

University of Nevada, Reno

**Class Struggle and Social Change in the United States in Historical Perspective: The Case
of the Industrial Workers of the World in the Twentieth Century**

A thesis submitted in partial fulfillment of the
requirements for the degree of Master of Arts in
Sociology

by

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prepared under our supervision by**

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Abstract

In this thesis project, I trace the historical rise and development of capitalism from its origin in Europe to its contemporary form in the United States through the historical method utilizing class analysis. I explain that the social relations of production under capitalism is an exploitative relationship in which the capitalists exploit wage-labor. I follow this up with a discussion of the functions of the capitalist state from a classical Marxist perspective.

During the early years of the United States, the capitalist state facilitated the expansion of capitalism throughout the national territory and subsequently to the rest of the world. This included the state's protection of capitalist interests that facilitated the exploitation of labor. However, labor rose up to oppose capital for long hours, low wages, and poor working conditions by organizing into labor unions. Many long and bloody battles have been fought by labor and won on the picket line and on the shop floor for the advancement of working class interests. I include in this thesis an historical case study of the Industrial Workers of the World (IWW) as the ideal model of a successful labor union.

I trace the postwar rise of the United States as the premiere global capitalist superpower in its pursuit of super profits, surplus value, and greater control of the world through its military presence. However, this proved to be detrimental to millions of working people in the United States once the U.S. economy entered into an irreversible decline and stagnation beginning in the early 1970s. This culminated in the decline of real wages, increase in inflation, and the erosion of the standard of living of millions of working people in the United States. Due to these internal contradictions of capitalism, the United States has experienced periodical economics crises. In the wake of the Great Recession of 2008, millions of working people lost their jobs, income, and

40-hour workweeks that resulted in greater levels of unemployment, underemployment and poverty.

Finally, I argue that the only alternative out of this economic crisis is for labor to organized under the IWW by declaring a nationwide general strike, take state power, smash capitalism, eliminate counterrevolutionaries, and take control of the means of production. In this way, working people can truly advance their class interests and live in harmony in an egalitarian society that promotes equity, prosperity, and justice for all.

I dedicate this Master's Thesis to my son, Joshua Allan King.
It was you that gave me the strength to carry on.
In the immortal words of Jose Marti in the *Prince*: "When he goes by
The shade acquires textures
Like the sun, That wounds the blackest clouds.
Behold me, then, at arms
In the struggle. The little prince
Wants me to fight again.
He is my crown...."¹
I also dedicate this Master's Thesis to all the workers
that have inspired me through their struggles.

¹ Shnookal, Deborah and Mirta Muniz, ed. 2007. *The Jose Marti Reader: Writings on the Americas*. 2nd ed. New York, NY: Ocean Press, p. 263.

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Chapter 1

Introduction

The Great Recession of 2008, resulting from but not limited to the processes of globalization of capital, deindustrialization, recurring economic recessions, and the gradual weakening of U.S. labor climaxed into the collapse of banks and millions of home foreclosures. Although June 2009 marked the official “ending” of the Great Recession, working Americans continue to face staggering unemployment levels and the greatest increase of wealth and income inequality that the country has seen to date. A combined approach using the historical method and class analysis will be employed to assess the rise of U.S. capitalism from 1865 to its current stage of advanced monopoly capitalism. This thesis will utilize the historical materialist perspective (along with the historical method) in analyzing the development of labor-capital relations. A general overview will be given for the rise of the labor movement. In addition, a case study will be taken up analyzing the formation of the Industrial Workers of the World.

Current data from government sources such as the *Statistical Abstracts of the United States* and the *Economic Report of the President* will illustrate the extent of class polarization between capital and labor and the level of wealth and income inequality. In addition, an estimate of the rate of surplus value will be provided to exemplify the ever-widening wealth gap between workers and capitalists. I will also explore labor’s response and radicalization to the capitalist economic crisis. Thus, I will seek to explain labor’s options for social transformation. Ultimately, this radicalization has revived older working class struggles for the necessary and sufficient creation of stronger democratic workers’ organizations, which would in turn assure the emergence of social change from the working-class base.

Literature Review

This thesis will adopt the historical materialist approach developed by Karl Marx and Frederick Engels. According to this approach, societies are constituted as having two fundamental components that are considered equally important. These components are the *forces of production* and the *social relations of production* (the basis of class analysis). The social relations of production determine social classes in any historically-specific *mode of production*. Under the current capitalist mode of production, this would simply be the capitalists (those who appropriate surplus value through the exploitation of wage labor) and wage-labor (i.e., those who sell their labor power to the capitalists through employment and are the producers of the surplus). The necessary tools to accomplish this is known as the *forces of production* (i.e., factories, mines, and means of production, workshops, including the division of labor and the relevant technical expertise). It is precisely the *relations of production* (or class relations) and the *forces of production* that make up the social-economic base or *mode of production* of a society (Marx and Engels, 1980:38).

Marx and Engels argued in 1848, “The history of all hitherto existing society is the history of class struggle” (p. 35). The meaning inherent in this proposition reveals that history is in constant motion or flux. Moreover, the inherent contradictions in society produce conflict. In this case, under capitalism, it would be the class contradictions between labor and capital. This essentially erupts on the shop floor at the point of production. The capitalists exploit the workers by expropriating the surplus produced by their labor. This produces class conflict and class struggle (Marx and Engels, 1980).

Initially, the class struggles are for higher wages, safer working conditions, and other

worker benefits. However, Marx and Engels foresaw that workers would unite into unions and other working class organizations and eventually fight for political power. Marx and Engels also stated in 1848, “but every class struggle is a political struggle” (p. 35). This political struggle involves the taking of state power. The state is an institution that emerged to protect the interests of the dominant class. Once the dominant class seized control of the surplus that was being produced, it also seized control of the state. The state then came to protect and perpetuate class domination to assure and the exploitation of the labor. Thus, under capitalism “The executive of the modern state is but the committee for managing the common affairs of the whole bourgeoisie” (Marx and Engels, 1980:37).

Marx and Engels referred to the political superstructure, which includes not only the state but also the institutions of the legal system, education, ideology, and religion, which are a direct reflection of the social-economic base. However, for Marx there was a dialectical relationship between the social-economic base and the political superstructure, notwithstanding the fact that the superstructure arose from and in the final analysis was dependent on the social-economic base.

Lenin, working in the same tradition as the classical Marxist theorists developed a comprehensive theory of the capitalist state. This occurred once he understood from Marx and Engels the *class nature* of the state. The capitalists dominate the state and subject the lower classes through coercion, or as Lenin originally formulated “an organ or instrument of violence exercised by one class against another” (Lenin, 1943 [1917]:9).

Lenin argued that revolution originates from the workers’ party and the class-conscious workers (Goertzel, 1993; Marx and Engels, 1980:22; Lenin, 1943 [1917]:23-24). Moreover, once a socialist revolution takes place several things were meant to happen according to the

classical Marxist thinkers. The “new” socialist state would (1) destroy the power of the capitalists; (2) start socialist economic construction; (3) combat bureaucratization of the revolution (Lenin (1943 [1917]:92).

Gramsci developed the notion of “bourgeois ideological hegemony” in which the thoughts and ideas of the masses are shaped by the capitalist class through the power of the state apparatus. In addition, the control of the workers is not always done through coercion (violence through force) but also by *consent*. The consent is based through “common sense reality” and thus it is accepted by the masses (Berberoglu 2005:56-58).

The Marxist approach is centered on the working class and its emancipation from domination by the capitalist class. Moreover, the struggle in the beginning is a national struggle between labor and capital (Marx and Engels, 1980). Labor’s response to the domination of capital originated with the formation of labor unions. In 1806, journeymen shoemakers decided to organize in such a way as to protect their work. This was in the form of a “price list” presented to the shoemaker master. The list was not honored by the boss; thus, the workers refused to work or allow other journeymen to work for lower wages. Later in 1834, female textile workers struck in protest against wage reductions (Yates, 1998).

These early attempts of struggle resulted from the inevitable antagonism between labor and capital. Moreover, workers finally formed into the radical Knights of Labor in 1869 (Boyer and Morais, 2000). The KoL were known for their radical racial egalitarianism. However, they became internally weak and eventually gave way. Some of the disaffected union members of the KoL formed an international union—the American Federation of Labor—under the leadership of Samuel Gompers in 1886.

The American Federation of Labor (AFL) was primarily a craft or trade based national

union. It was not concerned with organizing unskilled or semi-skilled workers (or racial minorities for that matter). Unfortunately, this was a practice among unions such as the AFL with conservative leaders. Gompers was shortsighted in his outlook for labor by rejecting working class politics. He preferred to work within the two-party system of the Democrats and Republicans. This turned out to be class-collaborationist in practice as both Democrats and Republicans have served capital from their very inception.

One of the greatest working class achievements in the formation of a union was the Industrial Workers of the World (IWW), also known as Wobblies. Formed in 1905, the IWW was based on the principle of industrial unionism. This simply means to organize entire industrial sectors with the ultimate goal of organizing the entire working class (Thompson and Bekken, 2006). At this time of the formation of the IWW, organized labor was experiencing all sorts of challenges. The Knights of Labor were on their way out the door. The AFL was primarily concerned with organizing only craft or trade unions in collaboration with the capitalist class. Moreover, capital used the state to protect its interest. Historically, the state has intervened on a number of occasions to protect the interests of capital against labor, as during the Haymarket Affair in 1886, Homestead Strike of 1892, and the Pullman strike of 1894 (Dray, 2010; Taylor 1993).

At the time, the principles of the IWW were very radical. Just like the Knights of Labor, the IWW practice racial egalitarianism and gender equality. Moreover, the *Preamble* of the Constitution of the IWW set the in stone the union's stance in the famous words: the working class and the employing class have nothing in common (Industrial Workers of the World, 2010:3). The *Preamble* provides the ultimate goal of the IWW: to organize all workers as a class, take control of the means of production, end wage slavery, and live in harmony with the

earth (Industrial Workers of the World, 2010:3). The Wobblies extended the fight to free speech among labor radicals. They traveled to towns that restricted free speech in order to fight for it—not as simply a constitutional right but a workers’ right. These Wobblies were known as “soapbox militants” agitating and organizing on the streets (Kornbluh (ed.), 1998).

The Wobblies formed the type of working class movement that Marx and Engels foresaw in their sociological analysis of capitalist society although they did not live long enough to witness the rise of the IWW in the early twentieth century. In the Marxist sense, they were the revolutionary force that could have ultimately taken state power, or at least the Wobblies knew that was the end goal. The most up-to-date history of the IWW ends in 2005. It is important for the history of the IWW and their victories to be updated to 2013.

Methodology and Sources of Data

In this thesis, I will use the historical method through the mechanism of class analysis. Moreover, the unit of analysis is the macro- and meso-level in regards to sociological analysis. The three important actors that I will focus on will be the capitalist class, working class, and the state (controlled by the capitalists). In this sense, I will examine the development of the labor movement in relation to the development of capital in the United States from 1865 to 2013. This general case study will focus on the historical development of both classes based on class antagonisms.

Class analysis will be used as the mechanism or the guide for the historical method that will be utilized in this study. It has been mentioned in the literature review section that class is defined by the social relation to the means of production. Thus, social class under the capitalist

system is the relationship between workers and capitalists. Moreover, this relationship is an exploitative one based on surplus value. That is "...because in modern capitalist societies class is considered the most fundamental social category, the origin of inequality is considered to be located in the labor process not external to it" (Berberoglu, 2002:71).

The historical method through the use of class analysis will also incorporate what Lin (1976:213-217) refers to as the "documentary-historical method." This method incorporates the use of archival data, life-histories, diaries, and public documents. In this case-study, I will be using data from life-histories and public documents pertaining to the rise of the labor movement in general and the IWW specifically as a case study. In addition, I will use archival sources from the *Industrial Worker* (originally the *Industrial Union Bulletin*) from 1907 to 2013. The Wobblies have left behind a wealth of life-histories of the movement and diary data. This data will be used to analyze the rise of the labor movement and in particular the IWW in order to provide a case study on the history, organizing methods, use of ideology, and direct action of this organization. It is well known that the IWW saw gains in the form of higher wages and better working conditions as simply temporary gains. The real focus was on taking control of the means of production including taking state power, which is similar to what Marx, Engels, and Lenin have argued from a Marxist conceptual framework.

I will extensively use government data to provide information on the class structure and social polarization under advanced capitalism in the United States. The government data will be from the most current editions of the *Statistical Abstracts of the United States*, the *Census Bureau (CB)*, *Bureau of Labor Statistics (BLS)*, *Bureau of Economic Analysis (BEA)*, and the *Annual Survey of Manufacturing (ASM)*. This data will provide the information necessary to explain advanced capitalist class structure in the United States today. The class structure of the

United States will consist of the status of the two main classes (workers and capitalists) along with current data on the middle classes and the poor.

The Bureau of Economic Analysis and the Survey of Current Business will provide the historical data to show the rise of advanced capitalism from as far back as 1900. Moreover, this will give the descriptive statistics of the rise of the economic power of U.S. capital. It will provide the necessary information on foreign direct investment and the globalization of U.S. capital. The Survey of Current Business has the current data on financial and non-financial corporate profits. The limited data from the Annual Survey of Manufacturing will provide the necessary information to calculate the *rate* of surplus value (Marx, 1990 [1867], Perlo, 1988).

The same government data will also provide the corresponding descriptive statistics of the U.S. working-class. The Bureau of Labor Statistics and Statistical Abstracts of the United States will have data on real wages and salaries and median family incomes. The disparity of wealth and income will reveal the objective conditions of class polarization and inequality in the United States.

Substantive Issues

First, I will examine in depth the Marxist conceptual framework. It will serve as the guiding theoretical approach in order to analyze the rise of capitalism from 1865 onward and the origin of labor-capital relations.

I will give a very brief background on the classical Marxist thinkers to place them in their proper historical social context. The classical Marxist thinkers are Karl Marx, Frederick Engels, V.I. Lenin, and Antonio Gramsci. Each thinker in the Marxist sociological tradition has made

valuable contributions. Moreover, I will explain the Marxist perspective on social class, class conflict, and the class structure of the United States. I will conclude with the classical Marxist theory of the state, social transformation, and the Marxist conception of capitalist ideological hegemony.

The purpose of this research is to show the rise of advanced capitalism in the United States since 1865 based on class relations and class conflict. Analysis of class conflict between labor and capital, and labor's response to capitalist exploitation will be through a case study of a successful labor organization, that of the Industrial Workers of the World.

Once Northern capital was victorious after the Civil War (1861-1865), the U.S. became a united country under capitalism for the first time since the abolition of the slave mode of production. Moreover, this study will document the evolution of capitalism from earlier times to its advanced monopoly stage.

As capitalism evolved through its various stages of development, the relations of capital and labor did as well. I will be examining the origin and development of labor and capital as classes inherent in the capitalist mode of production. In addition, I will be examining the rise of the labor movement. First, it will be of a general overview based on the historical antagonism between capital and labor. Second, I will be specifically examining the Industrial Workers of the World as a case study.

The IWW as a movement represents the idea of the class struggle in its fullest expression. More often than not, craft or trade-based unions see better wages and working conditions (through processes like collective bargaining or direct action) as a means to an end. However, the IWW saw these *only* as temporary gains for workers. The IWW always had the end goal in mind of abolishing the wage-system itself.

The case study of the IWW will focus on the founding convention, the founding leaders, organizational tactics, workers' ideology, the role of music (the IWW is known as the singing union), major victories in the history of the union, and the future of the union. Specifically, the IWW was formed in 1905 with the idea of organizing the entire working class. Moreover, the wobblies (members of the IWW) fought to organize every wage and salary worker in the United States and elsewhere.² The tactics consisted of industrial organizing, not craft or trade-based (Breecher, 1997). Even during strikes, the wobblies would sing outstanding union songs to increase the fervor of solidarity (IWW, 2012). The data on the IWW will be collected from the Industrial Worker (news source), diaries, and other archival data.

The rise and development of labor and its relation to capital also necessitates the study of historical development of the political-economy of the United States. Thus, I will be examining in depth the capitalist business cycle, global investments abroad, the rise and development of corporations from small self-proprietors to big business, the tax system, and corporate profit rates.

Aside from the use of government data in regards to capital and labor, I will also examine the current state of labor unions in the United States. Labor unions are the collective power of the working class in its struggle against capital. Unfortunately, unionization rates have been in decline since 1983. The data will be collected from the Bureau of Labor Statistics. I will be examining the unionization rate and density for both private and public sector unions and this data will be drawn from Union Membership and Coverage Database from the Current Population Survey.³ Moreover, I will briefly cover general arguments as to the decline in unionization and point to evidence of the resurgence of labor.

² Many Wobblies left for Spain to help the CNT fight against Franco's fascist regime during the Spanish Civil War.

³ Union Membership and Coverage Database from the CPS. See <http://www.unionstats.com/>

Lastly, I will cover labor's response to the current economic crisis and future crises, which is a downturn in the capitalist business cycle (Sherman, 2010, Bivens 2011). I will examine current labor activities from mass demonstrations and protest to strikes across the United States. In conjunction with the Marxist conceptual framework, labor's response will be analyzed in the light of the current political-economic situation in the United States and the road to social transformation. Social transformation is the sense of a greater egalitarian workers' republic i.e. workers' democratic control of the means of production.

Conclusion

In conclusion, this study will utilize the historical method through the mechanism of class analysis to assess the rise of advanced monopoly capitalism from 1865 to the present. In addition, this study will seek to explain the dynamics of labor-capital relations in a historical context. Moreover, this will be done in light of the economic crises that America is facing today.

A general historical overview will be given of the rise of the labor movement in various historical stages of class struggles. In addition, a specific case study will be taken up of the Industrial Workers of the World based on the class antagonistic relation with capital. A focus will be on the formation and tactics of the movement in its historic attempt to take state power.

I will conclude the study with an analysis of labor's response to capitalist exploitation. Labor on many occasions has gone through the process of radicalization. This radicalization has manifested itself in the form of demonstrations and strikes across the United States, from the Occupy movement, to the Madison Wisconsin demonstrations to retain collective bargaining rights, to the Chicago Teacher's Strike, to name a few. The antagonism between labor and

capital is slowly increasing as the U.S. economy spirals downward. Moreover, I will also analyze labor's ultimate goal of a future social transformation that will benefit working people in the United States that implements true values of egalitarianism and workers' democratic control of the means of production, and ultimately control of the state.

Chapter 2

Marxist Conceptual Framework

Karl Marx (1818-1883) and Frederick Engels (1820-1895) were two of the greatest social theorists of the 19th century. These prolific authors were inspired by the social conditions that they lived in from the European revolutions of 1848 to the Paris Commune of 1871; thus Marx and Engels were the fathers of scientific socialism. Moreover, it was Marx and Engels that analyzed the capitalist system, class conflict and class struggle, and the state in a rigorous scientific method. Thus, their conclusion is the liberation of the proletariat (working class) through the medium of a social transformation.

V.I. Lenin (1870-1924) and Antonio Gramsci (1891-1937) carried on the banner of the classical Marxist sociological theory. Lenin, writing the *State and Revolution*, the night before the October revolution of 1917, gave an exceptional critical analysis of the capitalist state and the revolutionary dictatorship of the proletariat, and the revolutionary overthrow of the capitalist system. Consent by the working class was primarily through coercion and violence. The critical analysis serves as a theoretical guide for the liberation of the proletariat to gain control of the means of production and the truest form of working class democracy.

Gramsci conducted one of the most rigorous analyses of culture and bourgeois cultural hegemony (ideology). Gramsci, one of the few members of the Italian Communist party to be personally thrown in prison by Mussolini, developed a critical perspective of civil society and consent of the masses through cultural hegemony (i.e., consent through the dominant capitalist ideology). It is in this chapter that will provide the Marxist conceptual framework.

Dialectical and Historical Materialism

Georg W. F. Hegel developed dialectical idealism by arguing that ideas (phenomenon) are in constant motion with the transformation of contradictions, which is known as the “unity of opposites.” Moreover, according to Hegel’s method, two opposing ideas will meet to form something new that he called a *synthesis*. Thus, idea A and idea –A (not A) will form idea B— i.e. thesis, antithesis, and synthesis.

The fundamental principle of the *materialist* dialectic, developed by Karl Marx and Frederick Engels, is the interaction of mental production (theory) and social reality (practice). It means that “theory” and “practice” operates as a spiral if you will. However, when the practice comes around, it modifies the idea and then it is employed again in the modified form.

Ultimately, this is done for however long it will take to get to an approximation of reality.

Essentially, Marx and Engels fused the dialectic with the materialist perspective and applied it to the social-material world. This allowed them to realize that the structure of social relations in class-divided societies is based on the struggles between opposing classes (Berberoglu, 2005).

Marx and Engels argued that the materialist conception of social reality is what *determines* the consciousness of human beings. It is the lived experience of human beings that shape and develop their consciousness. “It is not the consciousness of men that determines their being, but, on the contrary, their social being that determines their consciousness” (Marx and Engels, 1980). This exhibits the connection between human thought and the external world, which exists before the development of human consciousness. Berberoglu (2005:4) elaborates further by saying “the material world exist prior to and as a necessary condition for the emergence of consciousness. This is so because ideas, thoughts, and consciousness are products

of existence, that is, existing conditions of society.”

Marx and Engels further argue that human thinking is inextricably connected to the social, material world. The same also applies to various cultural elements that are human productions. It is stated in *The German Ideology* that,

The production of ideas, of conceptions, of consciousness, is at first directly interwoven with the material activity and the material intercourse of men, the language of real life. Conceiving, thinking, the mental intercourse of men, appear at this stage as the direct efflux of their material behavior. The same applies to mental production as expressed in the language of the politics, laws, morality, religion, metaphysics of a people (Marx and Engels, 1947:13-14).

Marx and Engels’ valuable contribution to materialism essentially rendered Hegel’s dialectical idealism (by itself) useless and made it an outdated mode of (philosophical) thinking. Marx and Engels subjected social history to the materialist conception of reality. Thus, they wrote in *The German Ideology*,

Men can be distinguished from animals by consciousness, by religion or anything else you like. They themselves begin to distinguish themselves from animals as soon as they begin to *produce* their means of subsistence, a step which is conditioned by their physical organization. By producing their means of subsistence men are indirectly producing their actual material life (Marx and Engels, 1947:7).

This ultimately is the first act of human history that sets us apart from animals. Humans produce and reproduce their history by the production of shelter, clothing, and food—i.e., *the first historical act* of human beings. “But life involves before anything else eating and drinking, a habitation, clothing and many other things. The first historical act is thus the production of the means to satisfy these needs, the production of material life itself” (Marx and Engels, 1947:16).

The Marxist analysis of human society, history, and social relations begins with the fact that human beings are the primary agents responsible for the material production and reproduction of the sustenance and sustainability of human life.

Human societies in the beginning were primitive-communal societies, in which needs of humans were collective in nature in regards to sustenance and subsistence. According to this process, humans developed the knowledge to create the skills, tools, and work habits. This is what Marx and Engels refers to as the *forces of production*. Eventually, this produced a social surplus, which gave rise to a surplus product. Once this occurred, it led to the development of class divisions in society, i.e., social classes. Through the development of class relations and class inequality, we find the evolution of historically specific *social relations of production*. According to Marx and Engels, social class is determined by the *social relations of production*. That is simply the relationship between those who produce and those who do not produce but appropriate surplus value based on the ownership of the means of production. In the modern era, this would simply be the capitalists (those who appropriate surplus value) and the wage-workers (i.e., those who sell their labor power to the capitalists through employment and produce the surplus). The *forces of production* are the tools with which workers produce things as in factories, mines, and workshops and include the division of labor (and the labor process at the point of production) and the knowledge of how this is all accomplished. The relations of production (or class relations) and the forces of production make up the social-economic base or *mode of production* of a society, in which wealth is produced and distributed (Marx and Engels, 1980:38).

By analyzing social-history and production and reproduction of material existence Marx and Engels, state in *The German Ideology*,

The way in which men produce their means of subsistence depends first of all on the nature of the actual means of subsistence they find in existence and have to reproduce. This mode of production must not be considered simply as being the production of the physical existence of the individuals. Rather it is a definite form of activity of these individuals, a definite form of expressing their life, a definite *mode of life* on their part. As individuals express their life, so they are. What they

are, therefore, coincides with their production, both with *what* they produce and with *how* they produce. The nature of individuals thus depends on the material conditions determining their production (Marx and Engels, 1947:7).

After a class-divided society is fully developed with a process of production, a surplus is produced, with developed class-relations (determining the mode production, that being capitalism in the modern sense), a *political superstructure* arises. Marx and Engels referred to the political superstructure as including not only the state but also the institutions of the legal system, education, ideology, and religion, which are a direct reflection of the social-economic base. However, for Marx there was a dialectical relationship between the social-economic base and the political superstructure. Marx, in the *Preface to the Critique of Political Economy*, further elaborates:

In the social production of their life, men inevitably enter into definite relations, that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness (Marx and Engels, 1980:182).

Essentially, these are the very foundations of dialectical and historical materialism as developed by Marx and Engels. To sum up, the *social relations of production* refer to the relations between the workers (proletariat) who produces the surplus product and the capitalists (bourgeoisie) who appropriate the surplus product in the form of the exploitation of labor (surplus value). The relations of production is the central component of the mode of production and the political superstructure which arises from it (as a reflection), form the basic aspects of class analysis.

Social Classes and Class struggle

Marx and Engels argued in 1848 [1980:35] that, “The history of all hitherto existing society is the history of class struggle.” The meaning inherent in this proposition reveals that history is in constant motion or flux. Moreover, the inherent contradictions in society produce conflict. In this case, under capitalism, it would be the class contradictions between labor and capital. At first, this erupts on the shop floor at the point of production. The capitalists exploit the workers by expropriating the surplus produced by their labor. This produces class conflict and class struggle (Marx and Engels, 1980). Class struggle is essentially a struggle for political power, i.e. for control of the state.

Under capitalism, the two major classes in the realm of production in society are the capitalists (owners of the means of production) and the workers (wage labor). The capitalists accumulate capital from the exploitation of their workers. Moreover, workers are not owners of the means of production, but must sell their labor power to the capitalists in order to survive. Once workers sell their labor power, it creates surplus value for the capitalists. It is stated by Marx and Engels in the *Manifesto of the Communist Party* that capitalist society is primarily divided into,

the class of modern capitalists, owners of the means of social production and employers of wage labor... [and] the class of modern wage laborers who, having no means of production of their own, are reduced to selling their labor power in order to live (Marx and Engels 1980:35).

During the process of production under capitalism, a small portion of the value created by workers is given to them in the form of wages (subsistence). The larger portion, kept by the capitalists, is in the form of surplus value or profit. Surplus value that is accumulated through

time increases the wealth and power of the capitalist class over other classes, primarily the working class both in relative and absolute terms (Beberoglu, 2005; Marx, 1990 [1867]).

Through the process of the accumulation of capital from the exploitation of labor in capitalist society creates ever-increasing disparities of wealth and income between capitalists and workers. Moreover, this antagonism between labor and capital creates conflict and struggle. At first, it occurs in the realm of production at the point of production and then continues into the political realm. Marx and Engels eloquently describe the class struggle between capital and labor as,

oppressor and oppressed stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, or in the common ruin of the contending classes (Marx and Engels, 1980:36).

The Marxist conceptualization of class occurs on three interrelated levels: economic, social, and political. The first level is economic based on common relations to production, which is the basis of class analysis. It is these groups of people who have similar property relations in the process of production (i.e., workers, peasants, landlords, capitalists) that forms the basis of social classes. This is known as a *class-in-itself* (*klasse-an-sich*) which results from the mode of production.

The second level is the sociological level known as *social class*. Once there is a close relationship between individuals of a certain class does a *class-in-itself* become a social class. Through the concentration of labor in factories, mines, and workshops (e.g., socialized conditions of production), but develop a working class culture, intermarriage between class members, and create within class affiliations.

The third level, being the highest level, is known as a *class-for-itself* (*klasse-für-sich*). A class-for-itself that is a social class has reached the highest level of class-consciousness and

pursues its own interests and goals through political action. The capitalist class, being the dominant class in capitalist society (i.e., the ruling class), has control through the major organs of the political superstructure (e.g., the state, legal system, education, ideology, and religion, etc.), has political control to disperse the ruling class ideology through the major institutions of society (Berberoglu, 2005).⁴

The ruling-class ideology is meant to combat and decrease working class consciousness by misdirecting the way workers feel, away from the capitalist system and capitalists in general. Based on the capitalist ideology dispersed from the major organs of the political superstructure is adopted by workers as *false consciousness*. This false consciousness can manifest itself in a variety of forms as alienation and or simply an outright adoption of capitalist culture. Moreover, it reduces the working class's ability to organize into a *class-for-itself* to combat the capitalists outside of the realm of production. However, workers are fed up with rampant unemployment, stagnating wages, and continued decline in the standard of living can eventually lead workers to organize into a *class-for-itself based* on their own interests to take political (state) power. The taking of state power will essentially be in the form of a social transformation in favor of the working class, i.e., social revolution.

The State and Political Power

The development of the state occurred simultaneously with the rise of class-divided societies. The primitive-communal mode of production did not have a state as an institution since a social surplus was not generated at this time. Moreover, the rise of the state occurred with more

⁴ Marx in *The Poverty of Philosophy*, 1847.

complex mode of productions when classes were vying for power over the social surplus and with a need for a state to maintain this control of exploitation of the laboring masses. In this sense, political power emerges from wealth or economic power and this occurred through domination of the state by various ruling classes under different modes of production (e.g., slavery, feudalism, and capitalism). Moreover, it was the state that safeguarded the private property of the ruling classes, as Engels states in *The Origin of the Family, Private Property, and the State*:

Only one thing was missing: an institution that would not only safeguard the newly acquired property of private individuals against the communistic traditions of the gentile order, would not only sanctified the private property formerly held in such light esteem, and pronounced this sanctification the highest purpose of human society, but would also stamp the gradually developing new forms of acquiring property, and consequently, of constantly accelerating increase in wealth; with the seal of general public recognition; an institution that would perpetuate, not only the newly-rising class division of society, but also the right of the possessing class to exploit the non-possessing classes and the rule of the former over the latter. And this institution came. The state was invented (Marx and Engels, 1980:537).

As Engels points out, the state was a necessary invention as an institution to not only safeguard private property, but also to perpetuate the increase of wealth, and the right (through legal means) for the exploitation of the laboring masses. In addition, the state facilitated class-divisions in society as opposed to something more equitable among human beings.

It is stated later in *The Origin of the Family, Private Property, and the State* by Engels that,

Beacuse the state arose from the need to hold class antagonisms in check, but because it arose, at the same time, in the midst of the conflict of these classes, it is, as a rule, the state of the most powerful, economically dominant class, which, through the medium of the state, becomes also the politically dominant class, and thus acquires new means of holding down and exploiting the oppressed class. Thus, the state of antiquity was above all, the state of the slave owners for the purpose of holding down slaves, as the feudal state was the organ of the nobility for holding down the peasant serfs and bondsmen, and the modern representative state is the instrument for exploiting wage-labor by capital (Marx and Engels, 1980:587).

The state was an institution that developed as a structure to mediate class struggles during the emergence of class societies. Once the dominant class seized control of the surplus that was being produced, it also seized control of the state. The state then regulates and perpetuates social class and the exploitation of the workers.

Essentially, Engels is revealing the fact that the state does not act as an independent entity guiding society, but that it has a *class nature*. This *class nature* being under the control of the economically dominant class, which is the capitalist class, thereby making it the capitalist state. Thus, under capitalism “The executive of the modern state is but the committee for managing the common affairs of the whole bourgeoisie” (Marx and Engels, 1980:37). Moreover, it is also clear from the fact as mentioned above, in the historical analysis that he gave in regards to the functioning of the state is done by the *class rule* of the state. However, he argues that the fight of the oppressed becomes a political fight against the dominant class that controls the capitalist state.

Hardly come into being, this organ makes itself independent *vis-a-vis* society; and, indeed, the more so, the more it becomes the organ of a particular class, the more it directly enforces the supremacy of that class. The fight of the oppressed class against the ruling class becomes necessarily a political fight, a fight first of all against the political dominance of this class (Marx and Engels, 1980:627).

As Marx and Engels also stated in 1848 [1980:35], “but every class struggle is a political struggle.” This political struggle involves the taking of state power. Initially, the class struggles are for higher wages, safer working conditions, and other worker benefits. However, Marx and Engels foresaw that workers would unite into unions and other working class organizations and eventually fight for political (state) power.

Lenin on the State and Revolution

Lenin, working in the same tradition as the classical Marxist theorists developed a comprehensive theory of the capitalist state. He did this once he understood from Marx and Engels the *class nature* of the state. There was an early statement in the *Manifesto of the Communist Party* that “Political power, properly so called, is merely the organised power of one class for oppressing another” (Marx and Engels, 1980:53). And this is the basis on which Lenin developed his theory of the state—particularly the capitalist state. The capitalists dominate the state and subject the lower classes through *coercion* or as Lenin originally formulated “an organ or instrument of violence exercised by one class against another (Lenin, 1980:384). Lenin states in *The State and Revolution*:

According to Marx, the state is an organ of class *domination*, an organ of *oppression* of one class by another; its aim is the creation of “order” which legalizes and perpetuates this oppression by moderating the collisions between classes (Lenin, 1943 [1917]:9).⁵

Thus, the class domination and oppression becomes institutionalized and regulated since the *state is but the committee for managing the common affairs of the whole bourgeoisie* and this includes the institutionalization of the exploitation of labor. The capitalist state also maintains and regulates the class struggles struggle between labor and capital. Moreover, Lenin eloquently explains the concept of “freedom” and “democracy” under the capitalist system,

But this democracy is always bound by the narrow framework of capitalist exploitation, and consequently always remains, in reality, a democracy for the minority, only for the possessing classes, only for the rich. Freedom in capitalist society always remains just about the same as it was in the ancient Greek republics: freedom for the slave-owners. The modern wage-slaves, owing to the conditions of capitalist exploitation, are so much crushed by want and poverty that "democracy is nothing to them", "politics is nothing to them"; that, in the ordinary peaceful

⁵ Emphasis in the original.

course of events, the majority of the population is debarred from participating in social and political life (Lenin, 1943 [1917]:71-72).

To decide once every few years which members of the ruling class is to repress and oppress the people through parliament—this is the real essence of bourgeois parliamentarism, not only in parliamentary-constitutional monarchies, but also in the most democratic republics (Lenin, 1943 [1917]:40).

He also describes the *essence* of capitalist democracy in the “most democratic republics.” It is consequently the capitalist class that provides the masses with the *representatives* that will sit and govern in the parliaments in the class interest of the capitalist class. It is the ruling class in this sense that provides the “candidates” for elected offices “to decide which representatives of the oppressing class should be in parliament to represent and repress them!” (Lenin, 1943 [1917]:73). This essence of capitalist democracy is nothing more than the “legalization” and institutionalization of oppression and exploitation.

The Withering Away of the State

Lenin working with the prior analysis developed by Marx and Engels before him realized that the capitalist state is an entity of power *above society* that cannot reconcile the class differences between labor and capital. Moreover, he clearly delineates the class nature of the state and emphasizes in a final statement that the state must be overthrown by a proletarian socialist revolution:

If the state is the product of the irreconcilable character of class antagonisms, if it is a force standing *above society* and “increasingly separating itself from it,” then it is clear that the liberation of the oppressed class is impossible not only without a violent revolution, *but also without the destruction* of the apparatus of state power, which was created by the ruling class and in which this “separation” is embodied (Lenin, 1943 [1917]:9-10).⁶

⁶ Emphasis in the original.

The classical Marxist theorists argued that revolution originates from the workers' party and the class-conscious workers. Lenin writes of Marx and Engel as always teaching, "The emancipation of the workers must be the act of the working class itself" (Marx and Engels, 1980:22).

The doctrine of the class struggle, applied by Marx to the question of the state and the socialist revolution, leads inevitably to the recognition of the *political rule* of the proletariat, of its dictatorship, *i.e.*, of a power shared with none and relying directly upon the armed force of the masses. The overthrow of the bourgeoisie is realizable only by the transformation of the proletariat into the *ruling class*, able to crush the inevitable and desperate resistance of the bourgeoisie, and to organize, for the new economic order, *all* the toiling and exploited masses (Lenin, 1943 [1917]:23).⁷

This section by Lenin blends the Marxist conceptualization of *class-for-itself*, or class-conscious workers acting in their own interest through the medium of class struggle to the *political rule* of the proletariat. At this time, the workers, already class-conscious and organized into a ruling class, will lead the way to a new socialist economic order. This new economic order is the product of the workers' state. The class nature of this state necessitates that it operates in accordance with the interest of the entire working class. The main principle of this workers' state is the abolition of private property (bourgeois property) and the exploitation of labor by placing the means of production into the hands of society democratically. However, Marx originally formulated that there will be a period of transition between capitalism and communism, which is the dictatorship of the proletariat (many Marxist theorists maintain that this transitional period is called socialism).

Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. Corresponding to this is also a political transition period in which the state can be nothing but *the revolutionary dictatorship of the proletariat* (Marx and Engels, 1980:331).

⁷ Ibid.

The revolutionary dictatorship of the proletariat defends the workers and the oppressed masses from the remaining capitalists who in various ways try to lead counterrevolutions against the new workers' state and the socialist economic system. The goal of counterrevolutionaries is to take control of the state by overthrowing the class rule of the working class.

But the dictatorship of the proletariat—*i.e.*, the organization of the vanguard of the oppressed as the ruling class for the purpose of crushing the oppressors—cannot produce merely an expansion of democracy. *Together* with an immense expansion of democracy, which *for the first time* becomes democracy for the poor, democracy for the people, and not democracy for the rich folk, the dictatorship of the proletariat produces a series of restrictions on the liberty in the case of the oppressors, the exploiters, the capitalists. We must crush them in order to free humanity from wage-slavery, their resistance must be broken by force; it is clear that where there is suppression there is violence, there is no liberty, no democracy (Lenin, 1943 [1917]:73).

This new system for the people and by the people will incorporate real democracy for all people. In addition, workers' democracy *and* the vanguard will eventually end all oppression and exploitation that is common under capitalism, since Lenin understood that a regression will bring suppression, violence, and an end to democracy.

Once the state, for the first time, *represents* the masses, organizes the means of production for society, will inevitably *wither away*. There will be no need of a state since it really is an institution of organized violence and coercion. Lenin, quoting Engels in *Anti-Dühring* writes:

The first act by which the state really comes forward as the representative of society as a whole — the seizure of the means of production in the name of society — is at the same time its last independent act as a state. The interference of a state power in social relations becomes superfluous in one sphere after another, and then becomes dormant itself. Government over persons is replaced by the administration of things and the direction of the processes of production. The state is not 'abolished'. It *withers away* (Lenin, 1943 [1917]:16).

The state itself withers away after its first initial act. Society is ran democratically based on the administration of *things* and the production process is based on the needs of society in which

everyone will have work and everyone will have to work.

Only in communist society, when the resistance of the capitalists have disappeared, when there are no classes (i.e., when there is no distinction between the members of society as regards their relation to the social means of production), only then "the state... ceases to exist", and "it becomes possible to speak of freedom". Only then will a truly complete democracy become possible and be realized, a democracy without any exceptions whatever (Lenin, 1943 [1917]:73).

Lenin speaks of a future communist society in which all class relations in regards to the means of production have been eliminated (classless society) and the masses enjoy the fullest extent of democracy without exceptions. Concluding Lenin's analysis, the "new" socialist state would (1) destroy the power of the capitalists; (2) start socialist economic construction; (3) combat bureaucratization of the revolution (Lenin 1943 [1917]:92).

Gramsci on Cultural and Ideological Hegemony

Gramsci developed the notion of "bourgeois cultural and ideological hegemony" in which the thoughts and ideas of the masses are shaped by the capitalist class through the power of the state and the superstructural institutions. He argued that, "The State is the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance, but manages to win the active consent of those over whom it rules" (Gramsci, 1971:244). In addition, control of the workers is *not always* done through coercion (consent through force) but also by *consent* through hegemonic capitalist culture. The argument made by Gramsci is "that the system's real strength does not lie in the violence of the ruling class or the coercive power of its state apparatus, but in the acceptance by the ruled of a 'conception of the world' which belong to the rulers" (Fiori, 1970:238).

The consent is based on “common sense reality” and thus it is accepted by the masses. Fiori (1970:238) writes: “The philosophy of the ruling class passes through a whole tissue of complex vulgarizations to emerge as ‘commons sense’: that is, the philosophy of the masses, who accept the morality, the customs, the institutionalized rules of behavior of the society they live in.”

Hegemony as used by Gramsci has two interrelated definitions:

First, it means the consensual basis of an existing political system within civil society. Here it is understood in contrast to the concept of “domination”: the state’s monopoly on the means of violence and its consequent role as the final arbiter of all disputes. Gramsci contended, however, that only weak states need to rely very often on the threat or use of force implied by domination. Strong states rule almost exclusively through hegemony (Adamson, 1980:170).

The capitalist state will in effect rule through coercion or violence depending on the nature of the situation. Thus, a convergence of both a Leninist and Gramscian perspective provides an actual analysis of the way the state rules in capitalist society. When the working masses are toiling in their work, consent is thereby obtained through bourgeois cultural and ideological hegemony (common sense), dispersed through various organs in the political superstructure such as the mass media and religion. However, when workers strike and demonstrate is when the capitalist state will obtain consent through violence and force.

The common sense reality that the working masses accept serves to decrease working-class consciousness developed through class struggle. In addition, it serves to combat working-class collective organizations that foster class-consciousness among the working masses. These workers’ organizations develop from the class struggle against capital through militant trade unions and workers political parties. Thus, Gramsci, working in the same tradition as the classical Marxist theorists, developed in addition the idea of a proletarian counter-hegemony. This would be a counter-culture or working class culture in opposition to the dominant capitalist

culture. Moreover, it would arise from the *organic intellectuals* or working class intellectuals in order to develop a working class counter-culture.

Conclusion

In conclusion, we have discussed the basic concepts of dialectical and historical materialism as developed by Marx and Engels. Moreover, we have provided in detail Marx and Engels' assessment of social class, class conflict and class struggle, and their critical analysis of the state. This includes their climatic conclusion for a social transformation of capitalist society.

The discussion continued with Lenin's critical perspective of the class nature of the state, the revolutionary dictatorship of the proletariat, which is an analysis conducted by him the night before the October revolution of 1917 in Russia. He argued that consent of the working class is primarily through force and violence. In addition, he provided the essence of capitalist democracy and contrasted it with workers' democracy. He essentially applied the theoretical concepts developed by Marx and Engels for actual revolutionary action.

Gramsci provided one of the most original Marxist analysis of culture and bourgeois cultural hegemony. Moreover, he argued that consent by the working class is through hegemony most of the time rather than through violence and force. However, he provided an excellent analysis as to how the proletariat can combat the capitalist class through the power of organic intellectuals (working class intellectuals) and the development of a working class counter-hegemony. A convergence was provided for a Leninist and Gramscian view of working class consent through force and hegemony. This is the Marxist conceptual framework.

Chapter 3

The Historical Development of Capitalism, the State, and Labor-Capital Relations

This chapter provides a brief analysis of the historical development of capitalism in Western Europe and later the United States. There are certain historical preconditions that were met for capitalism and capitalist social relations of production to emerge and develop as the dominant social-economic system before the eighteenth century, and these will be examined in this chapter. Finally, the development and functions of the capitalist state will be analyzed in the same context of the rise and development of capitalism in the United States, focused on labor-capital relations that include strike activities by labor and capital's response through the state to regulate unionization, political activity and the class struggle.

The Rise of Capitalism and the Capitalist State

The common political-economic trend in Western Europe from the 16th and 17th century was that of mercantilism. This greatly expanded the commercialization of commodities and of trade (especially colonial trade). Within the feudal mode of production, there existed the internal contradictions that gave rise to capitalism. Moreover, Marx, carefully studying the disciplines of philosophy, anthropology, political economy, and history concluded that capitalism arose based on two fundamental conditions: (1) merchant to capital, and (2) craftsmen/artisan to capital (Marx, 1990 [1867]). Historically, it was a combination of the two coupled with colonial trade and original accumulation of capital (from overseas trade) that capitalism first emerged in

Europe. Moreover, the merchants, having the necessary capital invested in early machinery (spinning loom) and by employing a few workers at a time were able to expand over a large area. This occurred shortly after the time of the enclosure of the commons that forced many of the tenants off the land and into the urban areas (Szymanski, 1983). The new “free labor” had the necessary skills to produce commodities for the former merchants who eventually developed into a full-fledged capitalist class. The urban areas and shipyards were some of the first places for this to take place. We see this occur rather rapidly in France and England. However, it developed gradually in Eastern Europe in which commodities came to be produced under big landowners since the state apparatus was absolutist.

During the transition from feudalism to capitalism, the mercantilist state in Western Europe at least protected this early production and increased the original accumulation of capital through colonial trade. Marx and Engels (1980) described this world class dynamic in the *Communist Manifesto* in this way:

The discovery of America, the rounding of the Cape, opened up fresh ground for the rising bourgeoisie. The East-Indian and Chinese markets, the colonization of America, trade with the colonies, the increase in the means of exchange and in commodities generally, gave to commerce, to navigation, to industry, an impulse never before known, and thereby, to the revolutionary element in the tottering feudal society, a rapid development (36).

A number of important conditions took place historically that aided the transition from feudalism to capitalism. There was an abundance of free laborers that were forced off the commons that moved into the urban areas to find work in the early mills and factories. The early industrial capitalists had the ability to purchase machines and employ because of generational moneyed-wealth. In addition, the forces of production were clearly developed enough for this to occur. Markets existed based on colonial trade. The state helped facilitate this process (Szymanski, 1983). As a result, this took place until the capitalist mode production spread over

much of Western Europe (and gradually in Eastern Europe). This too was observed by the careful analysis of both Marx and Engels (1980) in the *Communist Manifesto*:

The feudal system of industry, under industrial production was monopolized by closed guilds, now no longer sufficed for the growing wants of the new markets. The manufacturing system took its place. The guild-masters were pushed on one side by the manufacturing middle class; division of labor between the different corporate guilds vanished in the face of division of labor in each single shop.

This development has, in its turn, reacted on the extension of industry; and in proportion as industry, commerce, navigation, railways extended, in the same proportion the bourgeoisie developed, increased its capital, and pushed into the background every class handed down from the Middle Ages (36-37).

The emerging bourgeoisie had its origin from several classes under feudalism.

“Historically, the capitalist class had a tripartite origin: the old commercial bourgeoisie of the merchants, moneylenders, and shipowners that dominated commerce during the precapitalist period; precapitalist landlords in Europe and slave lords in America; and the small artisans...” (Szymanski, 1983:121). Moreover, the free laborers mentioned above became the proletariat or wage-labor. Under this new emerging system, the social relation of production between capital and labor is an exploitative relationship. This is known as the exploitation of labor (surplus value) and is the capitalist mode of appropriating private profit. Thus, exploitation of labor became the motive force of capital accumulation under the capitalist mode of production.

Once the bourgeoisie/capitalists became the dominant class in society, it needed to maintain its interests over the rest of society. Thus, the capitalists took control of the state and made it function in their interests as a *capitalist state*. In addition, Marx and Engels (1980) declared that the state under capitalism is “a committee for managing the common affairs of the whole bourgeoisie” (37).

We see this with the multiple functions of the capitalist state. These include capitalist maintenance of the capitalist legal system, passing laws, keeping statistics, taxation, regulating

commerce, enforcing treaties, raising an army, and minting currency. Most of all, the state regulates the antagonistic struggle between the capitalists and the workers.

The workers, as we have seen throughout Europe, have fought back by forming trade unions and political parties. Moreover, they have risen up to make radical changes such as the great upheavals of 1848-1850. Historically, French workers have risen up and formed the first ever workers' republic known as the Paris Commune of 1871. Since then, millions of workers across Europe have taken to the streets to protest against capital and the capitalist state.

The Development of the U.S. State

The United States declared independence from Great Britain in 1776. The result was the American Revolutionary War (1775-1783). However, it was a political revolution in which those who were in power in the thirteen colonies remained in power. The newly formed United States did not experience an internal social transformation. "Indeed, 69 percent of the signers of the Declaration of Independence had held colonial office under England" (Zinn, 1995:75). Later, the Constitution was ratified in 1787. The "framers" of the Constitution were men of vast wealth in their day. The Constitution was a document that protected the economic interests of these men. Thus, the document represented the class interests of the signers. Zinn (1995) mentions Beard's seminal work⁸ in *A People's History of the United States*:

In short, Beard said, the rich must, in their own interest, either control the government directly or control the laws by which government operates.

Beard applied this general idea to the Constitution, by studying the economic backgrounds and political ideas of the fifty-five men, who gathered in Philadelphia in 1787 to draw up the Constitution. He found that the majority of them were

⁸ Beard, Charles. 1935. *An Economic Interpretation of the Constitution of the United States*. New York: Macmillan.

lawyers by profession, that most of them were men of wealth, in land, in slaves, manufacturing, or shipping, that half of them had money loaned out at interest, and that forty of the fifty-five held government bonds, according to the records of the Treasury Department (89-90).⁹

At this time, two ruling classes held a coalition in power, that of the rising industrial capitalists in the North and the slave owners in the South. From the period of 1776 to 1865, the U.S. state was a neocolonial appendage of the British Empire. The Southern slave owners remained connected to the economy dominated by Great Britain because of the agro-industrial production that of cotton. Moreover, the state itself served both ruling classes for a time. Under this arrangement was the coexistence of two modes of production, that of the slave system (based on slave-labor) and that of capitalism (based on wage-labor) with their own unique set of internal contradictions.

Due to the ever-expanding markets, further access to raw materials, accumulation of capital, and cheap labor caused the Northern capitalists to set their sights on the vast amount of (slave) labor in the South. Once this process started to unfold, the ruling class alliance unraveled. Thus, class struggle arose between both ruling classes for domination of the state, and thus domination of the nation. The states that seceded from the union were all slave states with an eye toward the open territories to expand slavery.

By 1865, the Northern capitalists were victorious in the Civil War (1861-1865) and capitalism soon thereafter became the dominant mode of production in the United States. The state itself became dominated by the capitalist class and therefore became a true *capitalist* state. From that point on, the capitalist state helped facilitate the growth of capitalism throughout the national territory of the United States:

⁹ Zinn (1995) states: “Four groups Beard noted, were not represented in the Constitutional Convention: slaves, indentured servants, women, men without property. And so the Constitution did not reflect the interests of those groups” (90).

The capitalist class turned the state completely into its instrument. The state heavily subsidized the building of the railways and internal improvements. High protective tariffs were established. Immigration of labor was encouraged. Free land was given to farmers and the railroads. The working class was kept in line and prevented from organizing. In every way the state facilitated the rapid and unimpeded advance of industrial capital (Szymanski, 1978:160).

Capitalist industry rapidly advanced over the national territory of the United States. The capitalist class used the state and its military apparatus to free up land for the expansion of the rail system. The military was used to violently remove Native Americans from their ancestral homeland. The transcontinental railway was completed by 1869. Smith (1984) elaborates on the growth of the railway system in *The Rise of Industrial America* this way:

In the fifteen years between the end of the Civil War and 1880 the ton-miles of freight carried by the thirteen principle lines in the country rose from 2.16 billion to 14.48 billion, an increase of 600 percent. In the fifteen-year period track mileage more than tripled—from 35,000 miles to 115,647—and 18,000 locomotives were in service. In the next decade the number of passengers carried on all roads increased from 289,000,000 to 520,000,000 and passenger-miles from 7 billion to 12 billion. Ton-miles of freight climbed from 39 to 79 billion. Between 1880 and 1890 the average railroad mileage constructed per year totaled more than 6,000 miles; the peak year was 1887, when 12,000 miles of track were laid (89-90).

Industrial capitalism boomed in this period. In addition, the wealth was concentrated and accumulated into fewer hands. The primary motive force of capitalist expansion is the exploitation of labor or surplus value extracted from local and immigrant labor. The next section will focus on labor-capital relations as the basis of exploitative social relations of production under modern capitalism.

Labor-Capital Relations

The result of the capitalist expansion in the post-reconstruction era was the creation of monopolies, trusts, and financial empires. This period is known as the *monopoly stage* of

capitalism because business empires were created based on the concentration and centralization of capital. Monopoly simply refers to having a greater market share of a commodity. In addition, a monopoly corporation has the ability to sell goods at a cheaper prices to eliminate smaller competitors or to buy them out. Buying up sources of raw material is another aspect of monopoly capital.

Mass fortunes were amassed by monopoly capitalists that led to increasing misery and poverty of the working people that produced wealth through their labor. Class polarization increased between capital and labor. This led to class struggle between labor and capital. Working class militancy rose during this time as well. The state played a heavy hand in suppressing working class organizations; nevertheless working people were resilient in their fight against capital. Smith (1984) describes the increase in the number of strikes by workers in *The Rise of Industrial America*:

Under such circumstances it is hardly surprising that the number of strikes increased year by year following the Great Strike of 1877. In 1881, there were 471 strikes affecting 2, 928 companies and 129, 521 employees. Five years later the number of strikes had risen to 1,411, involving 9,861 companies and almost half a million employees. Roughly half (46 percent) of the struck companies acquiesced in the principle demands of strikers. Over 3,000 more strikes were partially successful, and 40 percent of the strikes, involving 50 percent of the strikers, were judged “failures” (223).

The radical Knights of Labor was established in 1869 as an egalitarian working class organization attempting to abolish wage-slavery. The membership of the KoL peaked at 100,000 shortly before the Haymarket Affair in 1886. The organization slowly withered away.

In May of 1886, Samuel Gompers founded the American Federation of Labor (AFL). Although it worked in collaboration with both capitalist parties it nevertheless had successful strikes for immediate gains for workers. Moreover, many unions formed under the AFL’s leadership.

The most radical of all labor unions at the time was the Industrial Workers of the World (IWW).¹⁰ The IWW was founded in 1905 by working class militants and class-conscious workers. The industrial union led several major strikes with up to 25,000 workers taking part in both Lawrence, MA and Paterson, NJ in 1912. In addition, the IWW led several free speech campaigns in Montana, Washington, and California between 1906 and 1916. Free speech was restricted in order to reduce labor organizing by the IWW and other union activists. The IWW participated in direct political actions although the organization itself was not engaged in politics.

The capitalist state, serving the interests of the capitalist class, attempted to suppress labor in its struggle against capital by using various methods and tactics. As Marx and Engels (1980) stated in the *Communist Manifesto*, “Political power, properly so called, is merely the organized power of one class for oppressing another” (53). Lenin (1980) continued the analysis of the capitalist state in regards to labor-capital relations by stating that it is “an organ or instrument of violence exercised by one class against another” (384). The capitalist class wields political power through the capitalist state, which is an *instrument of violence*. This *instrument of violence* has been used to put down striking workers on the picket line. It carried this out using police, Pinkerton¹¹ guards or other private detective agencies, and state militias that have been used to violently put down striking workers.

Two such events were the Great Strike of 1877 and the massacre in Ludlow, CO in 1914. The Great Strike of 1877 was a massive railway worker strike of 80,000 or in other terms a general strike. During the upheaval, the National Guard was called in and at times opened fire on the groups of striking workers, killing many. The only recourse working people had against the

¹⁰ See chapter 4 for an extensive discussion of the IWW.

¹¹ Pinkerton Detective Agency was founded in 1850. Securitas Security USA, Inc. acquired Pinkerton (along with Burns Detective Agency) in 1999.

violent forces of the state was the weapon of the strike.

Miners on the coalfields in Ludlow went on strike against Rockefeller's Fuel and Iron Company. Rockefeller called in the Colorado State Militia to put down the striking workers. The state militia opened fire on the camp killing twenty-two people including eleven women and children (Dray, 2010).

Because of "spontaneous" militant working class activities such as the KoL attempting to abolish the wage system and the IWW's attempt to organize the entire working class, the capitalist state has felt it necessary and in the best interests of the capitalist class to regulate class struggle and unionization through state institutions. In 1913, the Department of Labor was established as an institution to regulate federal laws for wages, hours, working conditions, and workers' compensation. In addition, it collects vital statistics on the labor force, unions, and strikes. This information directly benefits the capitalist class in regards to fluctuations in the labor market, wages, union activities, etc. (Perlo, 1988).

In 1935, the National Labor Relations Board was formed. The Board regulates the formation of unions and collective bargaining contracts between labor and capital. If the board approves the formation of a union, the employer must accept the union by federal law. Thus, a labor-capital contract is drawn up (based on short-term goals only) through collective bargaining. Moreover, this has paved the way for further management-labor relations guided by the state and known as the Taft-Hartley Act of 1947 or the Labor-Management Relations Act.

The Taft-Hartley Act was the result of the formation of a Republican-corporate alliance. It gave greater power to employers over the formation of unions. This led the way to "right-to-work" laws and other methods to limit labor organizing. In addition, there were three important aspects of the Act: it allowed court injunctions against strikers; opened-shop employment; and

all labor leaders had to take an anti-communist oath.¹² Those who refused to take the oath were blacklisted. The ramifications of this blacklisting aided in the purging of all labor radicals (socialists, communists, anarchists) from the labor movement (primarily the AFL-CIO in 1955). That means that an employer has to recognize a union through the NLRB, but it can hire new workers who are not members of the union prior to employment, hence “opened shop.” Thus, the employer could effectively render the union useless by hiring “scab” workers as the dominant group on the shop floor. The “scab” workers who have a right to refuse union membership could force out the union members. Various states around the country became “right-to-work” states for employment to remain as open shops. The Act allowed greater power in the hands of employers to first be notified 60 days in advance of a strike and they could hire new workers while firing strikers. The unions that were recognized had to become more transparent by allowing their finances to be viewed by the employer and the state.

Due to corruption and racketeering, the Landrum-Griffin Act of 1959 (the Labor-Management Reporting and Disclosure Act) was passed by Congress. It served to prevent corruption on the part of unions and employers. It allowed states to arbitrate labor issues that they felt fell outside of the NLRB. However, this Act along with greater “arbitration” power of the states strengthens the anti-labor provisions already in existence due to the Taft-Hartley Act.

Another major aspect of labor-capital relations was the fact that corporations successfully argued through the 14th Amendment for the right to be recognized as citizens. This allowed big business to financially contribute to both the Democratic and Republican Party to act in their favor. The National Labor Relations Board has five-member panels elected by the President and approved by the Senate. Big business can influence the President and the Senate to pick pro-

¹² Due to the hysteria and propaganda fueled by the Russian Revolution of 1917 and the Red Scare during the Cold War with the Soviet Union.

business or business-minded members.

During the “conservative” 1980s, with the presidency of Ronald Reagan and the rise of the Right, we have seen the Republican-corporate alliance lead an all-out attack on labor.¹³ Since 1983, labor’s gains and labor unions have seen a rapid and drastic decline. However, more recently we are witnessing the resurgence of working class organization and activity.

Conclusion

In this chapter, we briefly outlined the origins of the capitalist mode of production in Europe since the expansion of early colonial trade and the original accumulation of capital. We pointed out that capitalism arose from two parallel conditions: merchant to capitalist and craftsmen to capitalist. This entailed a number of social conditions that existed at the time, such as free laborers, moneyed-wealth and original accumulation of capital, and new technology. In this context, the state came to protect and advance the interests of the rising capitalist class and to facilitate the accumulation of capital.

In early America, the state protected a ruling class alliance between slave owners in the South and capitalists in the North. The “founders” of the Constitution were men of great wealth with an eye toward protecting their class interests enshrined in the document as the law of the land. The remaining population (slaves, Native Americans, working men and women) was disenfranchised. By 1865, the capitalists were victorious in the Civil War and capitalism became the dominant mode of production throughout the national territory of the United States.

We briefly discussed labor’s response to the appropriation of surplus value and the

¹³ In 1983, union membership was 20.1 percent of the labor force. By 2013, union membership dwindled to 11.3 percent (U.S. Bureau of Labor Statistics Data, Union Membership 2013).

accumulation of capital. Labor's response to increasing misery and deplorable working conditions was unionization to fight for better wages and working conditions. Labor at various times threatened the existence of the capitalist system through strikes, demonstrations, and protests. Thus, we see the capitalist state intervene on behalf of capital either through force or to regulate the class struggle through state institutions such as the Department of Labor and the National Labor Relations Board. In addition, several Acts were passed through Congress to curb working class power and limit unionization, such as the Taft-Hartley Act. Nevertheless, working people have been resilient for well over a century years in their fight against capital and the capitalist state.

Chapter 4

An Historical Case Study of the Industrial Workers of the World

This chapter provides an historical case study of the Industrial Workers of the World (IWW), also known as the Wobblies. It is not known exactly when and how the IWW became known as Wobblies. There are several theories for this epithet, but only one seems to be the most widely cited. During the time when the IWW was organizing Asian workers, they would introduce themselves as “IWW.” The Asian workers had difficulty pronouncing the term IWW. It sounded more like “eye wobble wobble.” Ethnocentrism was an idea that the IWW rejected. Thus, the IWW decided to adopt the name Wobbly (Shaffer and Bird, 2006). Both the terms IWW and Wobbly will be used interchangeably. I will place the IWW as an industrial union in its proper historical context in regard to labor-capital relations and other unions. In addition, I will provide short biographies of the major founding and other famous members. An analysis will be provided to show the formation of this radical union, its organizational strategy and tactics, and major strikes and victories at the turn of the 20th century.

Historical Context

The events of Haymarket Square in May, 1886 and the decline of the radical Knights of Labor by the 1890s weighed heavily on the minds of labor radicals such as William D. Haywood, Lucy Parsons, and Mother Jones.¹⁴ Lucy Parsons (and Mother Jones) was a participant of the

¹⁴ William D. Haywood was a staunch supporter of the Albert Parsons and the Haymarket Martyrs.

demonstrations held in Haymarket Square along with her husband Albert Parsons who was one of the Haymarket Martyrs.

In contrast, the American Federation of Labor (AFL) was organized in December 1886 by the help of Samuel Gompers of the Cigar Makers union. He was president of the labor federation from 1881 to 1924 (except for 1895) (Taylor, 1993). Moreover, the AFL under Gompers was primarily a national labor union for white skilled workers (craft or trade-based unionism). Thus, the labor federation worked with both the Democratic and Republican parties that showed their support for labor (Dray, 2010).

As we shall see, this reactionary approach to working with both capitalist political parties did not truly serve the interests of the working class. However, several radical labor leaders embarked in organizing an all-inclusive union for all workers (unskilled, semiskilled, and skilled) regardless of race, sexual orientation, or gender; in short a “one big union for all workers.”

Founding Convention

On January 2, 1905, the Western Federation of Miners and six radical labor leaders held a secret meeting in Chicago.¹⁵ Thirty well-known socialists and labor radicals were also invited to the meeting. The sole purpose of the meeting was to discuss organizing the working class along political *and* industrial lines in order to take control of the means of production (Kornbluh, 1998). This proceeding is referred to as the ‘January Conference’ and the members drew up the

¹⁵ These six leaders were Clarence Smith (ALU), Thomas Haggerty (editor of *The Voice of Labor*), George Estes and W.L. Hall (UBRE), Isaac Cowan (ASE), William E. Trautmann (editor of *Brauer-Zeitung* newspaper of the United Brewery Workmen) (Thompson and Bekken, 2006).

Industrial Union Manifesto. This Manifesto speaks of the social relations of production between workers and capitalists, class antagonism, and the failure of craft-unionism. Moreover, *the*

Industrial Union Manifesto states:

The great facts of present industry are the displacement of human skill by machines and the increase of capitalist power through concentration in the possession of the tools with which wealth is produced and distributed.

Because of these facts trade divisions among laborers and competition among capitalists are alike disappearing. Class divisions grow ever more fixed and class antagonisms more sharp. Trade lines have been swallowed up in a common servitude of all workers to the machines which they tend. New machines, ever replacing less productive ones, wipe out whole trades and plunge new bodies of workers into the ever-growing army of trade-less, hopeless unemployed. As human beings and human skill are displaced by mechanical progress, the capitalists need use the workers only during that brief period when muscles and nerve respond most intensely. The moment the laborer no longer yields the maximum of profits he is thrown upon the scrap pile, to starve alongside the discarded machine. A dead line has been drawn, and an age limit established, to cross which, in this world of monopolized opportunities, means condemnation to industrial death (Kornbluh, 1998:7).

The *Industrial Union Manifesto* was printed and distributed among labor radicals, socialists, anarchists, and working people around the country. Those who agreed with the *Industrial Union Manifesto* were then invited to meet at a much larger conference on June 27, 1905 at Brand's Hall in Chicago.

On the morning of June 27, 1905, the labor radicals that attended the convention and made a long precession to pay homage to the graves of the Haymarket Martyrs in Waldheim Cemetery in Chicago. Then, the delegates made their way back to Brand's Hall (Dray, 2010). The convention brought together many of the most radical labor and political organizations in the country at that time. Among them were the Western Federation of Miners (WFM), the Socialist Trades and Labor Alliance (STLA), American Metal Workers Industrial Union, the Socialist Labor Party (SLP, under Daniel DeLeon), and the Socialist Party (SP, under Eugene V. Debs).

Kornbluh (1998:1) describes the founding convention by highlighting the organizations and the excitement surrounding the convention this way:

In the audience were nearly 200 delegates from thirty-four states, district, and national organizations—socialists, anarchists, radical miners, and revolutionary industrialists. They were united in opposition to what they called “the American Separation of Labor’s” craft unionism, conservative leadership, and non-class conscious policies, and by their desire to establish an industrial labor organization that would ultimately overthrow the capitalist system and create a “cooperative commonwealth” of workers.

The more prominent of the main organizers and speakers on the podium in front of the convention were William D. Haywood, Mother Jones, Eugene V Debs, Lucy Parsons, and Daniel DeLeon. The rest of the room was packed with at least 200 delegates representing thirty-four labor unions (Dray, 2010). In a purely proletarian fashion, William D. “Big Bill” Haywood picked up a wooden block and hit the table several times to quiet the room. Haywood as chair, always speaking from his heart and setting the revolutionary tone of the convention, spoke about organizing unskilled workers.

Fellow workers, this is the Continental Congress of the Working Class. We are here to confederate the workers in this country into a working class movement that shall have for its purpose the emancipation of the working class from the slave bondage of capitalism...The aims and objects of this organization should be to put the working class in possession of economic power, the means of life, in control of production and distribution, without regard to capitalist masters (Kornbluh, 1998:1).

This was a radical departure from the philosophy of the American Federation of Labor (AFL) under Gompers. Moreover, the AFL under Gompers was conservative and catered to craft-only unionism. Thus, there was a general hatred by the delegates for craft-only unionism and the superiority of white skilled workers’-only unions. Haywood, standing at 6’2”, further emphasized this position in a booming voice:

I do not care a snap of my fingers whether or not the skilled workers join the industrial movement at this time. We are going down into the gutter to get at the mass of workers and bring them up to a decent plane of living (Kornbluh, 1998:2).

The founding convention lasted for ten days, while the delegates primarily argued over the political action clause of the original Preamble of the IWW. It read: “Between these two classes [capital and labor] a struggle must go on until all the toilers come together on the political and the industrial field...” (Kornbluh, 1998:2). Moreover, it was Daniel DeLeon of the Socialist Labor Party (SLP) that was the most vocal proponent of political action (Taylor, 1993). DeLeon cited Marx and Engels from the *Communist Manifesto* of 1848 (Marx and Engels, 1980:43) that “every class struggle is a political struggle.” However, many others at the convention refused to mettle in the bourgeois political process. Thus, the phrase “on the political and industrial fields” were left in the original Preamble for the time being. Finally, the Industrial Workers of the World was formed.

Early in 1906, William D. Haywood, Charles Moyer, and George Pettibone were arrested for the assassination of Idaho’s former governor Frank Steunenberg. The Western Federation of Miners (WFM) supported Haywood during the trial in which he was acquitted (along with Moyer and Pettibone) although a factional split was developing. The three men did not attend the 1907 convention due to being locked up. However, the Western Federation of Miners (WFM) finally left the IWW in the 1907 convention (and got back with the AFL four years later). This was because of the ideological split between direct action *and* political action. In the end, this led to a further factional split in the 1908 convention (the fourth convention) with Daniel DeLeon and the SLP that eventually formed a rival organization in Detroit (Lens, 1973; Kornbluh, 1998; Thompson and Bekken, 2006:30). In the end, the Preamble was changed to reflect strict revolutionary industrial unionism and the organization preferred direct action

instead of political process. Thus, the famous Preamble states

The working class and the employing class have nothing in common. There can be no peace so long as hunger and want are found among millions of working people and the few, who make up the employing class, have all the good things of life. Between these two classes a struggle must go on until the workers of the world organize as a class, take possession of the earth and the machinery of production, and abolish the wage system (Industrial Workers of the World, 2010:3).

Biographical Background on Founding Members

Eugene V. Debs

Eugene V. Debs (1855-1926) was known as the gentle giant and a great orator. By 1893, he realized that craft-unionism had failed in giving the workers what they needed because of the separation of workers based on trade. Therefore, he organized the American Railway Union (ARU) along industrial lines. This frightened the industrialists because this type of unionism would bring workers from different types of railway jobs under one organization. Thus, the organization potentially had the power to declare a *general strike* and effectively shut down an entire railway. However, it was not entirely to Debs' liking because it voted to exclude black workers (Boyer and Morais, 1955).

In 1894, there was a recession and it was common for the owners of big business to cut wages. In this case, it was George Pullman, the owner of Pullman Palace Car Company. He built a small town to house his workers. However, he reduced wages by thirty percent and left the rent and other prices in town the same. This caused his employees to strike since most of the 4,000 workers were members of American Railway Union (ARU). Later, there was a federal injunction that broke the strike and Debs spent the rest of 1894 in prison (Nicholson, 2004).

It was in prison that Debs converted to Marxist socialism. He spent many hours reading from Marx's three volumes of *Capital* and Kautsky's works on Marxism. He finally believed in the weapon of the *general strike* and organizing labor along industrial lines for one national union (Nicholson, 2004). Once he was released from prison, he became a devout member of the Socialist Party and presidential candidate (Taylor, 1993).

Then in 1905, he helped organize the revolutionary Industrial Workers of the World. He remained an active member and staunch supporter of IWW. However, in 1918 he was giving an anti-war speech, condemning the Wilson Administration, and accusing big business of using the war effort as a way to crack down on labor leaders. He would eventually be arrested under the Espionage Act of 1917. He received a ten-year prison sentence (Nicholson, 2004). It was when he was in prison that he ran for president of the United States, receiving at least a million votes on the socialist ticket (Taylor, 1993). He was eventually pardoned by President Harding and died later in 1926 of heart failure. Debs is known for one of his greatest speeches given right before he was convicted

Your honor, years ago I recognized my kinship with all living beings, and I made up my mind that I was not one bit better than the meanest on earth. I said then, as I say now, that while there is a lower class, I am in it; while there is a criminal element, I am of it, while there is a soul in prison, I am not free (Lens, 1973:80).

William D. Haywood

William D. Haywood (1869-1928) was known as "Big Bill" and became a miner at the age of nine. To those that knew Big Bill, he was rough, hard, and 6' 2". Haywood was a worker and a brawler. However, it was when he was still in Eagle Canyon in 1886, Humboldt County, Nevada that he was converted to radical anti-capitalism. This is when he became a socialist. He often

thought about the Haymarket Martyrs and that they could have not thrown the bomb (Lens, 1973). Moreover, the event weighed heavily on his mind for the next several years. As the material conditions under capitalism unfolded in his lifetime, he became more of a radical.

He joined the Western Federation of Miners (WFM) in 1896 and worked as an organizer. He was able to recruit about a thousand members in Silver City. He became the president of the Silver City Miners' Union and two years later became the secretary-treasurer of the WFM (Lens, 1973).

Big Bill played a tremendous role in organizing the Industrial Workers of the World in June of 1905. The following year Big Bill was arrested for the murder of the former governor of Idaho. A year later, he was acquitted of the murder charge. Afterward he focused on traveling the country and organizing as many workers as possible (Dray, 2010).

Haywood worked alongside notable IWW organizers such as Joseph Ettor and Elizabeth Gurley Flynn during the two biggest IWW strikes—the Lawrence and Paterson textile strikes. When he arrived to lead a strike committee, he was loved by all the workers. Haywood worked and lived among the people that he wanted to lift up from “the gutter” to “bring them up to a decent plane of living” (Kornbluh, 1998:2).

Big Bill and many other Wobblies openly protested against World War I as an imperialist war. He was arrested, as many other radical Wobblies were, under the same Espionage Act of 1917/8 that was used against Debs. He spent several years in prison. Once released on bail, he immediately traveled the country collecting donations for his defense fund. However, in the end he jumped upon a ship and sailed to the newly formed Soviet Union. Moreover, Haywood was given a minor administrative position in the revolutionary Soviet government before his death in 1928 (Zinn, 1995).

Mother Jones -- Mother of the Working Class

Marry Harris Jones (1830-1930) is known among working people as “Mother Jones.” She is thought of as the “mother” of the working class. Originally, the Harris family emigrated from Ireland shortly after the potato famine of the 1840s. They first settled in Toronto where Mary Harris learned dressmaking and worked as a teacher. She eventually met George Jones in Memphis who was a member of the “Iron Molders Union.” The couple had four children. Unfortunately, Mary Jones lost her husband and children to a yellow fever epidemic in 1867.

In 1871, Jones was self-employed as a dressmaker and lived in Chicago. Due to a fire, she lost everything. These unfortunate events in her life led her to labor activism (Taylor, 1993). She was horrified by the want, devastation, and poverty of working people in Chicago, but most of all the horrible conditions of child labor. Moreover, she started attending meetings of the radical Knights of Labor and became a member in the 1880s while she was in her forties (Queen of the Neighborhood, 2010). Jones became an ardent labor organizer. Shortly thereafter, she marched with demonstrators for the 8-hour workday in Haymarket Square in 1886 (Dray, 2010). After the execution of the Haymarket Martyrs, Mother Jones headed out west to organize miners in the coalfields. Jones lived and worked among the people that she organized.

By 1905, she was back in Chicago for the first founding convention of the IWW. She not only agreed with the revolutionary *Industrial Union Manifesto*, but became a radical labor organizer. She organized men, women, and children and marched with them. This is how she earned the title of “mother of the working class” and “Mother Jones” by her actions.

Mother Jones witnessed the Ludlow Massacre of 1913. The United Mine Workers were on a strike against John D. Rockefeller’s Colorado Fuel and Iron Company. Rockefeller had the

state militia called in and they machine-gunned the colony. Several women and children were killed in the attack. This exemplifies the collusion between big business and government and its clampdown on labor. She went on to testify in front of Congress and Rockefeller. The U.S. Senate called her “the most dangerous woman in America” and “the mother of all agitators” (Queen of the Neighborhood, 2010:24).

She led strikes well into her 90s. The life of Mother Jones ended in 1930 when she died at the age of 100. Her memory lives on in the hearts and minds of working people. One of her celebrated quotes is: Pray for the dead and fight like hell for the living! (Queen of the Neighborhood, 2010:26).

Daniel DeLeon

Daniel DeLeon (1852-1914) was a socialist, proficient orator, and member of the Socialist Labor Party (SLP). It was because of the general corruption and class collaboration of the AFL under Gompers that led to the formation of the STLA under the Socialist Labor Party in 1895. Thus, the STLA would also “combat” what DeLeon referred to as the “labor fakirs.” It was during this crusade against Gompers and the AFL that he received the title “socialist pope” (Reeve, 1972; Seretan, 1979; Taylor, 1993). As time went on, DeLeon was developing his own version of *industrial unionism*. He just relied too heavily on bourgeois electoral politics.

Later, DeLeon and about 1,200 members of the STLA joined the IWW during the first convention of 1905 (Thompson and Bekken, 2006). As mentioned above, DeLeon and his followers were the strongest vocal proponents of the political process. In addition, DeLeon, deviated from the Marxist conceptualization of the state, to more of an anarchist/syndicalist

view. DeLeon, summarily dismissed the Marxist conceptualization of the “dictatorship of the proletariat,”¹⁶ argued instead for the industrial union would organize the entire function of the “socialist” state (Reeve, 1972).

As a result of this, fear increased in the IWW that it would become subordinate to the SLP under the “DeLeonites” and the political process would be the method *par excellence*. Thus, Vincent St. John led the IWW’s fight against the DeLeonites (Flynn, 1976). This eventually led to the ousting of Daniel DeLeon and his followers from the STLA during the fourth convention of 1908. St. John and Walsh understood that the focus of IWW’s organizing method would be the organization of the working class base (Thompson and Bekken, 2006).

Immediately following the ousting of the DeLeonites from the IWW, DeLeon went on the defensive against the IWW. He leveled his attacks against Walsh for organizing the “overalls brigade” prior to the fourth convention. In the eyes of DeLeon, Walsh led the “bummery” or the “slum proletarians” (Flynn, 1976; Thompson and Bekken 2006). DeLeon and the remaining loyal supporters organized a counter industrial union known as the “Detroit IWW.” It later ceased in 1925 under the name “Workers International Industrial Union.” There was no reconciliation between DeLeon and the members SLP with the IWW. Thus, DeLeon died in 1914 as an enemy of the Industrial Workers of the World.

Lucy and Albert Parsons

There is conflicting accounts of Lucy’s original name. Two sources have it as Lucy Eldine

¹⁶ Marx, Engels, and Lenin (and Marxists in general) viewed the “dictatorship of the proletariat” as a transitional period between capitalism and communism. The consensus sees this period as “socialism” or what Lenin refers to as “the first phase of communist society” (Berberoglu, 2013:60-61; Lenin, 1980:331; Marx and Engels, 1980:331).

Gonzalez/Gathings (Boyer and Morais, 1955; Dray, 2010). However, Lucy grew up in Texas, being of African American, Native American, and Mexican ancestry. This could account for the difference in name and records. She eventually met Albert Parsons as he travelled through Texas as “travel correspondent.” They married in Austin, Texas in 1871.

The couple settled in Chicago two years later. Lucy was self-employed as a dressmaker. Moreover, both were members of the Knights of Labor and the Social Democratic Party. During her labor activism in Chicago, Lucy organized the “Working Women’s Union” and helped her husband organize the “Anarchist International Working People’s Association.”¹⁷ Lucy and Albert both published on labor and social issues. This included the strong belief in violent direct action for the working class to overthrow capitalism (Queen of the Neighborhood, 2010).

Lucy, Albert, and their children Lulu and Albert Jr. attended the protests in Chicago on May 1st to 3rd for working people’s right to an 8-hour workday. Albert gave a notable speech on workers’ right to self-defense and international socialism. Once the speech was given, the family retired for the evening to a local saloon. Samuel Felden remained to give one last speech for an already dissipating crowd. By this time, the police arrived pushing workers around and ordering everyone to disperse. Felden yelled that it was a peaceful demonstration. At this moment, an unknown person threw a bomb in the crowd killing several police and injuring others (Boyer and Morais, 1955; Dray, 2010). The identity of the bomber remains a mystery to this day.

Eight anarchists were arrested for the bombing. Those eight were Albert Parsons (husband of Lucy Parsons), August Spies, Samuel Felden, Michael Schwab, Oscar Neebe, George Engel, Adolf Fischer, and Louis Lingg. The evidence against them was weak and if not an outright fabrication against them. Thus, Lucy travelled to sixteen states to speak about the

¹⁷ There are small tactical/ideological disagreements between anarchists, syndicalists, and (Marxist) socialists. Most worked side by side in these early days.

defense of her husband and to raise funds. In addition, she started a one-woman-letter writing crusade directed at notable figures. The notable figures supported the stay of execution and for all charges to be dropped. Those notable figures were from England and included Oscar Wilde, William Morris, George Bernard Shaw, and the great Frederick Engels, the lifelong friend and collaborator of Karl Marx (Dray, 2010). Unfortunately, Albert Parsons and several others were executed on November 11, 1897.

Lucy's work led her to found the journal "Freedom: A Revolutionary Anarchist-Communist Monthly" in 1891. Later, she was in Chicago during the founding convention of the IWW in 1905. She along with many others advocated for the direct action methods of the "sit-ins" and "sabotage"¹⁸ as weapons of class struggle. Then in 1915, she organized "hunger demonstrations" to bring to the attention of local officials of rampant unemployment.

It was common for IWW members to be either dual union cardholders (in a specific trade) or to be a member of a political party. Lucy was however a member of the Communist party¹⁹ which was very active in the labor movement at the time. Sadly, her life ended when she died in a house fire. Her ashes were scattered around the Haymarket Martyrs' monument in Chicago (Queen of the Neighborhood, 2010).

Joe Hill – The Man That Never Died

Joel Immanuel Haaglund²⁰, better known as Joe Hill, immigrated to the United States from Gavle, Sweden in 1901. Later, in San Pedro (1910), California, Joe Hill joined the Industrial

¹⁸ The definition of "sabotage" is work stoppage at the point of production or a work slowdown.

¹⁹ Very few differences between Anarchist-Communists and Communists.

²⁰ Elizabeth Gurley Flynn says his name is Joseph Hillstrom (Flynn, 1976; Rosemont, 2003).

Workers of the World. In addition, Hill was a self-taught writer and musician. Thus, he was a Wobbly folk-poet, balladeer, and songwriter (Taylor, 1993; Dray, 2010). Hill wrote the well-known Wobbly songs of “Workers of the world, Awaken!;” “There’s Power in a Union;” “The Preacher and the Slave;” and “Union Maid.” These songs were written to popular melodies that were common.

Hill was also involved in multiple attempts of organizing workers around the western United States. In California, he organized workers in agricultural areas and port workers. Later in 1914, he helped organize striking miners in Tucker, Utah. It was the copper mines owned by the Guggenheim family. The number of striking miners was around 1,500 (Flynn, 1976).

In the spring of 1911, Hill went to Baja, California to fight with the Mexican revolutionaries. He served for 6 weeks until he was shot. At the time, many Wobblies flocked to Mexico to fight alongside the rebels. There was an alliance between members of the IWW and the Magonistas led by two brothers and IWW-members known as Enrique Flores and Ricardo Flores Magon. The Magon brothers initiated the Partido Liberal Mexicano (the revolutionary Mexican Liberal Party) from a flat in Los Angeles. This was Hill and the IWW’s connection with the Mexican Revolution of 1911-1920 (Adler, 201; Gilly, 2005). Hill wrote in a letter to a socialist comrade by saying, “I had....one time the great honor of struggling on the battlefield under the Red Flag and I must admit I am proud of it” (Rosemont, 2003:88). He later wrote a song in reference to this event by saying:

Should I ever be a soldier
 ‘Neath the Red Flag I would fight....
 Wage slaves of the world! Arouse!
 Do your duty for the cause,
 For Land and Liberty (ibid., 2003:88).

After healing up from the gunshot wound received in Mexico, Hill headed out to San

Diego and Fresno for the free speech fights. The ordinance against free speech in places like San Diego, Fresno, and Spokane was to eliminate union organizing especially that of the IWW organizing immigrant workers. Thus, a coalition was formed between socialists, Wobblies, and other organizers for the free speech campaign known as the “Free Speech League” in San Diego. However, they failed in their attempt because the police and the state government allowed reactionary vigilantes to fight and break up their meetings.

Hill was jailed and beaten in San Pedro for taking the soapbox and speaking out. Those who were locked up were half-starved since the conditions were terrible. The Wobblies then decided that *sabotage* would be the right tactic to get some real food. Hill and the rest of the Wobblies would sing at the top of their voices to distract the judge working on the second floor. This was done until real food was brought to them (Adler, 2011; Dray, 2010; Rosemont, 2003). They were eventually released.

In early 1914, Hill was working his way to Chicago doing various jobs. He was working the mines in Utah when he had to seek out medical treatment for a gunshot wound. Hill was eventually arrested for the double-murder of John and Arling Morrison in a “botched” grocery store robbery. Hill maintained his innocence but refused council.

Hill’s gunshot was received in a dispute with a friend over the friend’s wife. He refused to give any more details as to who were the friend and the wife. It was apparently a fight over a possible “infidelity” between Hill and the wife. Moreover, the police arrested Hill because Morrison’s youngest son, Merlin, wounding one of the perpetrators. The police saw a connection between Hill being shot and Merlin firing on one of the perpetrators. All the rest of the evidence was fabricated since the consensus was that the “powers that be” were looking for an IWW to “legally” execute.

Hill did claim his innocence in a letter to the Salt Lake City Telegram and to the journal *Appeal to Reason*. In addition, Elizabeth Gurley Flynn appealed to then president Wilson. The fight was national in the beginning led by Wobblies and by Gompers and the AFL. Later, the fight for Hill's acquittal was international. Eventually, Hill realized that it would be a losing fight. Thus, he decided to be a "labor martyr." He chose to live like a rebel and to die a rebel (Adler, 2011).

During this time, Hill became close friends with Elizabeth Gurley Flynn. He dubbed her the *Rebel Girl*. It was when he was in prison that he wrote the famous lines to the song that he dedicated to her:

There are women of many descriptions
 In this queer world, as everyone knows.
 Some are living in beautiful mansions,
 And are wearing the finest of clothes.
 There are blue blooded queens and princesses,
 Who have charms made of diamonds and pearl;
 But the only and thoroughbred lady
 Is the Rebel Girl.

Chorus

That's the Rebel Girl, that's the Rebel Girl!
 To the working class she's a precious pearl.
 She brings courage, pride and joy
 To the fighting Rebel Boy.
 We've had girls before, but we need some more
 In the Industrial Workers of the World.
 For it's great to fight for freedom
 With a Rebel Girl

Yes, her hands may be hardened from labor,
 And her dress may not be very fine;
 But a heart in her bosom is beating
 That is true to her class and her kind.
 And the grafters in terror are trembling
 When her spite and defiance she'll hurl;
 For the only and thoroughbred lady
 Is the Rebel Girl (Adler, 2011: 279).

Then on November 19, 1915, Hill was executed by a firing squad. Some of Hill's last words were, "Don't mourn. Organize!" This labor organizer inspired countless workers all over the country to fight and to organize. He fills the hearts and imaginations of workers everywhere. It is an old Wobbly tradition that Joe Hill is always with workers on the picket line as if he is truly the patron saint of labor. Later, Alfred Hayes and Earl Robinson wrote this song

I dreamed that I saw Joe Hill last night
 Alive as you and me
 Says I, 'But Joe, you're ten years dead,'
 'I never died,' says he.

'Joe Hill ain't dead,' he says to me.
 'Joe Hill ain't never died,
 Where workingmen are out on strike
 Joe Hill is at their side' (Boyer and Morais, 1955:173).

Elizabeth Gurley Flynn – The Rebel Girl

Elizabeth Gurley Flynn (1890-1964) was from Concord, New Hampshire. She was an Irish-American and a descendant of six generations of Irish rebels who fought against British imperialism. Even at the young age of 16 and a member of the IWW, she fought for free speech in New York City in 1906. She and her father were both arrested. Upon her release, it was recommended for her to go back to school. Flynn preferred to focus more on revolution than her general studies (Flynn, 1976).

Her first strike was with the Tube Mill workers in Bridgeport, Connecticut in 1907. She worked primarily with Hungarian workers. She was also a member of the strike committee and participated in mass picketing. In addition, she revealed to the regular town people of the working conditions of the Hungarian workers. This brought greater support and sympathy for

the striking workers and helped settle it faster (Flynn, 1976).

Flynn fought for free speech in Montana, Washington, New Jersey, and San Diego. She chained herself to a lamppost in Spokane. Flynn was eventually arrested. While in the Spokane county jail, she revealed to everyone that the police were using the women's sections as a cheap brothel (Lens, 1973; Thompson and Bekken, 2006). She was considered one of the most dangerous of the IWW because she was fearless. Moreover, she was known as the "Red Flame" and the "Joan of Arc" of the working class (Taylor, 1993).

In 1911, Flynn participated in the Lawrence, Massachusetts strike against the American Woolen Company. The strike was over a wage reduction. This is famously known as the "Bread and Roses" strike. At least 25,000 workers were involved and many of the strikers were in fact child-workers. Moreover, Flynn was a member of the strike committee and it was decided that she would find homes for the children elsewhere. This was because there was very little strike-relief to go around and it was winter. Flynn found places for the children in Philadelphia to stay during the strike.

During the second exodus, the children were boarding the train when police came out beating and taking away the children. Mothers frantic by what they saw went to defend their children. This caused a national outrage and several children testified to several congressional representatives in March of 1912 (Flynn, 1976). Eventually, the company conceded to the demands of the striking workers. This in fact radicalized many workers and the IWW gained 16,000 new members. The Rebel Girl continued in organizing and participating on strike committees including the massive Paterson, New Jersey strike.

Flynn also visited Joe Hill while he was in prison. They impressed one another extensively. Flynn travelled the country to rally support for Hill. As mentioned above, she

appealed to then president Wilson on Hill's behalf. Hill wrote a letter to Flynn dedicating his song "Rebel Girl" to her by saying that he felt her by his side the whole time he was imprisoned (Adler, 2011).

Flynn was eventually terminated from the IWW because several workers were imprisoned for manslaughter. Flynn was working with Joseph Ettor another organizer from the famous Bread and Roses strike. However, it was a botched deal made by the state attorneys. Bill Haywood publicly attacked Flynn and Ettor. Ettor eventually resigned from the IWW. This drove a wedge between Flynn and Haywood (Flynn, 1976; Taylor, 1993).

Eventually, Flynn was expelled from the IWW. She remained true to the organizing principles of the organization. Later in life, she joined the Communist Party in 1937 and in the 1950s spent three years in prison for opposing the Korean War much like Debs and Haywood. She died later in 1964 in the former Soviet Union during her last trip.

Major Strikes and Victories

Soapbox Warriors

Elizabeth Gurley Flynn (1976) states in her autobiography *The Rebel Girl*, "The IWW, although it considers itself nonpolitical, carried on 26 such political struggles for the right of free speech and assemblage between 1906 and 1916" (106). The fight for free speech was not necessarily a political fight but one of importance because labor organizing required assemblage (i.e., direct political action). Without both free speech and assemblage labor organizing would in effect be outlawed. Essentially, this was the reasoning behind this ordinance was to reduce unionizations

in mills and factory towns. Moreover, many of the city council members were factory and mill owners, their lawyers, and others sympathetic to business.

The first free speech fight took place in Missoula, Montana in 1908 although it initially started as an organizing drive. An IWW organizer by the name of Jack Jones and the husband of Elizabeth Gurley Flynn went to Missoula to organize. The location was strategic because the town was at a crossroad between mines and lumberyards. It had an influx of migrant workers moving to mines and lumberyards for work.

The IWW set up a union hall and started organizing the workers. Then the city council passed an ordinance against free speech and assemblage. Thus, a call was put out by the IWW for all rebels to come and defend free speech. The method was simple: one speaker will speak or read (as in this case the Declaration of Independence) until that person was arrested and taken away. Then another would take that place. Eventually, the jails would fill up with Wobblies singing and banging on the bars at the top of their lungs until the city council conceded. The IWW now had a union hall and an organizing committee in Missoula (Flynn, 1976).

Even before the IWW was successful in Missoula, another free speech fight erupted in Spokane, Washington. Again, it had an influx of migrant workers in the mills, mines, and the agricultural areas. Moreover, the greatest grievance was the fake jobs from employment agencies. Deals were struck between supervisors and employment agencies to keep work crews changing almost on a daily basis. This means that a worker would be hired that day (and forced to pay a fee to work), work that day, and be fired that same day. This was continually done in order to eliminate any job organizing. The IWW collected reports of grievances by workers and this caught the interest of the IWW (Flynn, 1976).

Spokane proved to be a much harder fight for the IWW. The town reactionaries were

harder on the IWW than in Missoula. Once the campaign was under way, 400 Wobblies were arrested and held for four months. Elizabeth Gurley Flynn was 19 at the time and pregnant. She was immediately arrested. That is when she blew the lid off the whole situation sort of speak. She brought attention to the women's section of the jail as a cheap flop house as mentioned above as her testimony in court. In addition, she brought major attention to the treatment of Wobblies in jail. One account described by Flynn was the use of a "sweatbox." Twenty-eight Wobblies were forced into an average-size jail cell. Then the police would turn on the steam to heat up the cell. To say the least, the Wobblies would suffocate in the cell until they turned off the heat. The inhuman treatment caught attention (Flynn, 1976).

Eventually, the mayor grew tired of the \$1,000 cost a week. In addition, the IWW threatened another campaign for the following spring. Moreover, the IWW reopened the union hall and put a stop to the fake employment agencies (Flynn, 1976; Dray, 2010).

The IWW soapbox warriors gained national fame. Wobblies would come from all over the country to descend onto a town for the fight for free speech and assembly. They rode trains like hoboes wearing overalls and singing the most popular union songs (even the ones written by Joe Hill). It was the unorthodox tactics of the IWW that propelled labor onto the forefront of the class struggle.

Bread and Roses Strike

In January 1912, a massive textile strike erupted in Lawrence, Massachusetts because of weekly pay and hours. It became known as the "Bread and Roses Strike" based on lyrics of a song written by Oppenheim in which he says, "Bread and Roses, Bread and Roses" (Dray, 2010:700).

It may have received this name because of the large amount of women and children that participated in this strike.

The social base of Lawrence was 90 percent immigrant from Europe and French Canada. In addition, the American Woolen Company (AWC) employed most of the town's inhabitants at its various textile factories. However, the state passed a law reducing the weekly hours from 56 to 54 a week. Thus, AWC announced a pay reduction based on the state law and common capitalist competition. These textile workers in America at that time were paid the lowest at around \$3 to \$6 a week (Dray, 2010).

On the 12th of January, the workers received their checks with the pay cuts. Immediately, the enraged workers went on strike. They marched to every textile factory and shop in the city demanding that every worker take to the street and strike in addition to a 15% wage increase. It was a spontaneous response by the working people of the town. AWC also employed women and children and they marched with the men. Moreover, the IWW local requested help from the national headquarters in Chicago.

In no time, an IWW strike committee was set up with notable organizers like Joseph Ettor from New York and Elizabeth Gurley Flynn. The number of striking workers mobilized in Lawrence was 25,000 workers. This exemplified the IWW's commitment to organize all workers regardless of skill, gender, and racial background (citizenship notwithstanding).

Dray (2010) described the atmosphere of Lawrence in *There is Power in a Union* of the arrival of Big Bill Haywood:

The sense of gathering momentum, the idea that the strike might actually be won, crested on January 24 when Big Bill Haywood arrived in Lawrence. The strikers and their families turned out in droves, lining the streets around the railroad depot in what one newspaper termed "probably the greatest demonstration ever accorded to a visitor in Lawrence." The crowd raised a din at the first glimpse of Haywood, and as a band boomed out spirited tunes, the people swept up Big Bill Haywood

and carried him through the narrow streets to the speakers' stand in Lawrence Common. There, Haywood looked out over the crowd of expectant immigrant faces—men, women, and children of two dozen ethnicities, backgrounds, and dialects—and to a roar of approval from this new America, exclaimed, “There is no foreigner here except the capitalists” (Dray, 2010:311).

Unfortunately, the Strike relief fund was rather meager during the winter months. The strike committee agreed to find home for the children in Philadelphia. Elizabeth Gurley Flynn took up this job. She led the first wave of children onto the train to find good homes. This small exodus brought attention to the strike in Lawrence. However, the town mayor and others verbally attacked the IWW and strikers for neglecting the children.

The second wave of children attempting to board the train was attacked by a mob of policemen. Mothers came to the defense of their children. Many of them were beaten and hauled off to the jail. This caused a national outrage and a hearing took place in Washington among several senators. Moreover, this debacle by the mayor, police, and AWC fueled even greater sympathy for the children since many worked for AWC. Mother Jones taught these IWW organizers a valuable lesson when exposing the harsh realities under capitalism by showing what is done to children.

By March 12, AWC conceded to the demand of the strikers. AWC increased the wages from 5 percent to 25 percent for the textile workers. Of the 25,000 striking workers, around 16,000 joined the IWW. This showed the country that the IWW was committed to organizing the working class against all odds. This gave hope to working people around the country that a better world is possible through working-class direct action. Because of victories such as this, Wobblies used signs during strikes that said: Direct Action get the Goods!

Paterson, New Jersey “The IWW is Comming!”

On January 27, 1913, another massive strike erupted in Paterson, New Jersey. Twenty-five thousand silk workers went on strike (men, women, and children) by March 3. Many of the strikers were German and Italian but nothing to the extent of Lawrence, MA. The strike was over greater loom technology that increased the workload for the same simple wage. Workers were told to oversee more machines for the same pay (greater production without an increase in wages). On the first day of the strike (January 27), 800 workers walked out of the Doherty Mill. Soon the strike wave spread to the rest of the silk workers in the mills (hence the 25,000 strikers by March 3).

The IWW local had great rapport with the workers in Paterson and participated in earlier strikes with excellent results. The local appealed for help from Chicago. Tresca (a new lover of Elizabeth who was legally separated from Jones), Elizabeth Gurley Flynn, and Big Bill Haywood arrived to organize the strike committee. Upon arrival, the three talked the Wobbly line to well over 20,000 silk workers. Immediately, the three were arrested as outside agitators. Once they were released, they attempted once more to speak to the workers. The result was harsher with longer time in jail. The bail was getting larger and larger each time.

It is true that the strikers demanded workload modification, an 8-hour day, \$12 a week minimum pay, and overtime wages. However, the company would not concede and the strike dragged on for five months until the workers gave in and went back to work without the gains (Dray, 2010; Flynn, 1976).

Even though this was not a victory, it nevertheless showed the power, willingness, and dedication of the IWW to garner mass support among the working class base and to take the

class struggle as far as it could go. Working people throughout the country were radicalized by these mass strikes. In addition, it taught labor that the power of capital could be smashed through working-class solidarity.

Conclusion

In conclusion, we can see the radical roots of the IWW from those who participated in the Haymarket protests to those who were radicalized by it. Even though the Martyrs were executed, it helped plant the seed that would eventually grow into the greatest revolutionary industrial union that America has seen since. The founding members saw only one way and one way only in the struggle against capitalism: to organize the entire working class base of the United States. The AFL under Gompers was a national union that organized white male skilled workers only and practiced class collaboration working in cooperation with both capitalist parties (Republicans and Democrats), proved to be not only wrong but also flawed. Millions of working people were rejected and left out in the cold by the AFL.

The IWW not only was given birth by radical ideas stemming from the *Industrial Union Manifesto*, and radical speeches by Haywood and others, but by radical working-class direct action. This was exemplified by the actions of Wobbly soapbox warriors in and out of jail, strike leaders like Haywood, Flynn, Parsons, and Mother Jones picketing and marching ahead of thousands of workers staring down militia and vigilantes from San Diego, Lawrence, to Paterson.

The IWW was at the forefront of labor and revealed itself as a formidable adversary of capital. This explains why the capitalist reaction got stronger and stronger. Even for a short while vigilante groups operated under *minimal* legality to help suppress IWW organizing in San

Diego. Nevertheless, capital met its match when the IWW set itself to the task of organizing the entire working class of the United States with the rest of the global working class in its sight, as the IWW and Magonistas fought side by side in the Mexican Revolution.

Chapter 5

Advanced Capitalism and Crises in the United States

This chapter documents the postwar rise of the United State in becoming the premiere global capitalist superpower. It focuses on several indicators of its postwar rise to become an empire. Those indicators are direct foreign investment abroad, military spending, and corporate profits.

Next, the chapter will document the irreversible decline of the United States from the early 1970s to the 2000s. It will focus on the capitalist business cycle, deindustrialization, crisis of overproduction, unemployment, and class polarization to explain the decline of the U.S. economy. These indicators help explain the contradictions of U.S. capitalism that exhibit corporate super-profits in contrast to declining real wages and the lowering of the standard of living for working people.

Postwar Rise of the United States to the Global Scene

The global capitalist expansion of the United States gained rapid momentum after World War II. U.S. direct investment abroad rose from \$1.6 billion in 1908 and to \$4 billion by 1920 (Lewis, 1938:605-06). The Great Depression did inhibit foreign direct investment some, but it soon picked up after America's entry into the Second World War. The U.S. state granted government contracts to the emerging U.S. transnational corporations. This in turn gave the added impetus to the U.S. economy. The two decades of U.S. expansion on a global scale from 1950 to the early 1970s is known as the "American Century" or Pax Americana.

The postwar rise of the United States to world prominence started shortly after 1945, at the end of World War II. The United States was the one capitalist power that became the ultimate victor (and suffering the least damages) of the world war over the other three major capitalist powers (Britain, France, and Germany) that were involved. Although the Soviet Union suffered the most losses, it was its superior military force that helped defeat Nazi Germany.

In June 1947, the Marshall Plan (the European Recovery Program) went into effect that allowed the United States to help rebuild the economies and infrastructures of Britain which received the most financial aid (\$6 billion), and France, West Germany, and Italy (with several billions more). The Soviet Union received \$500 million in mostly emergency food aid and was the only country required to repay the loan from the United States (Perlo, 1988). The Plan itself paved the way for the penetration of U.S. capital in Western Europe. In addition, U.S. transnational capital received the same perks and benefits as that of domestic capitalists in Europe.

In 1949, NATO was established as the military wing of the Marshall Plan to ensure protection of U.S. investments and expansion into Western Europe. NATO was also used as a show of force to prevent other countries from moving towards Soviet socialism (which was gaining some momentum after the fascist-capitalist regimes collapsed and general social inequalities found in non-fascist capitalist countries became evident).

The foreign direct investments of U.S. transnational corporations in 1950 reached \$12 billion. This occurred at the same time as the British Empire was devastated in World War II and lost its status as a global power. Thus, the United States took its place as the global capitalist superpower. Since 1950, the postwar rise of the United States as a global power rapidly increased as U.S. transnational corporations penetrated into every corner of the world.

Table 1 depicts the rapid rise of U.S. foreign investments abroad. By 1960, U.S. direct investment abroad jumped to \$32 billion. It then took another large jump to \$215 billion in 1980. By 2000, it was already at \$1.5 trillion and by 2014 it had reached \$7 trillion (see Table 1).

**Table 1. The Growth of U.S. Private Investment Abroad, 1950-2014
(in billions of dollars)**

| Year | Value of Assets* | | |
|------|------------------|-----------|---------|
| | Total** | Long-Term | Direct |
| 1950 | 19.0 | 17.5 | 11.8 |
| 1955 | 29.1 | 26.8 | 19.4 |
| 1960 | 49.4 | 44.4 | 31.8 |
| 1965 | 81.1 | 70.9 | 49.3 |
| 1970 | 118.8 | 104.2 | 75.5 |
| 1975 | 237.6 | 174.9 | 124.2 |
| 1980 | 516.6 | 298.1 | 215.4 |
| 1985 | 821.8 | 346.8 | 232.7 |
| 1990 | 1,920.0 | 959.3 | 616.7 |
| 1995 | 3,225.1 | 2,089.4 | 885.5 |
| 2000 | 6,025.2 | 3,957.1 | 1,531.6 |
| 2005 | 9,743.1 | 6,527.9 | 2,453.9 |
| 2010 | 16,099.0 | 10,652.0 | 4,429.0 |
| 2014 | 23,601.5 | 15,325.0 | 7,142.9 |

Notes:*At year end and at current cost. ** In addition to direct investments, the total figure represents such items as foreign dollar bonds, foreign corporate stocks, and claims reported by U.S. banks (these are all forms of “portfolio” investments).

Sources: U.S. Department of Commerce, *Survey of Current Business* (monthly) annual articles on U.S. foreign investment; U.S. Bureau of the Census, *Statistical Abstract of the United States: 1968*, p. 791; *1978*, p. 864; *1987*, p. 779; *2006*, p. 823; *2012*, p. 796.

When looking at the postwar rise of the United States as a world power and U.S. capitalist expansion on a global level, one cannot ignore military spending. In maintaining empire status, the United States must continually increase spending on the military to protect corporate investments around the world. Table 2 depicts military spending for the period 1950-2010. In 1950, military spending and direct investments abroad were roughly equal with each other at \$13.7 billion and \$11.8 billion, respectively.

**Table 2. Military Spending and Foreign Direct Investment Abroad, 1950-2010
(in billions of dollars)**

| Year | Military Spending | Direct Investment |
|------|-------------------|-------------------|
| 1950 | 13.7 | 11.8 |
| 1955 | 42.7 | 19.4 |
| 1960 | 48.1 | 31.8 |
| 1965 | 50.6 | 49.3 |
| 1970 | 81.7 | 75.5 |
| 1975 | 86.5 | 124.2 |
| 1980 | 134.0 | 215.4 |
| 1985 | 252.7 | 232.7 |
| 1990 | 299.3 | 616.7 |
| 1995 | 272.1 | 885.5 |
| 2000 | 294.4 | 1,531.6 |
| 2005 | 495.3 | 2,453.9 |
| 2010 | 693.6 | 4,429.0 |

Sources: Council of Economic Advisors, *Economic Report of the President*, 1990 p. 409; 2011, p. 285; U.S. Department of Commerce, *Survey of Current Business* (monthly) annual articles on U.S. foreign investment; U.S. Bureau of the Census, *Statistical Abstract of the United States: 1968*, p. 791; 1978, p. 864; 1987, p. 779; 2006, p. 823; 2012, p. 796.

Direct investments abroad did catch up in 1965 with military spending at \$50.6 billion and \$49.3 billion. The United States at this time was already involved in the Vietnam War (1954-1975). The increase in military spending into the 1970s dramatically reached to \$81.7 billion in 1970 and \$86.5 billion in 1975. Direct investments reveal a similar increase as well.

Military spending along with direct investments abroad were not exactly the same amount going into the 1980s. However, we see a rapid increase in both types of spending. Toward the end of the 1980s, military spending lagged behind by a mere \$36.5 billion. “During the Regan-Bush years, the United States deployed thousands of nuclear weapons and hundreds of thousands of military personnel at over 350 major bases and hundreds of minor installations that span the entire globe” (Parenti, 2002:80).

Table 3 represents another aspect of the postwar rise of the United States and the development of monopoly capitalism.

Table 3. Corporate Profits: Financial and Non-Financial Industries, 1950-2010 (in billions of current \$)

| Year | Total Corporate Profits* | Domestic Industries** | | |
|---------|--------------------------|-----------------------|-----------|---------------|
| | | Total | Financial | Non-Financial |
| 1950 | 37.9 | 36.7 | 3.1 | 33.5 |
| 1955 | 47.5 | 45.1 | 4.8 | 40.3 |
| 1960 | 49.9 | 46.7 | 7.2 | 39.5 |
| 1965 | 76.2 | 71.5 | 7.5 | 64.0 |
| 1970 | 74.4 | 67.3 | 15.4 | 52.0 |
| 1975 | 135.0 | 120.4 | 20.2 | 100.2 |
| 1980 | 211.4 | 175.9 | 34.0 | 142.0 |
| 1985 | 257.5 | 219.4 | 45.9 | 172.5 |
| 1990 | 398.8 | 322.7 | 92.3 | 230.4 |
| 1995 | 666.0 | 573.1 | 160.1 | 413.0 |
| 2000 | 755.7 | 610.0 | 194.4 | 415.7 |
| 2005 | 1,609.5 | 1,370.0 | 443.6 | 926.4 |
| 2010*** | 1,776.8 | 1,389.5 | 371.9 | 1,017.5 |

Notes: Industry data on Standard Industrial Classification (SIC) basis for 1970-2000 and North American Industry Classification System (NAICS) basis are not necessarily the same and are not strictly comparable. * Includes domestic and foreign profits, with inventory valuation adjustment and without capital consumption adjustment. ** Domestic profits, with inventory valuation adjustment and without capital consumption adjustment. Data for 1970-2000 include transportation and utilities. ***Calculated on the basis of data available for the first three quarters of 2010.

Source: U.S. Council of Economic Advisers, *Economic Report of the President, 1990*, p. 396; *2011*, p. 296.

The U.S. state helped facilitate the growth of monopoly capital by giving out government contracts during the war and after especially during the Cold War. This allowed the economy to become even more concentrated and centralized. The monopoly capitalists through various acquisitions and mergers eliminated much of the smaller companies in the major sectors of the economy. Table 3 shows the growth of corporate profits from 1950 to 2010.

We see here the rise of a vast corporate empire. In 1950, total corporate profits amounted to \$37.9 billion, but it jumped to \$47.5 billion in 1955. It steadily rose during the period of 1955 to 1965. The massive increase in 1975 to \$135 billion has a connection with the massive defeat of the United States in Vietnam and the jump in military spending in the 1980s and 1990s (see Table 2). By 2010, total corporate profits hit \$1.7 trillion.

The Capitalist Business Cycle in the United States: A Brief Background

The capitalist business cycle also known as expansions and contractions (boom-bust) cycles are endemic only to capitalism. In 1920, Wesley Mitchell founded the National Bureau of Economic Research (NBER), which is a private research organization. NBER conducts research by performing the simplest method of measuring the capitalist business cycle, which Sherman (2010) describes this way:

First...business cycles are found in capitalist economies, not other systems. Second, the business cycle is not limited to a single industry, but is economy-wide. Third, one cycle is similar in some ways to another. All cycles are marked by similar sequences of events. Fourth, cycles differ, however, in many ways, including how long they last and how deep the recession goes (30).

Based on the data provided by the National Bureau of Economic Research, thirty-two business cycles have been identified from 1854 to 2009, including twenty-one distinct recessions from 1902 to 2001 (NBER, 2010). NBER defines a recession in this way:

A recession is a period of falling economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales. The trough marks the end of the declining phase and the start of the rising phase of the business cycle. Economic activity is typically below normal in the early stages of an expansion, and it sometimes remains so well into the expansion (NBER, 2010:1).

Although the Great Recession of 2008 officially ended by the second quarter of 2009, the capitalist business cycles reflect an economy of ongoing roller coaster with ups and downs every so many years. Unfortunately, each contraction or downward trend deepens with each subsequent economic crisis.

Table 4. The Capitalist Business Cycle: Troughs and Peaks, 1970-2009

| Initial Trough | Peak | Final Trough |
|----------------|--------|--------------|
| 1970.4 | 1973.4 | 1975.1 |
| 1975.1 | 1980.1 | 1980.3 |
| 1980.3 | 1981.3 | 1982.4 |
| 1982.4 | 1990.3 | 1991.2 |
| 1991.2 | 2001.1 | 2001.4 |
| 2001.4 | 2007.4 | 2009.2 |

Note: Cycles are in quarters (three months in a quarter).

Source: National Bureau of Economic Research (<http://www.nber.org/cycles/cyclesmain.html>).

Table 4 provides a simpler set of data to understand the capitalist business cycle. The terms in the table (initial trough; peak; and final trough) designate dates of contractions and expansions of the capitalist business cycle (initial trough will be the same as the final trough of the previous cycle). According to the researchers at NBER, a recession (contractions in the business cycle) starts at the peak and ends at the trough. Thus, in the period 1970 to 2009 (a 40-year period) there has been six recessions. The Great Recession of 2008 has been the worst

recession since the Great Depression and the longest in recovery (although officially ending in June of 2009) even with two government stimulus packages.

Economic Decline in the United States: 1970s to 2000s

One may think that if corporations are doing well then the country is doing well as a whole. This is not the case due to the globalization of capital. Corporate super profits have a contradictory effect on the U.S. economy, which is detrimental to millions of working people in the United States. However, these ramifications are endemic only to capitalism, especially under conditions of globalization.

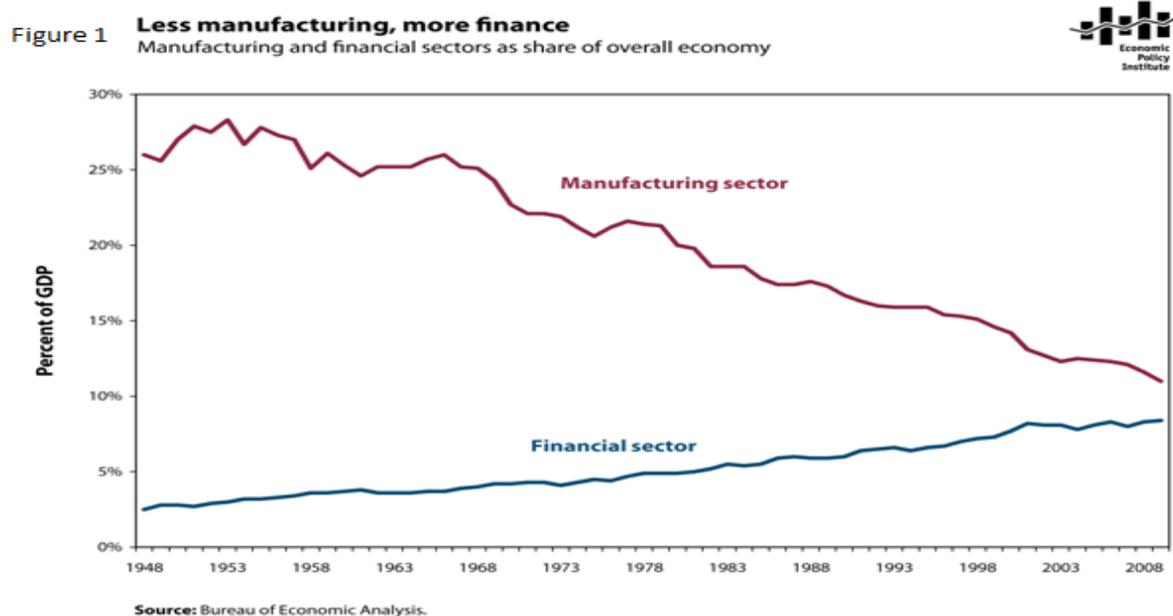
In the early 1970s, the United States gradually started to deindustrialize by outsourcing manufacturing to various regions of the third world for cheaper labor. Employment in manufacturing in 1970 was at 25.1 percent of the total labor force (see Table 5). As we move forward, manufacturing gradually decreased from about 21 percent in 1980 to 14.7 percent in 1995. By 2010, manufacturing employment dropped to 8.8 percent of the labor force, whereas the service sector ballooned to a staggering 69.1 percent.

Table 5. Employed Workers on Nonagricultural Payrolls, 1970-2010 (in percentages)

| Industry Group | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 |
|-------------------|------|------|------|------|------|------|------|------|------|
| Goods-Producing | 31.2 | 27.6 | 26.8 | 24.2 | 21.7 | 19.7 | 18.7 | 16.6 | 13.6 |
| Manufacturing | 25.1 | 27.7 | 20.7 | 18.3 | 16.2 | 14.7 | 13.1 | 10.6 | 8.8 |
| Service-Providing | 50.9 | 53.1 | 55.2 | 58.9 | 61.5 | 63.7 | 65.6 | 67.2 | 69.1 |

Source: US Council of Economic Advisors, *Economic Report of the President*, 2014, p. 382.

This decline in the manufacturing labor force in the United States since the 1970s corresponds to the long-term decline in manufacturing in the United States over the past several decades (see Figure 1). In addition, we see a corresponding rise in the financial sector.



Deindustrialization of the economy directly impacts the trade deficit. With the decline in manufacturing since the 1970s, we have seen a rise in the trade deficit. Commodities that were normally produced domestically are now imported from abroad. Table 6 depicts U.S. merchandise exports and imports from 1970 to 2010. From 1970 to 1975, there was a small trade surplus of \$2.6 billion and \$8.9 billion respectively. In 1980, and shortly before the recession of 1980-82, there was a trade deficit of \$25.5 billion. Then in 1985, the trade deficit increased to \$122.2 billion. It dropped in 1990 and 1995 to \$54.6 billion and \$70.9 billion, respectively, but jumped to \$379.5 billion in 2000. This massive jump occurred just prior to the recession of 2001. Then in 2010, it reached an imbalance of \$722.7 billion.

Table 6. U.S. Merchandise Imports and Exports, 1970-2010 (in billions of dollars)

| Year | Total | | |
|-------|---------|----------|---------|
| | Exports | Imports | Balance |
| 1970 | 42.5 | -39.9 | 2.6 |
| 1975 | 107.1 | -98.2 | 8.9 |
| 1980 | 224.3 | -249.8 | -25.5 |
| 1985 | 215.9 | -338.1 | -122.2 |
| 1990 | 552.5 | -607.1 | -54.6 |
| 1995 | 778.2 | -849.1 | -70.9 |
| 2000 | 1,096.3 | -1,475.8 | -379.5 |
| 2005 | 1,205.3 | -1,556.4 | -351.1 |
| 2010* | 1,305.1 | -2,027.8 | -722.7 |

Notes: *Fourth quarter of 2010.

Sources: U.S. Council of Economic Advisors, *Economic Report of the President: 1989* p. 426; *1990*, p. 313; *2011*, p. 219; *2014*, p. 372.

Another aspect of the continuous economic decline of the United States is the crisis of overproduction. In the 1970s, manufacturing inventories were increasing and the unfilled orders were rather low (see Table 7). However, in 1990, the unfilled orders rose to \$522 billion. Even though there was a slight decrease in unfulfilled orders in 1995, it steadily increased from \$545 billion in 2000 to \$626 billion in 2005 to \$829 billion by the fourth quarter of 2010.

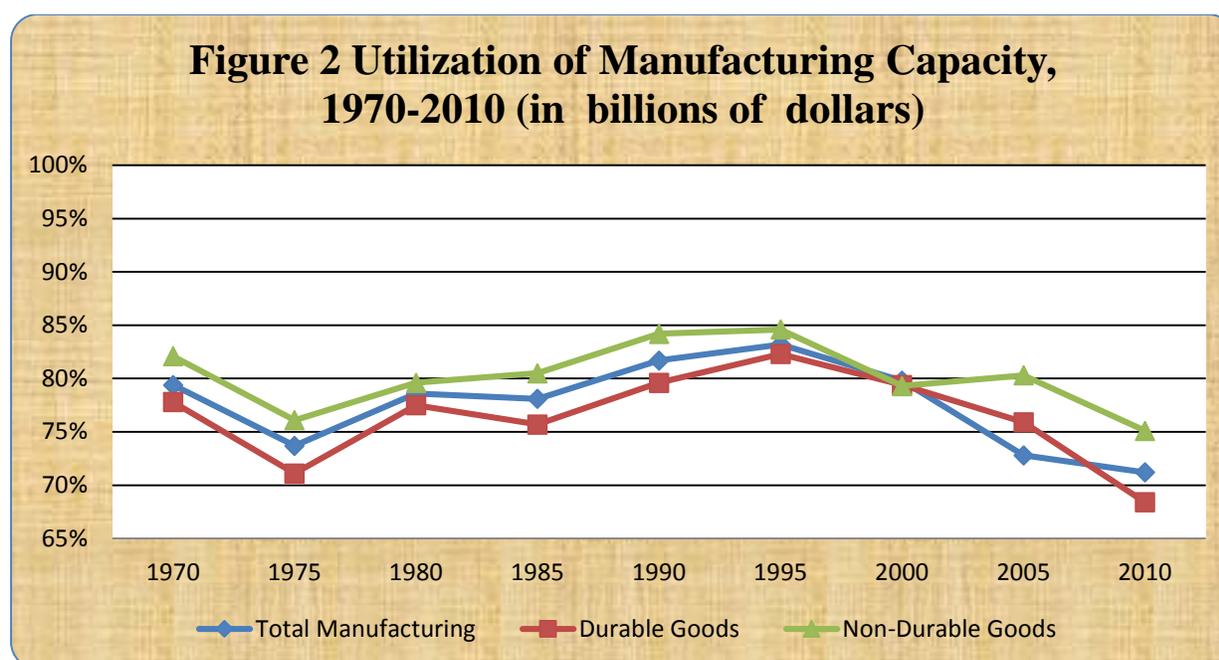
In regard to overproduction, it is the utilization of manufacturing capacity that is centrally important (see Figure 2). In 1970, total manufacturing capacity was around 79 percent. In 1975, it dropped to almost 74 percent. It picked up in the 1980s and the 1990s, but dropped to 71 percent in 2010 (and durable goods even lower to 68 percent).

Table 7. Inventories and Backlogs, 1970-2010 (in billions of dollars)

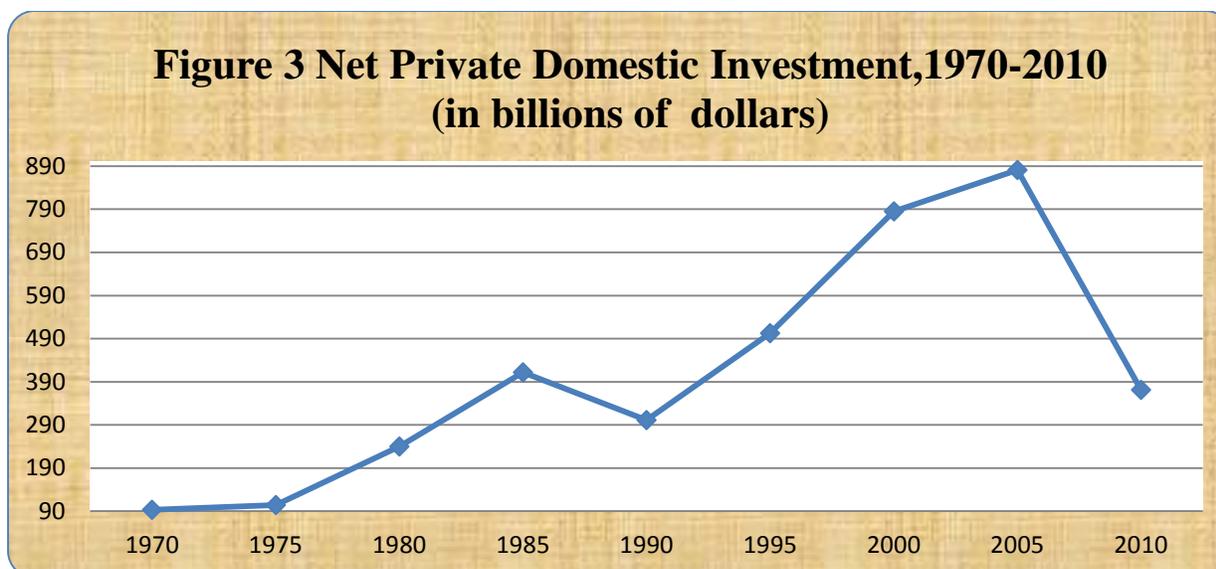
| Years | All Inventories | Nonfarm Inventories | | Unfilled Orders |
|-------|-----------------|---------------------|---------|-----------------|
| | | Manufacturing | Total | |
| 1970 | 235.7 | 95.5 | 183.3 | 106.0 |
| 1975 | 408.5 | 162.2 | 319.0 | 171.0 |
| 1980 | 739.0 | 293.4 | 598.6 | 326.0 |
| 1985 | 875.9 | 333.3 | 750.1 | 384.0 |
| 1990 | 1,082.0 | 404.5 | 948.8 | 522.0 |
| 1995 | 1,257.2 | 424.5 | 1,126.0 | 443.0 |
| 2000 | 1,524.0 | 476.5 | 1,349.6 | 545.0 |
| 2005 | 1,804.6 | 531.5 | 1,557.8 | 626.0 |
| 2010* | 2,080.8 | 643.7 | 1,782.2 | 829.0 |

Note: *Data from fourth quarter only.

Sources: U.S. Council of Economic Advisors, *Economic Report of the President*, 2013, p. 350; U.S. Census Bureau, *Statistical Abstract of the United States*, 1995, p. 769; 2012, p. 641.

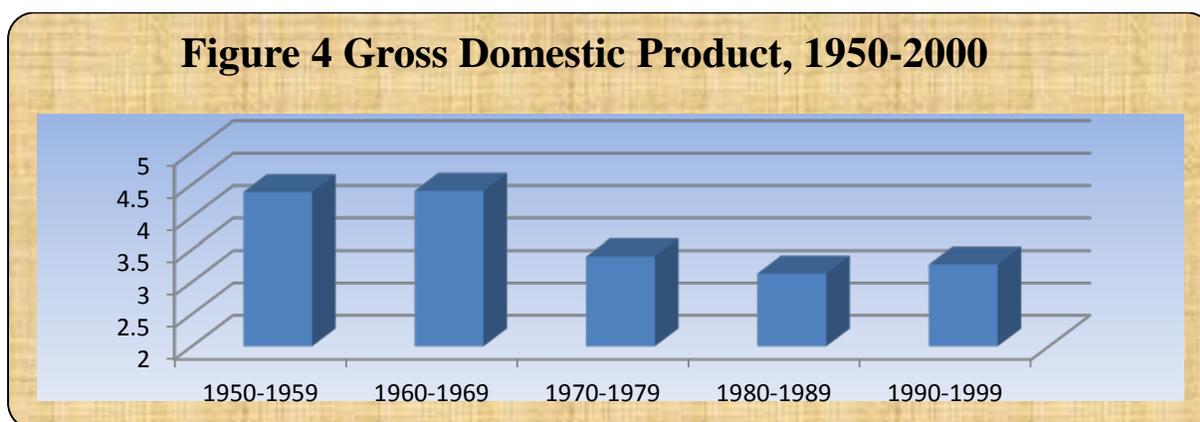


Source: U.S. Council of Economic Advisors, *Economic Report of the President*, 2013, p. 387.



Source: Constructed with data from Bureau of Economic Analysis.

Domestic private investment is important to look at in terms of the health of an economy. Figure 3, shows that net private domestic investment stood at around \$90 billion in the early 1970s. It then started to increase to about \$412 billion in 1985 and peaked in 2005 at \$881 billion. During the period 2000-2010, private investment dramatically dropped due to the Great Recession of 2007-2008, to a low of \$371 billion in 2010. Lack of domestic investment has prolonged the recovery period after the deep recession since 2008.



Note: percent change, quarter to quarter. In billions of chained 2000 dollars.

Source: Constructed with data from the Bureau of Economic Analysis, Department of Commerce (and as cited in Sherman, 2010:30).

Mainstream economists tend to favor the Gross Domestic Product (GDP) for the overall health of an economy, which are all the goods and services produced by an economy. During the decade of the 1950s and 1960s, the economy grew by just over 4 percent per year. During the decade of the 1970s, the economy slowed to about 3 percent per year and remained at that level until century's end (see Figure 4).

Starting in the 1990s, government spending on the military has greatly increased the federal debt. Military spending in 1990 was \$299 billion whereas the gross federal debt was \$3.2 trillion. The annual deficit at the time was \$222 billion. The net interest paid was \$184 billion (see Table 8). Military spending remained around the same level during the 1990s, but with increasing involvement of the United States in wars in the Middle East, military spending jumped to \$495.3 billion by 2005, pushing the gross federal debt to \$7.9 trillion.

Table 8. Military Spending, Federal Deficit, and Interest Paid on Debt, 1990-2010
(in billions of current dollars)

| Year | Military Spending | Gross Federal Debt | Annual Budget Deficits | Net Interest Paid |
|------|-------------------|--------------------|------------------------|-------------------|
| 1990 | 299.3 | 3,206.3 | -222.0 | 184.3 |
| 1995 | 272.1 | 4,920.6 | -164.0 | 232.1 |
| 2000 | 292.4 | 5,628.7 | 236.2 | 222.9 |
| 2005 | 495.3 | 7,905.3 | -318.3 | 184.0 |
| 2010 | 693.6 | 13,528.8 | -1,293.5 | 196.0 |

Source: U.S. Council of Economic Advisors, *Economic Report of the President, 2011*, Table B-78, p. 283, and Table B-80, p. 285.

Military spending ballooned under President Obama to maintain an active global military presence and the continuation of the wars in the Middle East. By 2010, military spending increased to \$693.6 billion and the federal debt increased dramatically to \$13.5 trillion. The annual deficit was a staggering \$1.3 trillion (see Table 8). These indicators reveal the deepening

crisis of the U.S. state in maintaining a global military presence that the U.S. maintains around the world that encompasses some 900 military bases, including 37 NATO bases that the United States maintains around the world. This has contributed to the fiscal crisis of the U.S. state.

Economic Impact on Working People

There was a decline of real wages in the 1970s and the 1980s during the two recessions by 7.2 percent. During the period 1970 to 1980, real wages declined by 12 percent. Moreover, working people experienced a net loss of 20 percent from 1974 to 1990. In 2010, the purchasing power of working people, measured by the consumer price index (in 1982-84 dollars) was 46 percent, which is the lowest in forty years (see Table 9).

Table 9. Inflation and Wages: Consumer Price Index and Average Weekly Earnings for Private Nonagricultural Workers, 1970-2010

| Year | CPI | | Average Weekly Earnings | | |
|------|---------------|-----------|----------------------------------|---------------------------------|-----------------|
| | (1982-84=100) | (% incr.) | Money Wages (current dollars) | Real Wages (1982-84 dollars) | (% change/year) |
| 1970 | 38.8 | 5.7 | 126 | 323 | -1.4 |
| 1975 | 53.8 | 9.1 | 170 | 315 | -3.2 |
| 1980 | 82.4 | 13.5 | 241 | 291 | -5.8 |
| 1985 | 107.6 | 3.6 | 305 | 285 | -1.1 |
| 1990 | 130.7 | 5.4 | 350 | 271 | -1.7 |
| 1995 | 152.4 | 2.8 | 400 | 267 | -0.6 |
| 2000 | 172.2 | 3.4 | 481 | 285 | 0.4 |
| 2005 | 195.3 | 3.4 | 544 | 285 | -0.6 |
| 2010 | 218.1 | 1.7 | 636 | 297 | 1.0 |

Source: U.S. Council of Economic Advisors, *Economic Report of the President, 2000*, p. 246, 259, 378; and *2011*, p. 259.

In contrast to the decline in real wages for working Americans, corporations were making super profits during this same period (see Table 10). Whereas total profits (combined for both financial and nonfinancial corporations) were \$434.2 billion in 1990, it increased to \$667 billion in 1995. In 2005, it ballooned to \$1.6 trillion and then to \$1.8 trillion in 2010. Although not depicted in the table below, corporate profits still were over a trillion dollars during the Great Recession of 2008 (U.S. Council of Economic Advisors, *Economic Report of the President*, 2014).

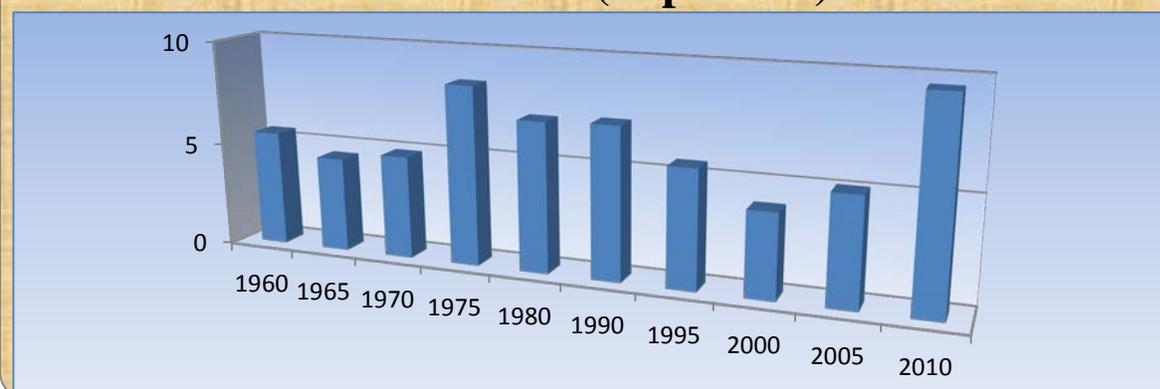
Table 10. Corporate Profits in Financial and Nonfinancial Industries, 1980-2010 (in billions of current dollars)

| Year | Total Profits | Domestic Industries | | |
|------|---------------|---------------------|-----------|--------------|
| | | Total | Financial | Nonfinancial |
| 1990 | 434.2 | 357.8 | 120.4 | 237.3 |
| 1995 | 667.0 | 574.0 | 140.3 | 433.7 |
| 2000 | 730.3 | 584.1 | 149.7 | 434.4 |
| 2005 | 1,621.2 | 1,382.3 | 409.7 | 972.4 |
| 2010 | 1,793.8 | 1,398.6 | 405.3 | 993.3 |

Source: U.S. Council of Economic Advisors, *Economic Report of the President*, 2014, p. 373.

The economic outlook of the United States has been bleak for millions of working people over the past few decades. During each recession unemployment increases with millions of working people losing their jobs. Over the period 1960 to 1970 the unemployment rate was an average of 5 percent (see Figure 5). It jumped to 8.5 percent in 1975 when the U.S. economy had entered into stagnation and decline. The average unemployment rate in the 1980s was a steady 7 percent. In the 1990s, unemployment was an average of 5.6 percent. Then in 2000, it fell to 4 percent. Due to the recessions of 2001 and 2008, the unemployment rate steadily increased from 5.1 percent in 2005 to 9.6 percent in 2010, (see Figure 5).

**Figure 5 Annual Unemployment Rate,
1960-2010 (in percent)**



Source: Constructed with data from the Bureau of Labor Statistics.

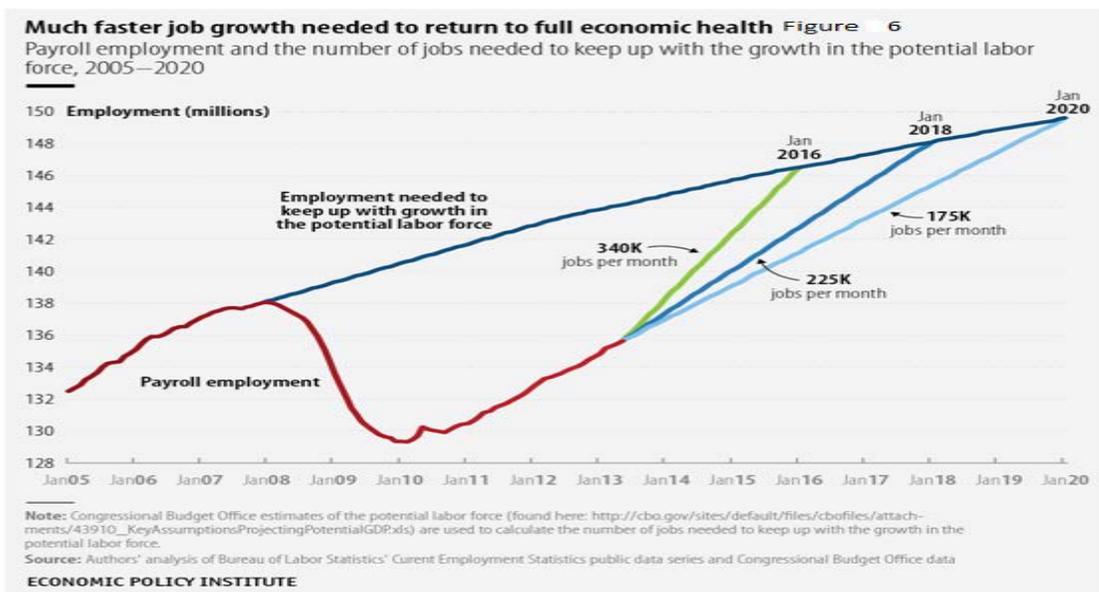
It is important to note that while by October 2014 the unemployment rate was at 5.8 percent (with 9 million workers unemployed), the number of discouraged workers (those who have given up looking for work) was roughly around 1.4 million. The real number of unemployed workers was 10.4 million. The estimated number of underemployed workers in 2014 was 7 million (BLS, October 2014).

Unfortunately, the Bureau of Labor Statistics first started to collect mass layoff data (MLS) that began during the second quarter of 1995 (and due to the latest sequestration ended the research). Brown and Siegel (2005: 3) explain the results of the data this way:

Statistics from the program identified an annual nearly 17,000 layoff events of 50 or more workers, affecting more than 1.8 million initial claimants who were identified each year. Private nonfarm layoff events totaled nearly 15,000 per year, with more than 1.6 million initial claimants. Considering those events that lasted more than 30 days, the MLS identified an annual total of 5,400 extended mass layoff events and more than 1 million workers from private nonfarm industries. Mass layoff and plant closing activity peaked in 2001, when the MLS identified 7,375 extended mass layoff events affecting more 1.5 million workers.

The mass layoffs centered on manufacturing and related industries. The Peak in 2001 corresponds with the recession of 2001.

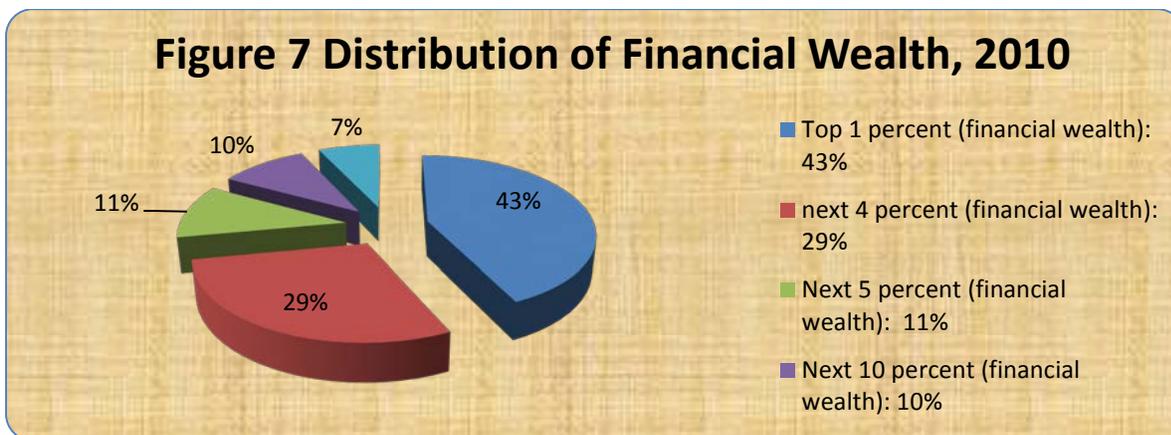
Unfortunately, the job gap is extremely large, resulting from the last recession. The corporations are not “creating” enough jobs to keep up with the (potential) labor force. Figure 6 shows how many jobs that needs to be created in order to meet pre-recession levels. If 340,000 jobs were created per month, the job gap would close by the year 2016. Even with a worst case scenario, if 175,000 jobs were created per month, then the job gap would be met by 2020. Nonetheless, the U.S. economy must produce 11.2 million jobs to be at pre-recession levels. Unfortunately, the United States is in a jobless “recovery.”



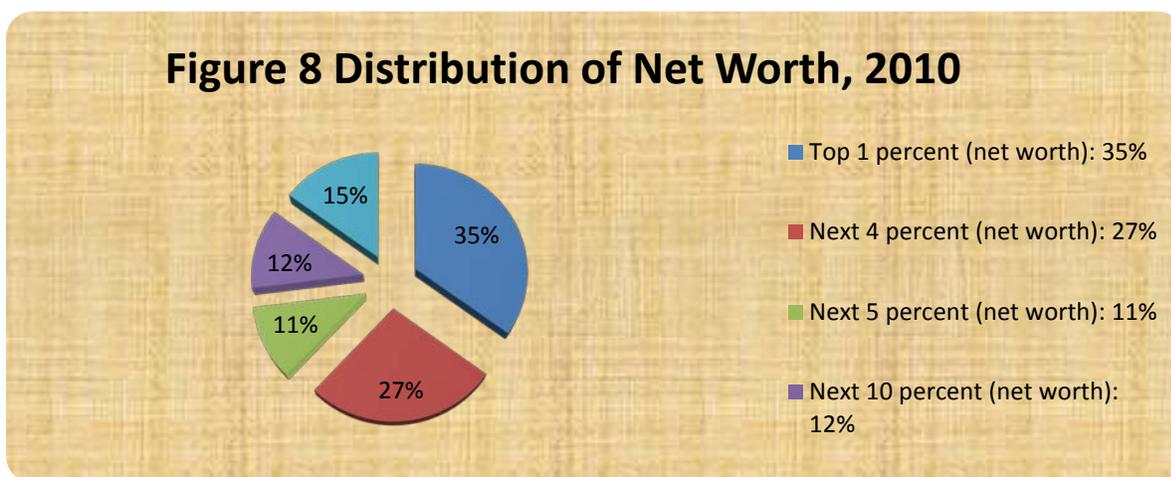
Class Polarization: Wealth and Income Inequality

The next two figures (7 and 8) provide a rough breakdown of the “Distribution of Financial Wealth” and the “Distribution of Net Worth” for 2010 (Domhoff, 2013). Figures 7 and 8 will break down the top twenty percent in comparison with the bottom 80 percent. As one will see, the concentration is primarily in the top 1 percent of families, which has 43 percent of all the financial wealth. The bottom 80 percent has only 7 percent of the total financial wealth.

Financial wealth is also easily converted to money. Moreover, this makes the difference in financial wealth distinguishable from all other types of “commodity” wealth.



Sources: Domhoff, G. William (2013). *Wealth, Income, and Power. Who Rules America?*
<http://www2.ucsc.edu/whorulesamerica/power/wealth.html>



Sources: Domhoff, G. William (2013). *Wealth, Income, and Power. Who Rules America?*
<http://www2.ucsc.edu/whorulesamerica/power/wealth.html>

It can be inferred from Figure 8 that the top 1 percent has very little debt since it has 35 percent of the net worth. It is crucial to understand the full meaning of these two figures in reference to the concentration of financial/capital wealth by the richest 10 percent of families in America.

It is important to express the difference between personal wealth and financial/capital wealth. Personal wealth is defined as having properties such as houses, cars, boats, books, etc.

This type of wealth (commodities) is what private individuals consume. Capital wealth would be the ownership of businesses, land, or stock that derives some sort of income.

The most recent data on wealth inequality by assets has been done by Wolff (2007). The top ten percent accumulated by 2007 89.4 percent of stocks and mutual funds as compared to the bottom 90% which has 10.6 percent (see Table 11). The top ten percent also acquired 98.5 percent of all financial securities. The bottom 90 percent only has 1.5 percent of financial securities. The total for the top ten percent of families combined for 2007 was 87.8 percent of all wealth. The total combined wealth for the bottom 90 percent of families was 12.2 percent. This shows that wealth is highly concentrated in the hands of the richest ten percent of families in the United States. It is clear from the data in Table 12 that the wealthiest families have progressively increased their financial wealth since 1983.

Table 11 Distribution of Wealth in the United States, by Assets, 2007

| Asset Type: Investments | Top 1.0% | Next 9.0% | Bottom 90% | All | Share of Top 10 % | | | | | | | |
|---|-------------|--------------|---------------|-----|-------------------|------|------|------|------|------|------|------|
| | | | | | 1983 | 1989 | 1992 | 1995 | 1998 | 2001 | 2004 | 2007 |
| Stocks and Mutual Funds | 49.3 | 40.1 | 10.6 | 100 | 90.4 | 86.0 | 86.3 | 88.4 | 85.1 | 84.5 | 85.4 | 89.4 |
| Financial Securities | 60.6 | 37.9 | 1.5 | 100 | 82.9 | 87.1 | 91.3 | 89.8 | 84.1 | 88.7 | 87.9 | 98.5 |
| Trust | 38.9 | 40.5 | 20.6 | 100 | 95.4 | 87.9 | 87.9 | 88.5 | 90.8 | 86.7 | 81.5 | 79.4 |
| Business Equity | 62.4 | 30.9 | 6.7 | 100 | 89.9 | 89.8 | 91.0 | 91.7 | 91.7 | 89.6 | 90.3 | 93.3 |
| Non-home real estate | 28.3 | 48.6 | 23.1 | 100 | 76.3 | 79.6 | 83.0 | 78.7 | 74.9 | 78.5 | 79.4 | 76.9 |
| Total for group | 49.7 | 38.1 | 12.2 | 100 | 85.6 | 85.7 | 87.6 | 87.5 | 86.2 | 85.5 | 85.6 | 87.8 |
| Stocks, directly and indirectly owned ²¹ | 38.3 | 42.9 | 18.8 | 100 | 89.7 | 80.8 | 78.8 | 81.9 | 78.7 | 76.9 | 78.8 | 81.2 |

Source: Edward N. Wolff, "Recent Trends in Household Wealth in the United States: Rising Debt and the Middle-Class Squeeze—an update 2007," *Working Paper No. 589* (March 2010), p. 51 (table 9).

²¹ Includes direct ownership of stock shares and indirect ownership through mutual funds, trusts, IRAs, Keogh plans, 401(k) plans, and other retirement accounts.

The share of aggregate income has increased as well for the top 5 percent. From 1980, the top 5 percent had 16.5 percent of the income. By 2005, it was 22.2 percent of the income. During the Great Recession of 2007, it dropped by one percentage point. In 2008, it increased slightly to 21.5 percent of all income (see Table 12).

Table 12 Share of Aggregate Income Received by Each Fifth and Top 5 Percent of Households, 1980 to 2008

| Year | Lowest Fifth | Second Fifth | Third Fifth | Fourth Fifth | Highest Fifth | Top 5 Percent |
|------|--------------|--------------|-------------|--------------|---------------|---------------|
| 1980 | 4.2 | 10.2 | 16.8 | 24.7 | 44.1 | 16.5 |
| 1990 | 3.8 | 9.6 | 15.9 | 24.0 | 46.6 | 18.5 |
| 1995 | 3.7 | 9.1 | 15.2 | 23.3 | 48.7 | 21.0 |
| 2000 | 3.6 | 8.9 | 14.8 | 23.0 | 49.8 | 22.1 |
| 2005 | 3.4 | 8.6 | 14.6 | 23.0 | 50.4 | 22.2 |
| 2007 | 3.4 | 8.7 | 14.8 | 23.4 | 49.7 | 21.2 |
| 2008 | 3.4 | 8.6 | 14.7 | 23.3 | 50.0 | 21.5 |

Source: U.S. Bureau of Census, *Statistical Abstracts of the United States*: 2010, Table 693.

Unfortunately, the lowest fifth of families has dropped from 4.2 percent in 1980 to 3.4 percent in 2008. This drop in income was 0.8 percent in a 28-year period. From 2005 to 2008, there was no growth for this group (see Table 12).

Exploitation of Labor

Victor Perlo (1988:35) gives a very succinct definition of the exploitation of labor: “exploitation is determined not by what a worker is paid, but by how much he (or she) produces over and above what he (or she) is paid; that is by the surplus value he (or she) produces.” In other words, it is unpaid labor. Perlo continues to explain that exploitation of labor is at the heart of class struggle. Working people know that this is occurring and this produces class conflict.

Table 13 reveals three elements of the exploitation of labor in U.S. manufacturing industry in 2011: (1) surplus value in dollars, which was \$1.7 trillion that was kept by the capitalists; (2) the rate of exploitation, which was 580 percent; (3) labor's share, which was a measly 14.7 percent in return for their hard work. This table shows in clearest terms the surplus value that the capitalists are pocketing at the expense of their workers.

Table 13. Calculation of the Rate of Surplus Value and Labor's Share of Production, U.S. Manufacturing Industry, 2011 (in billions of dollars)

| | | |
|-----|--|----------|
| (1) | Net value added by manufacturers (value added less depreciation) | \$2021.8 |
| (2) | Wages | \$299.8 |
| (3) | Surplus value (1) minus (2) | \$1722 |
| (4) | Rate of surplus value (100 x (3) / (2)) | 580% |
| (5) | Labor's share (100 x (2) / (1)) | 14.7% |

Source: U.S. Census Bureau, 2010 Annual Survey of Manufacturers.

Figures 9a and 9b put the rate of surplus value and labor's share into an historical perspective. It is instructive to see the line diverge from each other at such a rapid and continuous rate. Historically, in the 1920s and the 1930s the rate of surplus value was about 150 percent compared to labor's share of about 40 percent. By 2011, the rate of surplus value skyrocketed to 580 percent, whereas labor's share dropped to 14.7 percent (See Figures 9a and 9b).

Figure 9a Rate of Surplus Value, 1925-2011

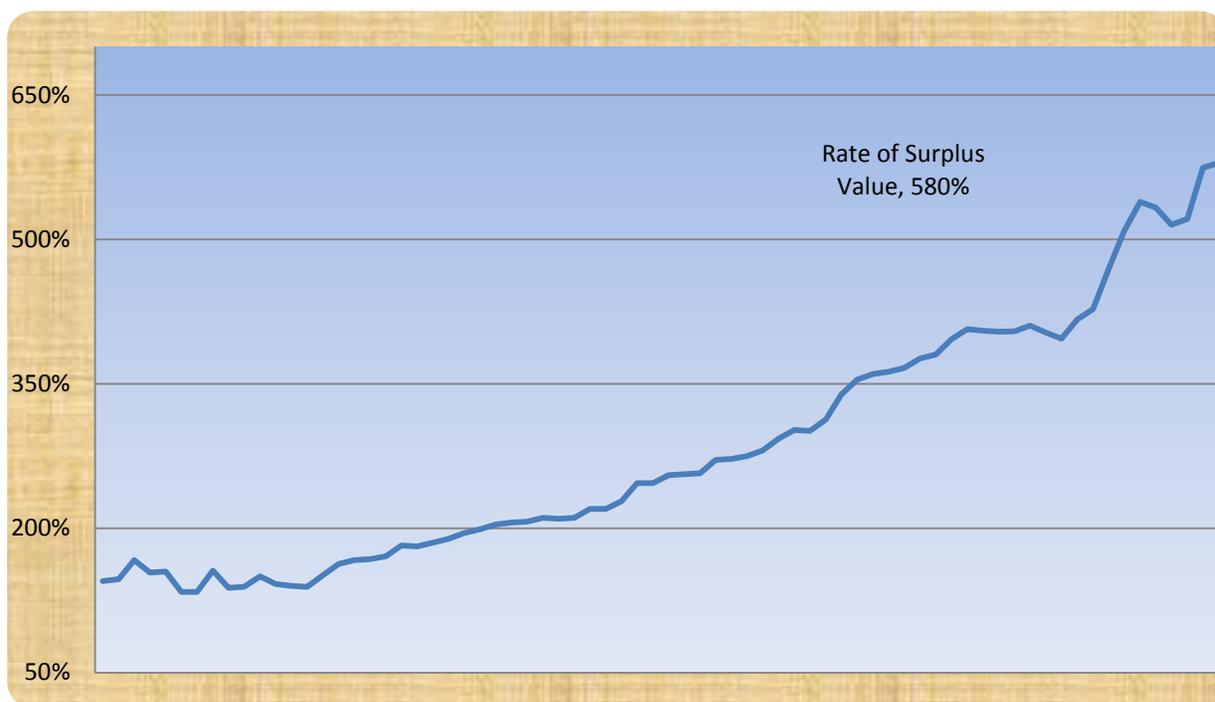
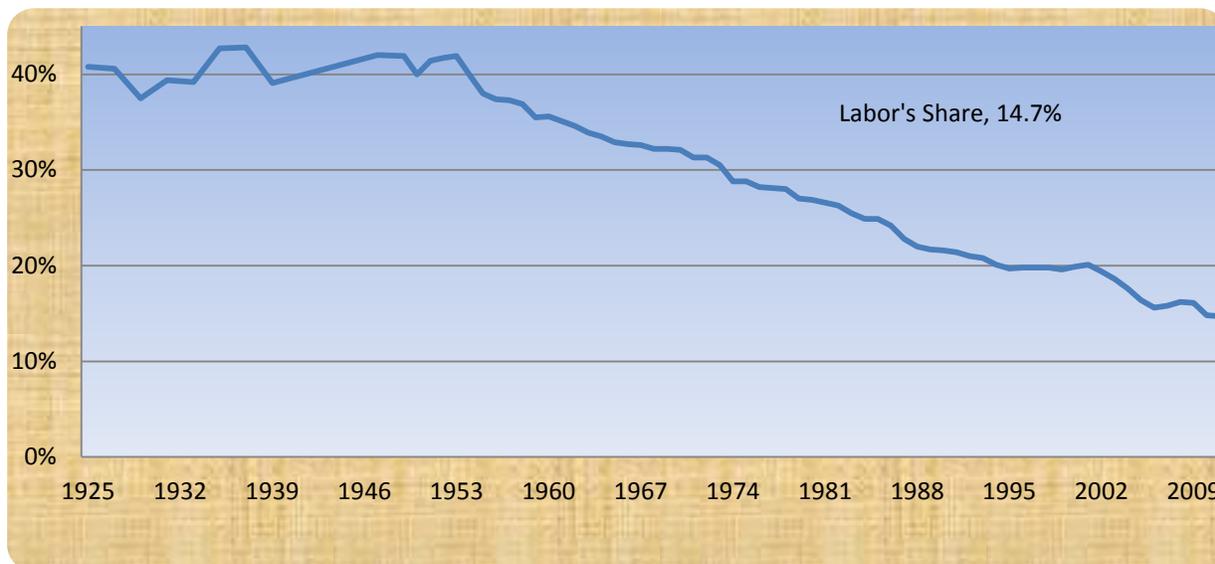


Figure 9b Labor's Share in Production, 1925-2011

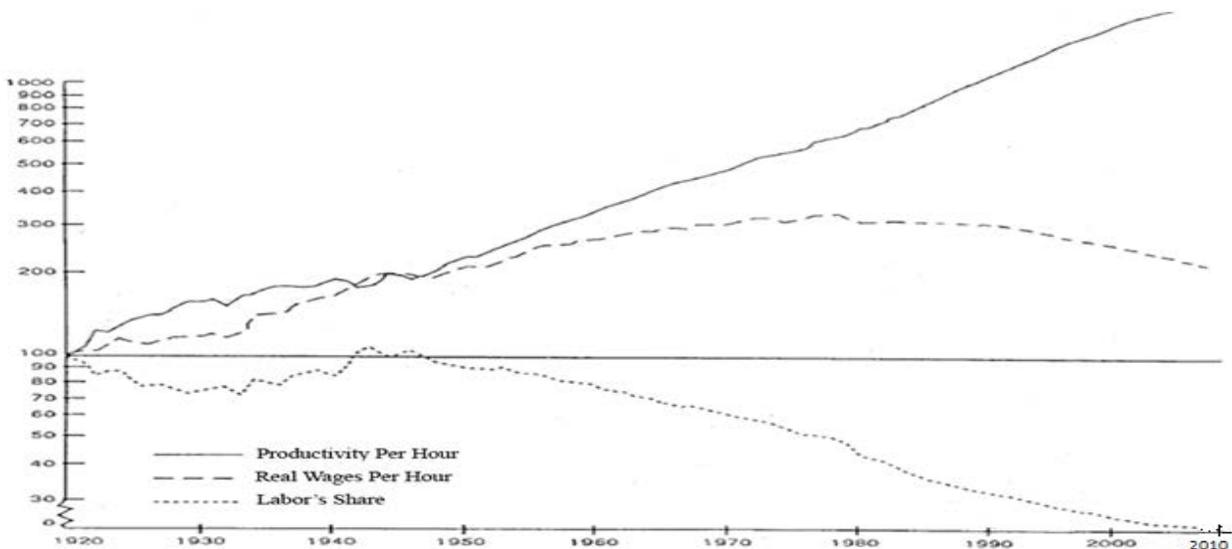


Sources: Perlo, 1988:43. U.S. Bureau of Census, *Annual Survey of Manufacturers*, 2011. Cited in Berberoglu, 2014:49.

Figure 10 depicts the rise in productivity, the decline of real wages, and labor's share in manufacturing industries. The higher the productivity the greater the surplus value that the

capitalist expropriates. In 2010, productivity was above 1000%, whereas real wages declined, and labor's share was 16.4%.

Figure 10 Productivity Per Hour, Real Wages Per Hour, and Labor's Share in U.S. Manufacturing Industry, 1920-2010, Index Numbers (1919 = 100)



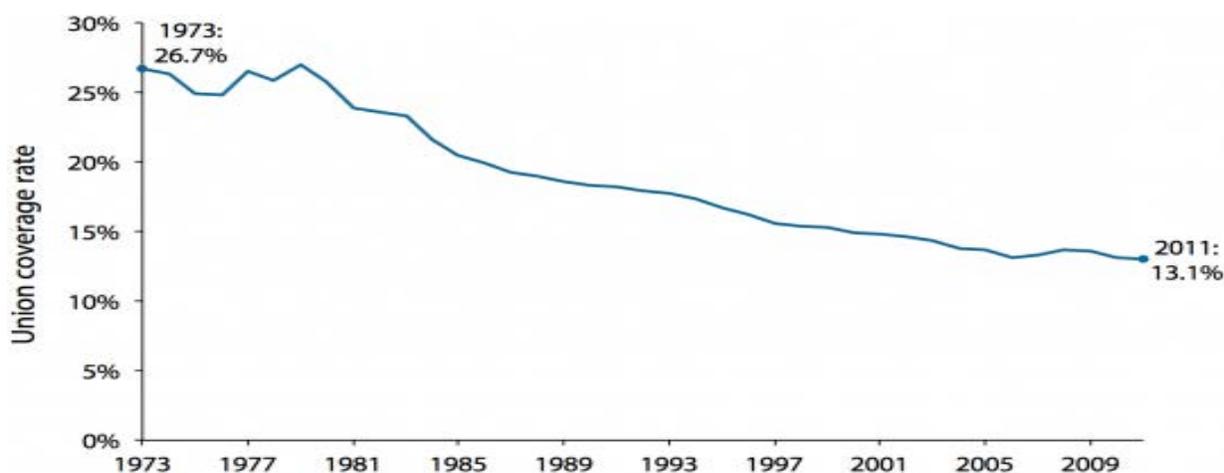
Sources: Perlo, 1988:46. U.S. Bureau of Census, *Annual Survey of Manufacturers*, 2011. Cited in Berberoglu, 2014:48.

One will also notice the relationship between corporate super profits (Table 10) and the rise in the rate of surplus value (Figure 9a).

Decline in Unions

An important aspect of the class struggle between labor and capital that has handicapped labor in the United States is the decline in union membership over the past several decades (see Figure 11).

Figure 11 Union Coverage Rate, 1973-2010 (in percent)



Source: Data constructed from Hirsch and Macpherson, 2003 by Economic Policy Institute.

Union membership rates have been steadily declining since 1973. Whereas in 1973 the union coverage rate was 26.7 percent of the labor force, by 2011 it had dropped to 13.1 percent. One will notice the connection in the rise of surplus value, corporate super profits, and the declined in labor's power. Ultimately, the Corporate-State alliance in the United States has effectively reduced the power of labor in recent decades. In the early 1980s, the union membership rate was 23 percent. In 1985, it dropped by to 18 percent. Then in the 1990s, it dropped even more. Finally in the 2000s, it dropped further to a low of 11.9 percent in 2010 (see Table 14).

The decline in union membership hit an all-time low of 11.3 percent in 2013. This is the lowest it has been since the formation of the first union in 1806 in the United States. Moreover, private-sector union membership remains at an even lower level than their public-sector counterpart at 6.7 percent of the entire labor force; in contrast, the public-sector union membership rate is 35.3 percent of the entire U.S. labor force (Bureau of Labor Statistics, 2013).

**Table 14. Union Membership Rate,
1973-2010 (in percent)**

| Year | Union Membership Rate |
|------|-----------------------|
| 1973 | 24.0 |
| 1975 | 22.2 |
| 1980 | 23.0 |
| 1985 | 18.0 |
| 1990 | 16.1 |
| 1995 | 14.9 |
| 2000 | 13.5 |
| 2005 | 12.5 |
| 2010 | 11.9 |

Source: Data constructed from Hirsch and Macpherson, 2013 and Current Population Survey.

As manufacturing is continually outsourced, the rate of private-sector union membership will continue to decline. In addition, as more states experience a budgetary crisis, membership public-sector unions will also decline due to cutbacks.

Conclusion

The United States experienced a rapid rise to world prominence from 1950 to the early 1970s. The capitalist state helped facilitate the growth of capitalism during this period. Due to the expansion of capitalism on a world scale, direct foreign investment abroad was increasing especially in rebuilding much of Western Europe after World War II. The United States had a trade surplus, manufacturing was booming, and corporate profits was on the rise. These were the glory days of “Pax Americana.” Then it ended when the United States entered into an economic decline, which proved to be irreversible.

In taking a glimpse at the capitalist business cycle and how it is measured from one expansion and contraction cycle to the next, we have found that as we move forward from the 1970s to the present, each peak in the business cycle is not as high as the previous peak, and thus every recurring recession gets worse and worse for working people in the United States.

In looking at the contributing factors that have led to recurring recessions and an irreversible decline in the United States from the early 1970s to the 2000s, we have found that the United States has entered a period of deindustrialization along with its corresponding crisis of overproduction. Manufacturing capacity has greatly decreased from the early 1970s to the first decade of the 2000s. In addition, in looking at military spending in conjunction with the federal debt, we have found that the debt has increased along with that the increases in military spending.

In looking at declining real wages of working people and the rapid increase of inflation, we have found that as real wages have declined, buying power of working people have eroded, especially as inflation has increased. At the same time, corporate profits have risen immensely: while real wages of working people have been eroding, the corporations have been making super profits (in trillions of dollars!).

These elements have had a negative impact on labor in the United States. Deindustrialization, crisis of overproduction, decline in real wages, and inflation has been rapidly increasing, while the corporations have been making immense profits. This has dramatically affected the employment situation in the United States, corporate offshoring has had a direct effect on unemployment through mass layoffs.

These contradictions of U.S. capitalism have increased class polarization. Wealth and income increasingly have become concentrated toward the top 10 percent of the population each

year, even more so for the top 1 percent of the country. This includes the ever-increasing rate of surplus value in U.S. manufacturing, which the working people create for the capitalists through their labor. However, there is a rise in working-class consciousness and political activity that will be explored in the next chapter. It will focus on labor's response to an increasingly weakening economy and a way out of it.

Chapter 6

What is to be Done in the Twenty-First Century?

Utilizing the tools of the historical method through the mechanism of class analysis as the guiding perspective (Marxist conceptual framework), I have shown in this thesis that social relations of production are the defining principle under the capitalist system, and that this is an exploitative relation in favor of the capitalist class based on the appropriation of surplus value or the exploitation of wage-labor. I have argued that the exploitation of labor is the essence of class struggle between labor and capital. In addition, I explained the classical Marxist view and functions of the capitalist state. Thus, I have demonstrated that the capitalist state has institutionalized the exploitation of labor through its role in regulating long-standing class antagonism between labor and capital.

From explaining the foundations of dialectical and historical materialism through class analysis utilizing the historical method, I briefly discussed the rise and historical development of capitalism from its early days in Europe to its contemporary form in the United States since the end of the Civil War in 1865. Prior to the Civil War, two modes of production coexisted in the early days of the United States—that of slavery and capitalism. The state, at that time, protected the interests of both ruling classes in a weak ruling-class alliance. The weakness of this alliance shattered in 1861 when the Civil War broke out to settle the contradictions (i.e., further capital accumulation, freely emancipated slaves for more labor, new markets, and raw materials versus the expansion of slavery). Thus, the Civil War was a fight between these two ruling classes for control of the state and control over the national territory of the United States. It was to capital's advantage to win the war in order to secure an abundance of free labor (i.e., emancipated slaves)

in the South for exploitation *and* control of the state. Thus, the state became the *capitalist* state that facilitated the growth of capitalism throughout the territory of the entire nation, and later the rest of the world.

After reconstruction, capitalism became the dominant mode of production in the United States, which ushered in the period of monopoly capitalism at century's end. I discussed the emergent labor-capital relations in the immediate post-Civil War years to the early twentieth century. Historically, labor-capital relations more often than not were depicted in violent struggles between workers and capitalists. As capital grew in strength, labor fought back by organizing and using the tactic of the strike to advance their (working) class interests. This led to the formation of the radical Knights of Labor in 1869, the fight for the 8-hour day at Haymarket Square in 1886, to the formation of the American Federation of Labor, and then to the rise of the radical Industrial Workers of the World (IWW). Thus, labor opposed the interests of capital every step of the way from the picket line to mass demonstrations and protests.

An historical case study of the Industrial Workers of the World was presented as a model of a radical working class organization with class-conscious leadership. From the founding convention in 1905 and later to mass strikes of 25,000 workers, the IWW attempted to organize all working people regardless of race, gender, and skill level. As an organization, it provided the impetus for rank-and-file workers to have direct democracy in the union and on the shop floor. The IWW stressed that all workers mattered under the battle cry: "There is power in the union."

The organizational method was simple: all Wobblies are workers and organizers in the hope to organize the entire working class of the United States. Wobblies travelled everywhere by walking and jumping trains and riding like Hobos. These workers were the "roughs" or "overall brigade" travelling from jobsite to jobsite for work and to organize in various industries

from mining, railroad, to factory and textile work.

It was the “anarchy” of labor organizing (anywhere and everywhere) conducted by the IWW that prompted the capitalist state to step in and regulate the class struggle in the United States. Thus, the Department of Labor was established in 1913 to the enactment of the National Labor Relations Board in 1935, and finally to the Taft-Hartley Act of 1947 that regulates class struggle and union formation. Although, these institutionalized tactics by the capitalist state in the interest of capital greatly curbed union organizing, rank-and-file workers have been resilient in their fight against the capitalists and the capitalist state.

I then analyzed the rise of the United States as the premiere global capitalist superpower from an economic standpoint. The postwar rise of the United States to the world scene occurred right after World War II. The United States became the dominant superpower in the world after the destruction of its capitalist rivals. In addition, the United States celebrated massive growth and expansion as an imperialist superpower from 1950 to the early 1970s.

During the early to mid-1970s, that all ended with an irreversible economic decline and stagnation. The United States entered into a series of recessions that were closer together in time. The crisis of overproduction greatly affected the United States while it underwent a continuous process of deindustrialization. Thus, the contradictions of monopoly capitalism had dire effects on the U.S. economy in the form of rapidly increasing surplus value and dramatically increasing corporate super profits. Union membership and real wages declined while the standard of living for millions of working people deteriorated.

We see this in the aftermath of the Great Recession of 2008, which was the hardest hitting recession since the Great Depression. Millions of working people lost their livelihood in the aftermath of the recession. Millions of other working people experienced a loss in income

and work hours due to higher levels of underemployment. Unfortunately, after all this mess, the future may look very bleak and uncertain because there is not much of a real recovery.

However, social change is starting to reemerge from below through working class action and solidarity.

Labor's Response

Despite the capitalist state's regulation of class struggle, rank-and-file working people have disregarded the system and their union contracts²² and struck, known as wildcat strikes (also a preferred Wobbly tactic). Working class struggles are reviving today in the aftermath of a massive global recession, as corporations reap in super profits and jobs are continually being outsourced to the third world for cheaper labor.

In November 2001, almost 30,000 Minnesota state workers went on strike for better wages and affordable healthcare. Two separate unions represented the workers, that of the American Federation of State, County, and Municipal Employees (AFSCME) and Minnesota Association of Professional Employees (MAPE).

In January 14 and 15, 2003, 20,000 workers struck against General Electric over increased costs of healthcare. The workers effectively shut down 48 General Electric plants in 24 states. The workers were represented by two unions, that of the International Union of Electrical Workers-Communication Workers of America (IUE-CWA) and United Electrical Workers (UE).

²² Some union contracts have an anti-strike clause.

In August 2003, up to 78,000 Verizon workers remained on the job after the union contract expired for the Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). This was a reverse tactic against Verizon who already had scab labor lined up since it refused to renegotiate a new union contract. The workers held rallies before work and on their lunch breaks. In addition, the workers wore red, which is the union color.

In November 2003, 70,000 grocery workers went on strike against Vons/Pavilion, Albertsons, and Ralphs. Moreover, the United Food and Commercial Workers (UFCW) represented the workers. The union contract entered into its ninth week by December. The stores wanted to introduce a two-tier wage and benefit scale. In addition, 7,000 truck drivers and warehouse workers of the Teamsters entered into a sympathy strike for the UFCW.

In September 2004, at least 8,000 seasonal “guest workers” joined the Farm Labor Organizing Committee (FLOC) and the North Carolina Growers Association (NCGA). This was the first time in labor history that seasonal migrant workers from Mexico were covered under a union contract and U.S. labor laws.

In April 2005, at least 7,000-service worker went on a one-day strike from U.C. Berkeley campus down to the San Diego campus. The service workers represented by AFSCME went on strike for a union contract and a wage increase. Several other unions joined the one-day strike including students and other workers. The other unions that were involved in the one-day strike were the Coalition of University Employees (CUE), University Professional and Technical Employees (UPTe), Communication Workers of America (CWA), and United Auto Workers (UAW). Teamster drivers refused to cross picket lines around the state of California.

In November 2007, 12,000 television and screenwriter workers from the Writers Guild of

America (WGA) went on strike against the Alliance of Motion Pictures and Television Producers for “residuals,” in other words a greater share of the profits.

In September 2008, 27,000 machinists went on strike against Boeing in a massive production stoppage. The workers represented by the International Association of Machinists (IAM) went on strike for better job security and against outsourcing to areas in the third world.

In August 2011, 45,000 workers went on strike against Verizon. The workers were represented by the Communication Workers of America (CWA), and the International Brotherhood of Electrical Workers (IBEW) struck to protect pensions and affordable healthcare.

In September 2012, 26,000 teachers went on strike in Chicago. The workers were represented by the Chicago Teachers Union (CTU) that conducted its first strike in twenty-five years. The CTU struck against decreasing public spending for education and the elimination of tenure and public-sector teaching positions.

The Industrial Workers of the World (IWW) have initiated many organizing campaigns across the country and worldwide in recent years.²³ Smaller campaigns have been initiated by various locals of the IWW. The Baltimore IWW has initiated a campaign to organize the Jimmy John workers. In New York, the IWW local has organized the Starbucks Baristas. Moreover, the newly formed IWW Incarcerated Workers Organizing Committee (IWOC) sent a delegation to Alabama to support the new movement trying to end prison slave labor. The movement is known as the Free Alabama Movement (FAM), which was organized by Melvin Ray, an incarcerated worker.²⁴

The final conclusion to everything that I have offered here is that labor needs a radical

²³ IWW Greece to obilized to initiate another general strike on 11/27/2014. See www.iww.org

²⁴ Ray has written several letters, which I have read, trying to urge his fellow inmates to organize and to seek outside guidance from the IWW.

union with radical leadership to organize all these labor struggles under one big industrial union. That union, I argue, should be the Industrial Workers of the World. It offers the rank-and-file workers the right for participatory democracy. The radical leadership is the necessary element to help foster working-class consciousness among the working masses. This can turn the working class into a powerful *class-for-itself* that will fight for its class interests.

The idea is to organize the working class (unskilled, semiskilled, and skilled workers, regardless of race and gender) under the IWW. Then pre-existing unions should break away from the AFL-CIO and their connection to the Democratic Party and align with the IWW. Once this process starts, then a nationwide general strike can take place in all the major industries. Working people can shut down the entire country and bring the capitalists to their knees. Once this occurs, working people guided by its class interests can take state power, smash capitalism, eliminate counterrevolutionaries, and organize the means of production into the hands of society democratically. Only then will the Wobbly maxim ring true: "...until the workers of the world organize into a class, take possession of the means of production, abolish the wage system, and live in harmony with the earth" (Industrial Workers of the World, 2010:3).

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