


# Globalization was a bust from the get-go

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If you walk into any dollar store in Canada you'll notice three things. First, things are cheap — not surprisingly, usually a dollar. Second, outside of food, nothing is made in North America. Third, they're often packed with customers.

The dollar store is a microcosm of what's wrong with our economy. In the closing days of the Cold War, the grinning avatars of hard conservatism — Reagan, Thatcher and Mulroney — helped to kick start a new global order that would supposedly bring prosperity to all by removing barriers to the free flow of investment capital and trade. Once the Berlin Wall fell, the last real barrier to a globalized world economy disappeared and it was full steam ahead.

Over two decades, governments and technology corporations followed suit by adding one brick after another to the ziggurat of the globalized economy: NAFTA (1988 and 1994), the invention of HTML and thus the Internet (1991), the Uruguay Round of GATT negotiations (1986-94), the WTO (1994), conservative World Bank policies (from the 1990s on), the concentration of mass media in fewer and fewer hands, the Web 2.0 (2004 and on), deregulated financial markets under George W. Bush, smartphones (starting with Blackberries in 2003). The new order had its global markets, global communications network and a friendly banking system in place. This ziggurat is now more or less complete, with only a few outliers like North Korea beyond the pale.

The logic of globalization was simple enough: reduce or remove trade barriers, make capital, goods and labour mobile, reduce the power of national governments to regulate the marketplace, and eliminate the power of unions to fight for a living wage.

The results are also hardly surprising, though rarely bemoaned by a mass media that has long since swallowed the Kool-Aid of corporate power: an increasingly divided class society, symbolized by the recent image of Donald Trump descending on an elevator from his penthouse to announce his presidential run, trophy wife at his side; the institutionalization of contract work and chronic unemployment in North America — why buy the cow if you can rent it for four months; volatile financial markets — witness the 2008 crash and the lingering recession; and a ruling class that has surrendered power to de-territorialized corporations who jockey for the biggest tax cuts from state and provincial governments.

Young, increasingly mobile workers grasp at any rung that will elevate them above minimum-wage service work: hence the neo-serfdom of unpaid internships promoted by governments and "progressive" universities alike. Cheap labour costs in Asia causes industry to flee high-wage jurisdictions in North America like thieves in the night.

Digital networks help: the Internet has created the greatest marketplace ever. It's relatively impervious to state control, with the ironic exception of the rising global power China. The market is everywhere and nowhere, and the social conditions of the production of all those cheap goods in local dollar stores are invisible to the low-wage and unemployed people who buy them.

The facts are straightforward. Back in the 1950s, 52 per cent of our economy was dedicated to goods production. By 1977, this had slipped to 34.6 per cent. Stats Can reports that in 2015, 78 per cent of Canadians work in the service sector, while only 22 per cent make things. Unionization in Canada slipped from 38 per cent to around 30 per cent from 1981-2012, with the slide for men a precipitous 42.1 per cent to 28.5 per cent. Every month or so, we hear news of a factory shutting down in Ontario or Quebec, its facilities headed for warmer fiscal climes. The exodus of manufacturing from the American rust belt is plain for all to see: visit Detroit to see the effects of globalization, Mad Max style.

Average yearly industrial wages in China rose to a whopping \$7,000 in 2014, representing 15 per cent of those in North America. A few years earlier, American workers out-earned the Chinese by a ratio of more than 10:1. Rising wages in Asia contrast with those in Mexico, where the average industrial worker now earns less than his compadre

in Beijing. A global regime of mobile capital and "free trade" allows manufacturers to cut labour costs by up to 90 per cent by abandoning the countries where they actually sell their goods. Working conditions in the factories of Asia are often abysmal, causing suicides in Chinese iPhone plants and deadly fires in Bangladeshi shirt sweatshops.

Cheap goods, depressed wages, contracts over careers, the de-industrialization of North America, a more divided and thus less just society. The logic of globalization was a failure from day one. It may have worked for Western power elites. But not for the rest of us.