament race well beyond what the USSR could afford and, simultaneously, to cut taxes to win electoral support for the new anti-Communist crusade. The result was an increase of historic proportions in the US national debt, which provided domestic and foreign surplus capital with a far more secure and remunerative outlet than it had been able to find since the outset of the financial expansion (14).

An escalation in the interstate power struggle thus played as critical a role in sustaining the current financial expansion as it had in the past. To be sure, in this as in other respects the dynamic of the present financial expansion diverges significantly from past experience, as we shall see. But before we turn to these differences, we must deal with two more analogies that bear directly on our attempt to understand the
main thrust of the present restructuring of world capitalism.

Both analogies relate to the fact that all past financial expansions have not just been the "closing season" of a major material expansion of the capitalist world-economy. The intensification of intercapitalist competition that underlay the financial expansions brought about also epochal changes in the spatial configuration and in the organizational structure of processes of capital accumulation on a world scale--changes which prepared the ground for, and in due course translated into, a new phase of expansion of world trade and production. Epochal changes of this kind have always taken long periods of time to complete--as a rule, more than half a century from the beginning of the financial expansions. Initially, the previously dominant center always had the means to turn to its advantage the intensification of intercapitalist competition. As Halford MacKinder put it in 1899, commenting on Britain's relative decline in industrial competitiveness, "we [the British] are essentially the people with capital, and those who have capital always share in the activity of brains and muscles of other countries" (15).

Over time, however, even "the greatest ownership of capital" did not help the previously dominant centers in meeting the costs and in compensating for the disruptions of the escalating competitive struggle, the benefits of which accrued disproportionately to newly emerging centers. Thus, Britain's heavy borrowing from the United States during the First World War initiated that change of guard between the two countries at the commanding heights of the capitalist world-economy that was completed by more borrowing during the Second World War. Although the parallel should not be pushed too far, something similar seems to have happened in the 1980s. For all its spectacular results in reflating the US economy and in bankrupting the USSR, the historic inflation of the US national debt during the Second Cold War may well have sent the United States down a path of decline analogous to Britain's. As Kevin Phillips notes, "Formerly the world's leading creditor, the United States had borrowed enough money overseas--shades of 1914-45 Britain--to become the world's leading debtor" (16).

Equally important, the decline of US financial supremacy has been accompanied by the spectacular rise of the East Asian region, not just as the main "container of world liquidity", but as the "workshop of the world" as well. Britain's victory in both World Wars, far from slowing down, accelerated the ongoing shift of the geopolitical center of world-scale processes of capital accumulation from Northwestern Europe to North America. So, we should not be surprised if, in retrospect, the US victory in the Second Cold War turned out to have sealed a similar shift from North America to East Asia.
That this might indeed be the case is suggested by another analogy between the present and past financial expansions. As theorists of "informalization" and "flexible specialization" have underscored, the relative decline of US economic power since about 1970 has been associated with a major reversal in the organizational thrust of capitalism over the preceding century. In the words of Manuel Castells and Alejandro Portes, "The large corporation, with its national vertical structure and the separation of its functions between staff and line, does not appear any more as the last stage of a necessary evolution toward rationalized industrial management. Networks of economic activities, networks of firms, and coordinated clusters of workers appear to comprise an emergent model of successful production and distribution" (17). In a similar vein, Michael Piore and Charles Sable have argued that "the technologies and operating procedures of most modern corporations; the forms of labor-market control defended by many labor movements; the instruments of macroeconomic control developed by bureaucrats and economists in the welfare states; and the rules of the international monetary and trading systems established immediately after World War II—all must be modified even discarded, if the chronic economic deseases of our times are to be cured" (18).

Reversals of the main organizational thrust of world capitalism are no novelty of the late twentieth century. Thus, some eighty years ago Henri Pirenne observed the great regularity with which phases of "economic freedom" and phases of "economic regulation" followed one another in the social history of European capitalism. Each swing of capitalist organization in one direction, he noted, called forth a movement in the opposite direction, which became dominant in the subsequent stage of capitalist development. Thus, the movement towards "economic freedom" of the sixteenth century led to the movement towards "economic regulation" of the seventeenth and eighteenth centuries. This, in turn, led to the movement towards "economic freedom" of the nineteenth century, which led to the movement towards "economic regulation" of the twentieth century (19).

All these reversals in the main organizational thrust of capitalism have occurred in periods of financial expansion and have been closely associated with the changes in the spatial configuration of world-scale processes of capital accumulation discussed above. The alternation of "deregulatory" and "regulatory" thrusts underscored by Pirenne is but one aspect of this recurrent reversal. Other and equally relevant aspects are captured by such antinomies as "informalization versus formalization," "flexible versus rigid specialization," "extensive versus intensive accumulation," "market versus corporate capitalism" (20).

As theorists of informalization and of flexible
specialization have underscored, there is plenty of evidence of
an ongoing reversal of the trend of the past century towards
formally organized and rigidly specialized governmental and
business structures. But not all regions of the world-economy
have equal chances in the struggle to benefit rather than lose
from the emerging trend towards informality and flexible
specialization. After 600 years in which "gifts" of history and
geography made the West the primary seat of world capitalism, it
now seems that the civilization(s) of East Asia are best
positioned to take advantage of this latest reversal in the
organizational thrust of world capitalism (21).

This is a first important difference between the present and
past financial expansions. During past financial expansions the
geopolitical center of world-scale processes of capital
accumulation shifted from one region to another of the Western
world. During the present financial expansion, in contrast, the
center seems to be shifting to a region of the non-Western world.

Equally important, this latest shift of the geopolitical
center of world-scale processes of capital accumulation is
anomalous in another respect. In the past, shifts of this kind
were associated with the formation at the commanding heights of
the capitalist world-economy of a complex of governmental and
business organizations that was more powerful both militarily and
financially than the previously dominant complex: the US complex
relative to the British, the British relative to the Dutch, and
the Dutch relative to the governmental and business organizations
of Italian city-states. Past financial expansions and the
competitive struggles that underlay them, in other words,
resulted in an increasingly powerful fusion of world military and
financial power within the organizational domains of the
hegemonic center. The present financial expansion, in contrast,
has thus far resulted in a fission of the two kinds of power.
While financial power is increasingly concentrated in East Asian
hands, military power is more than ever concentrated in US hands.

This second anomaly of the present financial expansion is
closely related to a third. Contrary to what happened in the
course of all past financial expansions, the escalation in the
interstate power struggle of the 1980s did not turn into open
warfare. The United States "won" by financial means a cold war
that it could not win by military and diplomatic means, but the
Cold War remained "cold." To be sure, during and after the
Second Cold War, "hot" wars have been proliferating in most
peripheral and semiperipheral regions of the world-economy—in
Latin America and the Caribbean, Africa, Southeastern Europe,
West, South and Central Asia, often with the direct or indirect
participation of core capitalist states. Nevertheless, even
after the end of the Cold War, the mutual quarrels that
invariably set capitalist states against one another have shown
no tendency to deteriorate into open warfare, as they did in all
These anomalies of the present financial expansion can be interpreted as reflecting a fundamental limit of the long-term tendency of historical capitalism to expand through the formation of political organizations endowed with greater military power than their predecessors. Historically, the emergence of these increasingly powerful organizations has been the outcome of protracted and generalized wars among rising and declining capitalist states. Eventually, however, this process is bound to attain its limits by bringing into existence an organization that is so powerful as to be unchallengeable militarily by newly emerging capitalist states. World capitalism under US hegemony may well have attained these limits by bringing about such a concentration of military power in the hands of the United States and its closest allies as to make interstate warfare an obsolete instrument of capitalist competition.

This does not mean, of course, that the United States is not vulnerable to the consequences of capitalist competition by means other than interstate warfare, or to the proliferation of local wars in peripheral and semiperipheral countries. On the contrary, the consolidation of the US quasi-monopoly of global---as opposed to merely local or regional---military power during the Second Cold War has left a legacy of fixed costs and frames of mind that hampers seriously the capacity of US governmental and business agencies to compete effectively in a world trading system of unprecedented scale, scope and density. This is particularly the case in relation to the governmental and business agencies of regions like East Asia that "gifts" of history and geography have endowed with low protection and reproduction costs. Ironically, therefore, the military power without historical precedent that has accumulated in US hands cannot prevent, and may actually contribute to, the "migration" across the Pacific of the geopolitical center of world-scale processes of capital accumulation.

III

Let us now return to the issue of what changes in the conditions of working-class struggles can be expected to ensue from the ongoing restructuring and reorganization of the capitalist world-economy. The world labor movement of the twentieth century developed in response to the crisis of world capitalism as instituted under British hegemony. What are the chances that the "autumn" of world capitalism as instituted under US hegemony will give rise to a world labor movement as effective as its predecessor? And what would such a labor movement look like?
A first answer to these questions is that it is still too early to tell. The first twenty-five years of the late-nineteenth century financial expansion were characterized by an extreme instability in working-class organization and by many more defeats than victories for the working classes of most countries. It took another twenty-five years before the ideological and organizational contours of the world labor movement began to crystallize and be discernible, and yet another twenty-five before that movement became powerful enough to impose some of its objectives on world capitalism (22). There is no reason, of course, for supposing that the world labor movement of the twentieth-first century will develop at the same pace and along the same trajectory as its predecessor. But whether it is actually emerging, what form it is going to take, and how effective it is going to be—these are issues that cannot be decided on the basis of the tendencies of the last, or even of the next, 10-20 years.

It is nonetheless not too early to tell that the conditions under which the workers of the world will make their own history in the twenty-first century will differ radically from the conditions of the past century. To be sure, the present financial expansion, like the preceding one, marks the beginning of a transition of world capitalism from one kind of spatial configuration and organizational structure to another. But each transition has peculiarities of its own, which make the conditions of working-class struggles different from what they had been during the preceding transition.

A first difference is that the changing spatial configuration of the capitalist world-economy can be expected to shift the epicenter of working-class struggles towards peripheral and semiperipheral countries in general and towards East Asia in particular. As previously noted, the notion that the world labor movement has been weakened by a massive relocation of industrial activities from high to low and middle income countries is a myth. Had such a massive relocation actually occurred, the chances are that the world labor movement would have already been revitalized. The main reason why it has not is that in the 1980s the primary destination of the flight of capital have not been low and middle income countries but extraterritorial financial markets.

The main exception to this general tendency has been East Asia, where the financial expansion has been accompanied by a rapid growth of trade and production. Should this tendency continue, there can be little doubt that this region, China included, will witness the formation of a vigorous labor movement. And to the extent that the material expansion of the East Asian regional economy will develop sufficient momentum to translate into a new material expansion of the entire world-economy, the chances are that this vigorous labor movement will
become global in scope.

A second difference is that the reversal of the trend of the past century towards formally organized and rigidly specialized governmental and business structures can be expected to change the main thrust of the world labor movement as well. The increasing bureaucratization of capital in the century following 1870 created favorable conditions for the bureaucratization of labor movements as well. It is quite possible that the reversal of this tendency will create the conditions for the revival in entirely new forms of the more flexible and informal organizational structures typical of the labor movement of the nineteenth century.

If and when this revival will occur, we should expect also a major change in the ethnic/racial and gender composition of the world labor movement. The joint bureaucratization of capital and labor in the twentieth century benefited primarily the core-white-male component of the world labor force. As labor and commodity markets were "internalized" within the bureaucratic structures of core capital (23), and the objectives of "full employment" and high mass consumption were taken over by the governments of core capitalist countries, white male workers succeeded in monopolizing the better paid and more secure jobs. But the intensification of intercapitalist competition since about 1970 has induced capital to seek cheaper and more flexible sources of labor, not just in low and middle income countries, but also among women and non-white males in all countries. In the short run, the main impact of this tendency has been to heighten the "fear of falling" of white male workers in core countries. In the longer run, however, its main effect may well be the emergence of a world labor movement in which women and people of color have a far greater weight and influence than they have had in the past.

Finally, the obsolescence of interstate warfare as an instrument of capitalist competition can be expected to weaken the nationalist and statist orientation of the world labor movement. As previously noted, the world labor movement of the twentieth century developed under conditions of almost uninterrupted warfare or preparation for war among capitalist states. Under these circumstances, the military power of states could be presented by the ruling classes, and be perceived by the subordinate classes (workers included) as a key ingredient of national wealth and welfare. As a result, in the twentieth century nationalism became an integral component of labor movements almost everywhere, and the class struggle became inextricably interwoven with the interstate power struggle.

To the extent that the obsolescence of interstate warfare as an instrument of capitalist competition will be confirmed by future trends, the class struggle will be progressively
disentangled from the interstate power struggle. There is of course no guarantee that this disentanglement will translate into a more internationalist rather than "tribalist" disposition among the workers of the world. The invention of new, or the consolidation of old, "imagined communities" along ethnic or religious lines is no doubt an easier response to the intensification of world market competition and state breakdowns than the formation of class solidarity across borders or cultural divides. As the experience of the former Yugoslavia illustrates tragically, however, the easier response may well be a cure much worse than the disease.

The Croatian and Serb militias may well prefigure the predominant form of proletarian organization of the twenty-first century. But there is at least an equal chance that the predominant form will be prefigured by the kind of working-class cooperation that is being organized slowly and loosely from below across the US-Mexican border. Whether the now weaker wind of internationalism will eventually prevail over the wind of "tribalism" is a question ultimately in the hands of the workers of the world themselves.

ENDNOTES


(5) "World-Scale Patterns of Labor-Capital Conflict," p. 182.


(7) Fernand Braudel, The Perspective of the World (New York:

(9) Silver, "World-Scale Patterns of Labor-Capital Conflict," pp. 158-73, 177.


(12) For a lengthier and documented treatment of what follows, see Arrighi, The Long Twentieth Century.


(14) Between 1981, when Reagan entered the White House, and 1991, the US budget deficit increased from $74 billion to $300 billion a year and the US national debt from $1 trillion to $4 trillion. As a result, net federal interest payments skyrocketed to $195 billion a year, more than ten times what they had been in the mid-1970s. Kevin Phillips, Boiling Point. Republicans, Democrats, and the Decline of Middle-class Prosperity (New York: Random House, 1993) pp. 210, 220; Paul Kennedy, Preparing for the Twenty-First Century (New York: Random House, 1993) p. 297.


(16) Boiling Point, p. 220.


