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Industrial Labor on the Margins of Capitalism

*Precarity, Class, and the
Neoliberal Subject*



Edited by

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Afterword

Third Wave Marketization

MICHAEL BURAWOY

Wherein lies the significance of these wonderful ethnographies of industrial life? How to situate what Jonathan Parry has already so well described—the erosion of proud labor aristocracies through their bifurcation into an upper tier that is being eaten away by a lower tier, which is itself being eaten away by the ever threatening, ever expanding, ever more desperate population of dispossessed? They have fallen victim to a wave of marketization that has swept across the planet during the last forty years—not the first such wave to overtake capitalism, but at least the third. The ethnographies all hark back to a now lost world before the onset of the tsunami that began in the 1970s. I will recover that world through my own ethnographies of industry in Zambia, the United States, Hungary, and Russia.

The story begins in 1968 with an ethnography of the Zambian Copperbelt (Burawoy 1972). Four years after Zambian independence, the copper price was flying high, two multinational mining corporations were making a handsome profit, copper accounted for 95 percent of foreign revenue, African miners had a certain security of employment, and the Mineworkers Union of Zambia had just won a 22 percent increase in wages. After I left in 1972, the mines were nationalized, the price of copper plummeted, profits became losses, and the government went into debt and was ultimately subject to IMF loans conditional on privatization. Eventually the government was forced to sell the precious mines at bargain-basement price to transnational capital, which set about dismantling all the protections that had been won over the previous 70 years. When the price of copper unexpectedly began to soar, at least temporarily, the mining companies made a killing at the expense of the Zambian government, Zambian miners, and

Zambian people. Ching Kwan Lee arrived on the Copperbelt along with Chinese investment. Of all the international mining capitals, the Chinese have the longest time horizons because they are interested in copper as much as profits. Yet they too seek to subcontract labor and reimpose a form of colonial despotism, albeit with Chinese characteristics. But all this happened after I left. I did not see the tsunami arriving.

After Zambia, my next industrial sojourn was as a machine operator in South Chicago, working at the engine plant of Allis Chalmers, a large multinational manufacturer of agricultural and construction equipment (Burawoy 1979). At the time in 1973/74, Allis was weathering the storm of a recession—the steelworkers union was strong, collective bargaining delivered a class compromise that suited each side, a grievance machinery was operational, and an internal labor market gave more senior workers a chance to move around the plant. I called it a hegemonic regime. I thought it would be there for good, or at least as long as capitalism lasted. There was security of employment—even those who were laid off received a supplementary unemployment benefit, and they were the first to be rehired. And wages were high—with my overtime I was earning more than assistant professors at the University of Chicago. And then, all of a sudden, it collapsed—again, after I left. The aggressive anti-labor policy of the new Reagan administration, combined with global competition, led to the closure of the plant and the decline of the union. It was happening all over South Chicago, which was rapidly becoming an industrial wasteland and a warehouse for African-Americans displaced by the tearing down of public housing. Jan Breman (2013) notwithstanding, this rapid decimation does not seem to have visited the steel plants of India, Indonesia, or Egypt, respectively described by Christian Strümpell, Daromir Rudnyckij, and Dina Makram-Ebeid; nor the Tata Motors factory described by Andrew Sanchez. Rather, there is a reconfiguration of the relations among tiers of employment, but not the wholesale dissolution of labor found in Britain or the United States. For that reason the ethnographers of the Global South are able to continue the traditions of industrial studies, arriving at new variants and new intersections with cultural forms and ethnic and race relations.

I did not stick around to observe the dismantling of the hegemonic regime in the United States but took another voyage, this time to Hungary. Why Hungary? I had argued that the hegemonic regime I observed at Allis Chalmers was a product of capitalism, but my critics said it was a product of a more general process of industrialization. To justify my capitalist imputation I would have to compare regimes in a capitalist economy with regimes in some non-capitalist economy, which logically would be somewhere in the Soviet orbit. And then, on 19 August 1980, the Solidarity movement broke out in Poland. How was it that the first nationwide working-class rev-

olution took place in a so-called socialist society? That question drew my and many other people's attention, but before I could learn a bit of Polish, pack my bags, and get my sabbatical lined up, General Jaruzelski had declared martial law. Even so, this self-limiting revolution, this reconstitution of civil society, lasted sixteen months. Why did this revolution take place in state socialism, and why in Poland and not in a place like Hungary, which had already had its own revolution in 1956? Could this have something to do with the politics of production, in terms of the character of the labor process and its regulation? I took these questions to Hungary, where by hook or by crook, and with the help of well-connected friends, I managed to secure industrial jobs—first in a manufacturing plant akin to Allis Chalmers, making gear boxes for the famous Ikarus buses; and then in Hungary's biggest steel plant, the Lenin Steel Works in Miskolc, where I became a furnaceman—a 50 percent furnaceman, as my comrades in the October Revolution Socialist Brigade called me, as I clearly had neither their skills nor their strength (Burawoy and Lukács 1992).

While I was busy figuring out the peculiarities of state socialist work organization—flexible specialization on the shop floor and class-conscious critique of the party-state for failing to deliver the promised socialism—the edifice of state socialism was crumbling behind our backs. Soon we were talking about capitalism, not socialism. Well-placed managers conspired to buy up the lucrative parts of the enterprise, making sure the state continued to assume all the infrastructure obligations. Then the state set up a privatization commission, and the whole Lenin Steel Works was put up for sale. There were no buyers for this museum of an enterprise until a Slovakian company eventually took the gamble, but it was more about asset stripping than rebuilding a steel enterprise that had no business being in Miskolc. For the next decade, long after I had exited, the proud Lenin Steel Works saw itself degraded as its workforce dwindled from some fourteen thousand to just a couple of thousand. Salaries plummeted; working conditions deteriorated. Dimitra Kofti tells the same tragic story about the community around the Lenin Steel Works in Bulgaria—but it differs from the story Trevisani tells of Kazakhstan, where Mittal seems to have struck a deal with President Nazarbayev to keep the plant going, although with rising numbers of contract laborers and shrinking numbers of company workers.

I continued to visit my friends in Miskolc, but after 1989 my attention turned to the bastion of state socialism—the Soviet Union. Fortuitously, I was invited to give lectures to some 150 industrial sociologists—actually personnel officers in factories across the Soviet Union—on a boat traveling down the Volga in 1990, which gave me the contacts I needed to continue my researches into industrial labor in the very belly of the beast. At this time of late *perestroika*—the twilight of communism—anything was

possible. Most Soviet sociologists thought industrial ethnography was so unscientific as to be absurd, but I did find one young sociologist devoted to the idea. He happened to live in Syktyvkar, the capital of the Republic of Komi, so that was where I spent the next decade.

Entering the Soviet Union in 1991, I knew I had to strike while the iron was hot, so to speak. Effectively bribing the trade union at a historic rubber plant in Moscow with a couple of the latest desktop computers, Kathy Hendley and I plunged into the sort of ethnography that had never been possible in the Soviet Union. This was in January–March 1991, when the Soviet Union was in turmoil. A struggle between Russia and the market on the one side, and the Soviet Union and the planned economy on the other, had left the party in tatters and thrown the plant into civil war. Meanwhile managers were quietly creating in-plant cooperatives to funnel resources out of the enterprise and into their pockets (Burawoy and Hendley 1992).

In April I moved up to Syktyvkar near the Arctic Circle where, with support from the head of the local trade union federation, I landed a job in a model furniture factory, making the wall systems of cabinets and shelving that adorned every Soviet apartment (Burawoy and Krotov 1992). After the collapse of the command economy, Northern Furniture was doing just fine. Capitalizing on the availability of nearby timber supplies, the factory was able to barter wall systems for all manner of consumer goods and even spots for children in southern summer camps. But that did not last long: the Soviet Union's death warrant was signed in December, just five months after I had left Syktyvkar. Northern Furniture sputtered along in the succeeding years, paying its dwindling number of workers in flour or sugar or vodka, or more likely not paying them at all. It tried to diversify its products but could not compete with cheap imports in a context of declining consumer demand. The lights went off at Northern Furniture in 1996, leaving its workers to grope around in the post-Soviet darkness.

In those days I also made regular trips to Komi's northern extremity—the arctic city of Vorkuta. A rich coal vein had made Vorkuta the site of notorious labor camps that had imprisoned not only petty criminals but also great political dissidents such as Alexander Solzhenitsyn. In 1989 and then again in 1991, Vorkuta's miners, together with miners across the Soviet Union, struck in unison with radical demands: dissolution of the primacy of the party, worker ownership of the mines, and the establishment of a market economy. They proved to be the dynamite that detonated the Soviet Union.

When I visited the mines in 1992, hopes were still high for untold wealth, but over the years production slowly declined and mines closed as demand for coal fell with the collapse of the metallurgical plants (Burawoy and Krotov 1995). Sealing Vorkuta's fate, transportation monopolies charged

such tariffs as to price all but the richest mines out of the market. The strike committee that had once been so popular dissipated, succumbing to economic and political enticements. When I asked one holdout from the strike committee what had happened to their optimistic future, he simply replied: "That just shows the disastrous effects of seventy years of communism." There was no lack of faith in the market *per se*. Today Vorkuta is a shadow of its former self, reminiscent of the desultory life Eeva Kesküla describes for the Kazakh coal mines now owned by Mittal. Workers have managed to hold on to their jobs, but it is not clear how long they will do so.

The lag between my ethnography and the disaster and destruction that followed in its wake shrank with every project—Zambia's Copperbelt, South Chicago, Miskolc, and Syktyvkar. Syktyvkar had no major greenfield sites like Jeremy Morris and Sarah Hinz's car plant in Kaluga. Northern Furniture was in darkness, but the local garment factory, Komsomolskaya, was still limping along; however, many of its more skilled workers had had the reserves to purchase a sewing machine and left to set up shop at home, much as Rebecca Prentice describes for Trinidad. Nor does Syktyvkar have a garment district or anything like the Goundar caste of entrepreneurs that Grace Carswell and Geert De Neve describe for Tiruppur. Instead, a tribe of women would become shuttle traders between Syktyvkar and Moscow or even farther afield to places such as Turkey.

Across the board, the rapid decline of the Russian economy and the asset stripping that came with privatization led to an intensification of exchange at the expense of production. This was a retreat to a form of merchant capitalism based on the commodification of everything and the retreat of production into the domestic sphere. As men lost their jobs, women took up the slack as they always had, superintending the domestic economy by all sorts of ingenious methods, including petty commodity production, cultivation of small plots of land around their dachas, and negotiation for state benefits (Burawoy, Krotov, and Lytkina 2000).

Following Clifford Geertz (1963), I called this process, in which the nascent market ate away at production, "economic involution." The transition to capitalism was neither the revolutionary one called for by the devotees of shock therapy nor the evolutionary one favored by institutionalists. While economists debated which road Russia should take—revolution or evolution—the actual economy was undergoing involution. At this point I suspended my Marxist concentration on production and its regulation, if only because there was so little production—all the action was in the realm of exchange. So I took up the study of Karl Polanyi, and *The Great Transformation* (1944) became my bible.

Drawing on Polanyi's ideas and inspired by the economic growth of China, the evolutionists insisted, against the neoliberal utopians, that there

was no market road to market capitalism, and that destroying everything Soviet would not miraculously spawn market capitalism. In other words, there was no need for a second (or third) Russian Revolution, as there could be no Bolshevik road to capitalism. Evolutionists would draw on a popular reading of Polanyi that saw market society as requiring a political and social infrastructure. Yet their prescriptions fell on deaf ears. Plans for rapid entry into capitalism moved ahead and the post-Soviet economy took an unprecedented dive into an abyss.

I chose, therefore, to emphasize an alternative reading of Polanyi that, rather than focusing on the prerequisites of markets, turned to their destructive consequences. Markets detached from their moorings threaten society, which then reacts by defending itself—what Polanyi called a double movement or countermovement. He simply assumed there would be a concerted reaction to any full-blown marketization, but I could see no evidence of one. What I witnessed was a wholesale retreat before the market, what I called the *Great Involution* (Burawoy 2001).

For Polanyi, the destructiveness lies in the unregulated commodification of three factors of production—land, labor, and money. There is some dispute as to why these commodities should be called “fictitious”—whether it is because they were never intended to be commodified or because they lose their use value through commodification. The latter is the more useful approach, showing how the unregulated commodification of labor power leads to such destitution as to exhaust the capacity to labor, the unregulated commodification of land leads to the destruction of the very basis of human livelihood, and the commodification of money in pursuit of speculative gain undermines money’s essential role as measure of value and medium of exchange. In post-Soviet Russia, the ascent of the market and the commodification of these factors of production, far from leading to a countermovement, led labor to retreat into subsistence agriculture or petty commodity production, the reappearance of peasant landholdings, and the rise of barter. In other words, the expansion of the market led to an expulsion of factors of production from commodification, what we might call *ex-commodification* and the rise of a non-market redistributive economy. The move was temporary but nonetheless significant, showing with Weber (1930 [1905]) just how difficult the transition to capitalism is.

What we see, therefore, is that in this era of “neoliberalism” there is nothing inevitable about a countermovement to marketization. In many parts of the world the response is as likely to be exclusion as much as inclusion, and it is the relation between the two that determines the condition of precarity. What our studies of (de)industrialization in the Global South and the post-Soviet world demonstrate is that the conditions of production are increasingly shaped by the haunting presence of those who have

been dispossessed, often violently, of access to the means of existence and locked out of the market. As Joan Robinson (2006 [1962]: 45) once said of exploitation, there’s one thing worse than commodification, and that is ex-commodification.

Polanyi did not anticipate another round of marketization. He could not imagine that humanity would indulge in another such catastrophic experiment with the market, but that is because he had an idealistic conception of where the market came from—the heads of political economists. While the economists may flatter themselves that they originated market despotism—and here too their opponents often give them too much credit—in reality they merely give it justification. The driving force is capitalist accumulation itself, which generates crises that can only be overcome through ruthless marketization. “Neoliberalism,” then, is not so new but only the latest iteration of marketization.

Reexamining Polanyi’s treatise, we can see that where he saw one long arc of commodification ending in diverse forms of state regulation, two waves of marketization can be discerned (Burawoy 2013). The first began at the end of the eighteenth century and reached its peak in the mid-nineteenth century, culminating in a countermovement that sprang from working-class struggles only to end in defeat and World War I. Political economy was discovered in this period, above all in Marx and Engels’ theory of capitalism, and is exemplified for Polanyi in such utopian experiments as Owenism. The second wave of marketization began at the end of the nineteenth century, picked up steam after World War I, and was eventually arrested by state regulation in the 1930s. This is the period of Stalinism, the New Deal, and Fascism. Since the 1970s we have been facing a third wave of marketization, and the scale is no longer national but global. This latest wave is marked by the rule of finance capital, in which money becomes a commodity that is bought and sold for profit. Its underside is debt. Increasingly, land is subject to expropriation—whether in cities or in the countryside—for the purposes of commodification, leaving behind destitute populations living in wastelands. The biggest challenge of our era—the plundering of nature of water and air as well as land—has led to a commodification that only intensifies the destruction. The creation of markets in carbon pollution does not restrain climate change. The labor victories achieved through state regulation against second-wave marketization have been reversed, turning de-commodification into re-commodification intensified by great swaths of ex-commodification. Third-wave marketization provides the global historical context within which to understand the industrial ethnographies of this book.

Polanyi viewed commodification as a threat to society, which reacts by pursuing an agenda of ex-commodification that is even more destructive.

Waste is the big story of our era—surplus populations, degradation of nature, indebtedness. It leads to populist mobilization, whether left or right, as liberal democracy becomes a handmaiden of destructive impulses. The radical social movements of 2011 have turned into the reactionary movements of 2016. As Polanyi warned, capitalism and democracy are uneasy bedfellows. The real choice, he claimed, was between socialism and fascism.

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