organized and exercised in an increasingly linked system. Decisions and actions by actors on one side of the globe have consequences for societies, communities, and groups on the other side. The stretching of power relations, Held et al. (1999) point out, means that sites of power and the exercise of power become increasingly distant from the subjects or locales that experience the consequences.

Globalization is changing the role of governments and affecting the ability of citizens to democratically influence the policies of their governments. Yet, almost simultaneously, globalization is creating the conditions for new forms of political participation. These forms are based on a "new internationalism" that is more transnational and may potentially create a global civil society.

Globalization is reconfiguring social space as we move from the three-dimensional geography of longitude, latitude, and altitude to adding a fourth dimension of global spaces (Scholte 2000b, 46–61). With globalization, there is the tendency to transcend territoriality, though clearly not to totally transcend territorial space, and there is a proliferation of social connections that are often detached from a defined territory. As economic, social, and political activities are stretched across the globe, what is local, national, or continental becomes reformed and is no longer coterminous with established legal and territorial boundaries (Held et al. 1999, 28). This reconfiguration means that not only transactions but also ecological risks are no longer effectively impeded by space or boundaries.

Globalization is potentially McDonaldizing the world, but it is also responsible for a dazzling array "of consumption possibilities from across the globe in terms of imported products" and imported cultural practices (Waters 1995, 142). Finally, global processes are interpreted through a culture that is local and local action is increasingly shaped by a people's collective understandings (Halford and Savage 1997).

Thus, in our view, the fundamental changes we are witnessing are consistent with the globalist social democratic argument. Powerful forces are shaping the process of change, and these changes reflect deep structural transformations—for the first time in history, we have a global economy capable of working as a unit in real time. Yet, as the social democrats argue, a fully *globalized* world does not exist, though we appear to be in the midst of a *globalization process* that remains incomplete and undetermined as to where it may go and how far it may proceed.

In the end, we need to avoid the tendency to see globalization as a closed-ended linear process that is reducible to universalism or convergence. To say that globalization has exacerbated inequality, for instance, should not be taken to mean that change had to assume this form: globalization is a multidimensional and uneven process significantly shaped by a conjuncture of factors and inscribed with many contradictions. As the "early globalists" Karl Marx, Max Weber, and C. Wright Mills may well have argued, the process of globalization remains a product *shaped* by human action and conditioned by the historical and social context.

CHAPTER 5

Globalization and Stratification

- Infant mortality rates vary from 3 per 1,000 in Norway, Japan, and Singapore to 182 per 1,000 in Sierra Leone (UNDP 2002).
- The percentage of the population living on $1.00 per day ranges from 0 percent in the United States to 82 percent in Ethiopia and Nicaragua (UNDP 2002). Overall, 1.3 billion people live on less than $1.00 per day, or about 20 percent of the world's population.
- Europeans spend about $2 billion a year more on ice cream than the estimated amount needed to provide clean water and safe sewers for the world's population (Crossette 1998).
- In the late 1990s, the world's richest three individuals had assets that exceeded the gross domestic product of the 48 least developed countries (Crossette 1998).
- The percentage of women in government at the ministerial level ranges from 55 percent in Sweden to 5.7 percent in Japan to 0 percent in Turkey (UNDP 2002).
- Carrier, the maker of air-conditioning and heating units, closes its Syracuse, New York plants and moves most of the 1,200 jobs to Singapore and Malaysia.
- IBM announces growth and new jobs creation in the United States and then outsources 90 percent of them—15,000 in all.
- Before Siemens in Orlando, Florida laid Patricia off, the company brought her Indian replacement to the United States so that Patricia could train her.[1]

What comes to your mind when you read these examples? You may be thinking that the world is a very unequal place. Or that inequality manifests itself in many different forms, such as economic, social, and political. You might ask yourself if, or how, these examples are linked to globalization. In this chapter, we concentrate on these kinds of questions by extending our earlier discussion of stratification and inequality. We begin by reviewing the basic concepts and then examine the theoretical links between globalization, stratification, and inequality.

Definitions and Concepts

Social Stratification and Social Differentiation

Recall from Chapter 1 that social *inequality* implies unequal access to valued resources, services, and positions in society, while social *stratification* refers to the institutionalization of these inequalities. It is important to keep in mind that social stratification is not simply a result of differences between people; rather, stratification reflects a system of valuation that determines who gets what and why. By comparison, the notion of "differences," or **social differentiation**, means only that people have distinct qualities and social roles, that people are different in terms of sex, skills, and occupations. As Celia Heller puts it, "positions may be differentiated from one another and yet not *ranked* relative to each other. For example, in our society the position of the adolescent is generally not considered superior to that of infant, merely different" (quoted in Kerbo 2003, 11). The key distinction is that these differences are not *ranked* in a hierarchical manner or *evaluated* as inferior or superior.

Biological factors such as sex, race, and age become relevant in patterns of social superiority or inferiority only when "they are socially recognized and given importance by being incorporated into the belief, attitudes, and values of the people in the society" (Eitzen and Baca Zinn 2004, 234). As we discuss in detail in Chapter 8, social scientists use *gender* to refer to the social meanings attached to the biological category of sex; however, we do not have separate words to differentiate between the biological categories and social meanings of race and ethnicity. Once biological characteristics are socially constructed as meaningful, they—along with class—locate individuals in positions within the social hierarchy that affect access to resources and opportunities. In other words, class, race, ethnicity, gender, and age are the macro-level structures that organize society as a whole (Eitzen and Baca Zinn 2004, 234–235). Depending on the combination of these attributes, individuals will experience a range of privilege and subordination, oppression and opportunity. Finally, the meanings attached to biological attributes vary historically and cross-culturally, indicating their relationship to other features specific to a society, such as culture, politics, and economics.

Wealth and Income

Of the many types of inequality, two fundamental forms are based on income and wealth. In class stratification systems, the distribution of wealth and income is crucial because both determine access to basic necessities of life (e.g., food, clothing, and shelter), other goods and services, and power.

Wealth and income are not the same. *Income* consists of a person's wages, salaries, and income transfers (governmental aid such as social security, welfare, and pension). *Wealth*, by contrast, is the value of a person's or a family's economic assets less any liabilities. Thus, wealth includes income as well as accumulated assets, such as personal property and income-generating property. These assets—which include stocks and bonds, for instance—can be used to generate income that in turn can be used to acquire basic goods and services as well as luxury items. Wealth can also be used to gain advantages over others through the "purchase" of greater opportunities (i.e., life chances) by acquiring such goods as greater safety for oneself and one's family, high-quality health care, high social prestige, political influence, and power (see Keister, quoted in Kendall 2003, 271).[2]

Power

One of the great advantages of wealth is its links to power. Within any stratification system, an individual's life chances (indeed, quality of life) are strongly shaped by how much power she or he has because power determines the range of options (or autonomy) and control one has. By *power*, we mean the ability to accomplish one's goals despite resistance from others. As you may suspect, accomplishing "one's goals" can be achieved directly by force or indirectly by getting others to think or believe in accordance with your interests (Eitzen and Baca Zinn 2004, 412). The latter is perhaps more insidious because of the potential to set the parameters of what is deemed possible in society. When A can get B to *think, feel*, or *believe* something and to place a positive value on certain things and a negative value on other things, A has successfully forced B to define his or her interests and priorities consistently with those of A (Parenti 1978, 41). Thus, by influencing or controlling the definition of interests and defining the agenda of issues in this manner, A is winning battles without having to fight them.

Power is also embedded in society's basic social institutions. These institutions in turn play a central role in legitimizing the stratification system. In the United States, for instance, we believe that hard work leads to success—the idea of "competitive individualism"—and that those who contribute more to society deserve proportionally greater rewards in terms of income and wealth. Both of these ideas are important aspects of our dominant culture, or our collective understandings that shape individual behavior and action. But where do we learn or internalize these beliefs or ideology? The answer lies in the way in which the basic institutions of our society (e.g., educational, political, economic, family) instill in each generation ideas about what is expected in society, what is possible, what is good, and what is bad (Eitzen and Baca Zinn 2004, 413–422). How many of you can remember a parent or adult telling you that to "get ahead in life you have to work hard" or a teacher saying "If you study hard and keep up with the reading, you will do well in this class"? All is possible if you work hard; after all, look at Abraham Lincoln or Bill Gates. These ideas serve to legitimize our stratification system by instilling in each generation the notion that everyone has an equal chance at success and that success (income and wealth) comes from hard work.

Furthermore, wealth determines who runs society's (and the world's) important political and economic institutions. The wealthy, as Domhoff (1998) shows, exert considerable influence over society through their dominance in industry, banks, policy-making institutions, councils for national and international affairs, the media, and the basic institutions of society, including schools. What happens, then, if power is concentrated in the hands of a few individuals, groups, or classes? Consider the debate over globalization and how our understanding of globalization has been shaped. Until recently, the neoliberal position has dominated the general perception of globalization. This position suggests that globalization is an inevitable market-driven process that will improve the living conditions and life chances of everyone regardless of geographical location, race, ethnicity, gender, income, or wealth.

Who has the power to define globalization in such terms? Who benefits from this conceptualization? When asked why neoliberal ideas dominate our understanding of globalization, Susan George (1999) referenced Antonio Gramsci: "If you can occupy peoples' heads, their hearts and their hands will follow." Neoliberals (among them major business, industry, and political leaders), she argues, have created a huge international network of foundations, institutes, research centers, publications, and public relations people to develop, package, and push their ideas. One result is the wide acceptance of the notion that governments are the problem and markets are the solution to our social problems. To question the importance of free markets is akin to asking why there are "waves in the ocean."

Both Domhoff and George raise the idea of power as influence, but power is not simply a result of wealth, as we see with the growth of the antiglobalization (or global justice) movement. In this case, people are organizing themselves in response to the contradictions of globalization and seeking to promote or resist specific forms of change, to reform and transform society at the local through the global levels. At the World Trade Organization (WTO) meeting in Seattle in 1999, for instance, the world became aware of a diverse and robust countermovement challenging the neoliberal notion of globalization. These groups contesting globalization are not wealthy, but through their transnational organizing efforts, they are gaining the *power* to alter or influence our understanding of globalization.

Class

One of the fundamental forms of stratification is class. When we talk about *class stratification*, we mean groups differentiated by income, wealth, and power. Earlier, we defined *class* as a group of individuals with similar political and economic interests who share similar life chances and possess similar material resources (income and wealth). Class involves the idea expressed by Karl Marx, which in its most basic formulation is a dichotomous model based on conflict between those who own property (the dominant capitalist class) and those who do not (the subordinate working class). But class conflict can also spring from divisions *within* classes, or **class segments**, whom globalization impacts differentially due to their different locations in the social structure (see Zeitlin 1984). The key point from a Marxist perspective is the central role of conflict and competition in class relations that derive from structural inequality. Thus, social class relations are constantly in flux, determined by the concrete historical circumstances and structures of relations that class conflict brings about; social classes then stand in relation to each other as well as to the private means of production.

Implied in Marx's idea of class is the notion that class location determines access to resources, including power. Here, Marx and Weber generally agree: for Weber (1978, 302–305), class position or situation shapes life chances, reflected in access to such goods as health care and education that affect an individual's options to live a better and longer life. Take life expectancy, for instance. Migrant farm workers have a life expectancy 30 years *below* the national average (Eitzen and Baca Zinn 2003, 405). At age 25, U.S. women with incomes above $50,000 can expect to live four years *longer* than women with incomes below $5,000; for men, the difference is 10 years (Newman 2004, 348). Health is another central feature of the quality of life. As we mentioned earlier, 64 percent of the over 41 million people in the United States under age 65 with no health coverage are the poor and near poor. These examples illustrate how class location or position translates into quality-of-life issues—specifically, how class affects an individual's health and longevity.

Weber further argued that class represents opportunities for income. By *opportunities*, Weber means the skill level possessed (or potentially possessed) by individuals. Skills locate people in specific class categories, such as working class or professional class. Moreover, access to wealth or income creates opportunities to acquire the skills, information, and expertise that can lead to upward social mobility. The critical issue is the link between social structure and class. The intersection of the skills an individual possesses and the skills demanded by the society influences class position. Likewise, changes in the kinds of skills needed by society influence social mobility and, hence, class position.

Think about this in the context of globalization and the United States. Globalization means industrial jobs are declining in importance, while technology increases in importance. Thus, those who have computer-related technical, engineering, and software designing skills (or the opportunities to acquire such skills) will be advantaged by globalization and obtain greater returns for their labor; those possessing traditional blue-collar skills (or lacking the opportunities to acquire such skills) will be disadvantaged. As globalization advantages or disadvantages individuals, global processes not only affect class stratification patterns but also potentially create or exacerbate existing conditions for conflict between and within classes. These conflicts in turn can affect the process of globalization and, thus, the patterns of class stratification in an ongoing dynamic.

Social Status

Stratification by **social status**, like class, determines an individual's position in the social hierarchy and includes expectations and restrictions on social interaction. Unlike *class*, however, social *status* refers to the cultural dimensions of inequality. As we noted earlier, social status is a form of "popularity" or respect accorded groups based on the value society places on certain characteristics. Those possessing "valued" characteristics—family name, geographical location, race, ethnicity, sex, age, or certain educational degrees—will be "granted" greater respect and honor in society. Social status, then, draws on our ascribed attributes—characteristics we have no control over, like sex, age, race or ethnicity—and our achieved attributes—those over which we have some control, such as occupation. You may note the overlap between class and status when we refer to such qualities as geographical location and education or skills.

The relationship between class and status is particularly interesting, specifically the effects of sex, race, and ethnicity on class. The interaction between status and class forms what Patricia Hill Collins (1991) calls a complex "**matrix of domination**" within which we all exist. Our location in the social structure dictates how we experience this matrix. People of the same race will experience race differently depending on their location in the class structure as upper, middle, or lower; their location in the gender structure as female or male; and their location in the age structure as elderly, middle-aged, or young (Eitzen and Baca Zinn 2004, 237).

The notion of a matrix of domination is useful to tease out the complex interplay between class and status; your status often affects your access to skills and power, while your skills and power affect your class ranking. Again, let's place this in the context of globalization. Leaving aside the normative issues, outsourcing of manufacturing jobs from the United States creates employment in places like Mexico and South Asia. Status and class factors strongly influence who will be employed in these factories: the typical employee is a poor, young, single woman. Similarly, as industrial jobs are replaced by service jobs in the United States, class and status will affect who ends up in which service occupation (e.g., engineers, managers, or receptionists). In both scenarios, structural changes interact with existing class and status characteristics to (re)shape stratification by class and status.

Stratification, Inequality, and Globalization

So how does globalization fit into the discussion of stratification and inequality? As you may have noted, our discussion thus far has emphasized the societal (or national) level; clearly, the immediate effects of stratification are experienced at the societal level. Increasingly, however, these societal-level structures are shaped by another, more macro-layer structure. Here is where

globalization fits in: global structures and processes functioning "above" society affect the rankings of groups and the distribution of resources at the societal level. These global-to-local effects can be thought of as complex set of *indirect* and *direct* linkages.[3] One caveat: although we can analytically separate the indirect and direct effects of globalization, the two are really part of the same process.

Indirect: Globalization shapes our perceptions and goals as we become more cognizant of shifting occupational opportunities, fashion trends, global social problems, or political policies—such as tax breaks for corporations and wealthy individuals. The idea of indirect effects is consistent with our earlier discussion of the subjective effects of globalization, how global processes continually shape our subjective perceptions, values, and needs.

Direct: Globalization affects our opportunities as firms and companies attempt to adjust to the competitive global environment by downsizing, outsourcing, reclassifying, reengineering, and **deskilling** jobs and occupations. These are the objective changes that directly affect individuals.

The Indirect Influence of Globalization

Let's begin by stating that humans generally act according to a set of preferences, goals or ambitions, and tastes. If you have a goal to learn computer programming, for instance, chances are you will look for some place to learn this skill. In a similar way, our tastes vary from person to person and even from year to year. Some of us shop at Wal-Mart, others at Saks Fifth Avenue; some like Chevy others prefer Toyota or BMW. In each case, our goals and tastes will shape our actions, and our actions will affect the larger structures by changing consumer demand for competing goods (e.g., Toyota versus BMW) and services (e.g., computer classes).

Our goals and tastes do not simply pop into our heads spontaneously or through some random process however. Social scientists know that social conditions, norms, and personal experiences have much to do with what we desire. For example, many social scientists recognize that our preference for a particular action is swayed by the number of other people engaged in the act. Owning a BMW or attending college and taking computer classes can become an individual ambition because so many others own BMWs or attend college.

Globalization truly has become a key external influence on everyday decision making among individuals. Take the value of education and the decisions we make about educational choices. In the case of college students, we might argue that their actions reflect the desire for upward social mobility. If we combine this goal with existing information suggesting that globalization is creating jobs that require advanced skills, we can understand the emphasis on education. In this sense, globalization acts as a fundamental influence,

meaning that globalization sets the context in which an individual makes choices about her or his future. The important point is that individual decisions are not made in a social vacuum; they are influenced by the social–historical context and social networks in which we live.

Increased global communication, the ease of travel, and the stretching of social networks across the globe improve our access to information and affect our perceptions and awareness of global social problems. In 1996, for example, the U.S. public discovered that Wal-Mart's Kathie Lee collection of clothing—endorsed by talk show host Kathie Lee Gifford, who was paid $5 million a year to do so—was produced by teams of Honduran children. Some of these children were only 13 years old, working for as little as 31 cents an hour (Hertz 2001, 117). As organizations like the National Labor Committee (and later the United Students Against Sweatshops) exposed the conditions under which imported products were produced, consumer preferences began to change, as reflected in demands to end sweatshops and the use of child labor.

At a more general level, consumer demand is shaped by citizen (or consumer) advocacy market campaigns that pressure major retailers to alter their buying strategies. Since 1995 the Forest Stewardship Council (FSC), a multilateral nonprofit organization founded in Canada and located in Chiapas, Mexico, has been certifying forest products that are produced according to a set of standards. These standards include conservation of old growth forests, reduced use of chemicals, and prohibitions on the use of exotic trees (Conroy 2002). Although these efforts are still modest, Rainforest Action Network and other environmental groups have succeeded in convincing a growing network of retailers to formally agree to buy only products certified by FSC, including Home Depot and other major do-it-yourself retail chains, Anderson Windows, Nike (for paper and cardboard), The Gap (for flooring and shelving), and Kinko's (Conroy 2002).[4]

As environmental, human rights, labor, gender, and other activist groups transmit information through e-mail campaigns and public demonstrations, they raise public awareness, shape perceptions, and affect norms. At the same time, as more and more organizations in which we daily participate are affected by globalization, as nationally based institutions such as schools globalize and internationalize their curriculums, and as the media expand their coverage of global events, our awareness of globalization also increases and affects our perceptions, decisions, and goals. John, the individual, fears global warming and decides to purchase a hybrid car and consume only certified forestry products. Or Julie, the CEO of a manufacturing firm, worries about losing market shares to her competition, so she decides to take her company global.

Globalization, then, indirectly affects our perceptions, which creates direct effects reflected in increased demand for environmentally friendly products or economic restructuring. When firms make decisions reflecting changing

market conditions, individuals can in turn be directly affected in the process. As companies downsize the labor force, invest in technology, or outsource jobs, individuals "experience globalization" as their jobs change or disappear. This is important. While some individuals are advantaged by these changes —e.g., those working for FSC—others may not be so lucky. It may be that we *want* a well-paying high-tech job and even acquire the requisite skills and education. Nonetheless, *if* the objective conditions are not present—demand outstrips job supply—we may well be left out no matter how qualified or how much we want the job.

The Direct Influence of Globalization

As globalization has accelerated competition for domestic and international markets, the types of jobs available in the United States have changed. The U.S. automobile sector is a leading example. Until the 1980s Ford, General Motors, and Chrysler easily dominated the U.S. market. Now, market shares are split up among several large automobile manufacturers, many with foreign-based headquarters. With growing competition, CEOs of these firms are under tremendous pressure to reduce production costs and increase market shares. When companies add technology or send traditional blue-collar jobs offshore to stay competitive, the demand for and qualifications of U.S. labor are altered. Today, for instance, seven out of ten jobs are in the low-wage, low-benefit service sector, while the "typical" factory employee is more likely to be working at a computer than on the "line."

Thus, organizations are a basic direct link between individuals and globalization. As the U.S. economic institution is globalized, certain sectors of the economy (e.g., financial or manufacturing) and specific organizations (Citibank or Ford) within those sectors are advantaged and others are disadvantaged. These changes in turn increase competition and conflict among sectors of the economy, among specific organizations, and ultimately among individuals. This is the basic idea illustrated in Figure 5.1 using the economic institution. Take, for example, the apparel industry. With globalization, Levi Strauss and The Gap are thrust into greater competition to increase or maintain market shares, which in turn increases competition among individuals—complicated by class and status attributes—for existing well-paying jobs. Individuals may react to these changes by organizing and pressuring firms or industries to adopt policies that will mitigate the effects of globalization, such as anti-sweatshop policies or hiring practices. These effects are represented by the upward arrows in Figure 5.1. Finally, we should note that even those who do not work for a large formal (and globalized) organization such as Levi's or IBM are affected by global processes. Small businesses, for example, experience the effects of globalization through wage and price pressures originating with larger globalized firms, a reason that communities and small businesses see Wal-Mart as a threat.

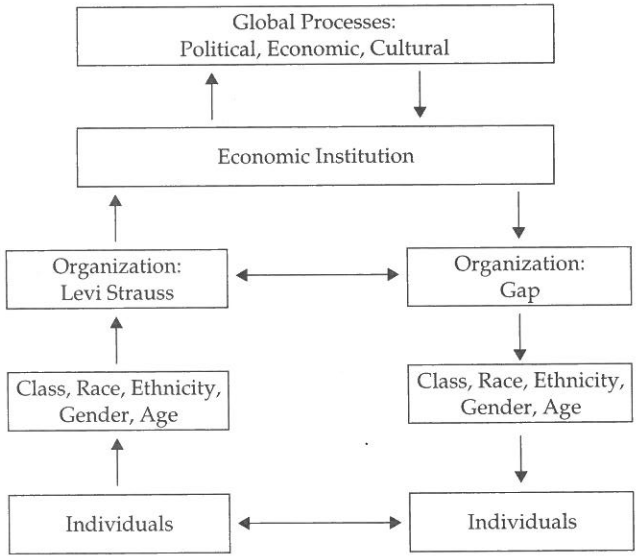

Figure 5.1 Direct global–individual links.

Blue- and White-Collar Transitions

Recall that one of the initial manifestations of increased global competition and stagflation in the 1970s was to accelerate the transformation of advanced industrialized (manufacturing) societies into service-based societies. In what we can call the "blue-collar" transition, major proportions of the manufacturing sector in the United States were shifted to less costly parts of the globe. Reflecting this transition, Wal-Mart became the largest U.S. employer in 1997 with 675,000 jobs, surpassing General Motors with 647,000.[5] Currently, a similar transformation—a "white-collar" transition—is taking place in the professional service sector as many middle-class professional occupations are being outsourced and computers and other technology are used to replace middle-management positions (Leicht 2001, 428–431) or to rearrange tasks within jobs.[6]

Three points are important. First, in both the white-collar and blue-collar sectors, labor demand does not disappear. There is no world without work. As Joseph Schumpeter ([1942] 1975) pointed out in the 1940s, social change (i.e., capitalism) involves a complex process of "creative destruction," a process that destroys some existing occupations, rearranges the characteristics of others, and creates new ones (including industries).[7] Today, however, the creative destruction process operates more intensively on a global scale than when Schumpeter was writing. Second, within the highly competitive global economy, the global reach of business means that these new occupations and industries will not necessarily be better in terms of wages and benefits or will

be geographically accessible. Third, by outsourcing or relocating jobs, companies take advantage of the wide discrepancies in global wages and benefits (i.e., global stratification) that are products of social systems or country-specific class, race, ethnic, gender, and age stratification systems.

Blue-Collar Transition

According to the AFL-CIO, some 1.5 million jobs were lost in the U.S. manufacturing sector between 2000 and 2002. Today (2003) manufacturing represents only 12.7 percent of total GDP, down from 29.3 percent in 1950 (Philips 2006, 267). Recognizable factors have been at work: the low cost of manufacturing abroad—the "China price"—based on the availability of skilled labor and a business-friendly environment, the existence of global production and supply networks (*Business Week* 2004b, Bardhan and Kroll 2003), and the prevailing perceptions among CEOs discussed below.

Within the deindustrialization/industrialization process whereby societies like that of the United States lose manufacturing and "entry-level" jobs to societies such as that of China, status—gender, race, ethnicity, and age—and class attributes assume central roles. As Ursula Huws (2003, 176) points out, gender and race (and we should add age and ethnicity) are particularly important determinants of class identity in the formation of the new "cybertariate"; the typical worker today is not the highly flexible Silicon Valley programmer but the poorly paid young female call-center operator or factory worker in a Third World country.

Decreasing production costs by reducing labor costs typically involves reducing the skill level of jobs (deskilling) or by replacing human labor with machines. Today, there is a twist on this familiar set of processes. In contrast to earlier patterns of deskilling—most notably during the earlier Fordist period—the application of digitized information technology affects women more heavily than men (Munck 2005, 125). At the same time, the requirement of certain kinds of skills in labor-intensive industries means that replacing workers with machines is not always cost-effective. In these cases, we see high-cost labor (e.g., in the United States) replaced with low-cost labor (e.g., in El Salvador). The garment and electronics industries are two examples. In these industries, women are the employees of choice because, as Jill Steans (1998, Chapter 6) argues, women make the most "flexible robots of all." Thus, as the least unionized and poorest-paid workers (i.e., the least powerful), women have been particularly vulnerable to global restructuring.

When manufacturing jobs disappeared in the United States and the International Monetary Fund (IMF) and World Bank pushed export-led growth policies throughout the world, many of these manufacturing jobs reemerged in **export processing zones** (EPZs) in Central America and South Asia. EPZs are labor-intensive manufacturing centers that import components (or raw materials) for assembly (or production) into finished goods for export. Companies that locate in these special zones enjoy subsidies, tax

exemptions, the suspension of certain labor legislation, union-free labor, and so on (Scholte 2000b, 77).[8] These policies, you may conclude, help facilitate globalization by making outsourcing more attractive.

How do women fit in here? Upward of 90 percent of the estimated 27–50 million workers in EPZs around the world are women, most between the ages of 16 and 25 (AFL-CIO 2004b, ILO 2004). Furthermore, the growth of low-paying jobs in EPZs is an important factor explaining why women, who make up 45 percent of the world's workforce, account for 70 percent of the world's population living in poverty. Reflected in these data is Patricia Hill Collins's matrix of domination; it is not just women but young, poor women of "color, particularly those in the Southern Hemisphere" who are most likely to be employed in the global factories (Powell and Udayakumar 2000). As companies respond to global competition by taking advantage of inequalities between countries and exploiting differences within countries, those producing goods for export are increasingly women—the **feminization of the labor force**—and the poor are increasingly female—the **feminization of poverty**.

So what about work in the United States? Increased investment in high-tech research, automation, and computer-integrated manufacturing systems that drives deindustrialization and restructuring has similar effects on women and on racial and ethnic minority groups in the United States. As we mentioned, the transformation of the U.S. economy within the context of globalization has dramatically altered the kinds of jobs available. In 1979, for instance, more than 50 percent of U.S. adults worked in either blue-collar or clerical jobs. Today, less than 40 percent of adults work in either of these two categories and many of these jobs now require at least some college education (Levy and Murnane 2004, 3). Initially, these changes affected men—in particular minority group men—more than women because men tended to monopolize the "old" good manufacturing jobs and women were concentrated in the service sector. Over time, however, the decline in traditional manufacturing jobs has increased the level of competition for "female" service sector jobs.

As the transformation of the U.S. economy shifted the skill prerequisites from an emphasis on physical to cognitive abilities—a process called "financialization"—differences in capabilities based on individual-level skills, levels of education, and access to technology became more pronounced.[9] These changes mean that the better educated and trained (or those able to acquire the requisite skills based on class) will have access to better jobs, benefits, and other opportunities; those lacking the requisite education and specialized skills will be disadvantaged in the new environment. For instance, in 1979, the average 30-year-old man with a bachelor's degree earned 17 percent more than a 30-year-old man with a high school diploma; today, the gap exceeds 50 percent (Levy and Murnane 2004, 6). Thus, as the traditional well-paying factory jobs disappear, those unable to compete for the **cognitive-intensive jobs** in the high-wage service sector or the "new" blue-collar production

sector (e.g., computers and peripherals) are thrown into competition for low-wage, low-benefit service jobs. Yet, rather than connecting these outcomes to changes induced by globalization, they are often interpreted as a result of "unfair" competition due to affirmative action programs, "out of control immigration," or unfair global competition, perceptions that can increase global- and national-level tension and conflict between class and status groups.

Historical and contemporary inequalities in access to education and technology are exacerbated by the bifurcation of the economy; an economy that, according to Amy Dean of Silicon Valley's South Bay AFL-CIO Labor Council, is best described as an "hourglass economy" with high-end employment, low-end employment, and very little in between (Rayman-Reed 2001, 32). Between 1980 and the mid-1990s, for instance, the fastest job growth took place in jobs paying minimum wage while the second fastest growth was in jobs paying around $25 per hour.

The "hourglass" phenomenon is expected to continue. Today, roughly 20 percent of jobs have advancement potential, are high-paying, and have high prestige, such as engineering and finance (Eitzen and Baca Zinn 2004, 203), while 70 percent are low-paying and low-prestige jobs with little or no potential for advancement.[10] With few exceptions—most notably, physician assistants, registered nurses, and postsecondary teachers—the latter are those the AFL-CIO and the U.S. Department of Labor project will generate the most growth through at least 2012: retail sales, customer-service representatives, food preparation/fast food workers, cashiers, janitors and cleaners, general managers, wait staff, and nursing aides and orderlies. Other studies indicate that office support occupations—nonsecretarial office positions with an average wage of $13 per hour—are at the greatest risk of the next stage of outsourcing (see Shulman 2003, 101–108; also Bardhan and Kroll 2003, U.S. Department of Labor 2003). Given these structural changes in the U.S. economy, it is not surprising that 65 percent of laid-off full-time workers experience downward social mobility as they end up in a job that pays less than their previous one. Nor is it surprising that the U.S. Department of Health and Human Services found that the annual median income of people leaving welfare (including program participants) was between $8,000 and $12,000 or that the Urban Institute found that only 23 percent of these workers have health care provided by their employers (Hytrek and Davis 2002).

White-Collar Transition

Although outsourcing and job loss have typically been associated with blue-collar workers, clerical workers and the professional service and informational sectors are not immune to these pressures. We mentioned the decline in clerical workers above, which are the service sector jobs that have been most affected by new technologies and corporate reorganizing and reengineering strategies (see Levy and Murnane 2004). More recently, the professional and

business services and information sectors have also experienced job losses, shedding some 850,000 jobs between 2001 and 2004, according to the AFL-CIO (2004a, 2004c; also Dobbs 2004a). While many of these jobs were outsourced, as noted previously, others were lost through the same mechanisms that have eliminated clerical jobs: application of the new information technologies, reengineering, and reorganizing attempts designed to improve a firm's competitiveness.

During the 1980s and 1990s, corporations began eliminating middle-management positions in a strategy that became known as the "flattening of organizational hierarchies." In some cases, clerical jobs were reorganized to include traditional management responsibilities (see Appelbaum, Bernhardt, and Murnane 2003); in other cases, CEOs added informational technology that allowed one manager to do the work of several. In both situations, firms reduced the need for "overpaid" middle managers and eliminated layers of middle management. When combined with other corporate reorganizing strategies, these changes led to deteriorating working conditions in firms that had long been known for benevolent and paternalistic worker–employer relations. Increasing numbers of employees began to experience "**job spill**" as technology blurred the line between work and home, benefit packages shrank, and the growth of temporary workers served to remind permanent employees that they too could be replaced. Yet, even as the changes in the white-collar workplace began to mirror those in the blue-collar world, white-collar workers believed that their level of skill and knowledge would shield them from a fate similar to that of those working in factories.

How quickly the white-collar transition materialized is suggested by Jill Fraser's book *White-Collar Sweatshop*. Writing in 2001, Fraser argued that the deterioration of working conditions in the world of big business would limit the ability of these firms to recruit, hire, and retain the best white-collar workforce the United States could offer (Fraser 2001, 205). As a result, companies would be forced to alter their "sweatshop"-like conditions in order to attract the best job candidates. Scarcely 2 years later these same firms seemed little concerned with hiring U.S.-trained white-collar workers as they outsourced everything from financial services to radiology to software programming. The work that is being sent abroad has increasingly climbed the skill ladder to include workers such as aeronautical engineers and scientists engaged in pharmaceutical research and development as educated workers from China, Russia, and India have rapidly entered the global labor market. So too is the case with, Central and Eastern Europe, who appear to be increasing their participation in the global service sector at the expense of Asia. "All of a sudden you have a huge influx of skilled people . . . ," pointed out Craig R. Barrett, chief executive of Intel, the computer chip manufacturer (quoted in Uchitelle 2003).

Both the direct and indirect effects of globalization are illustrated by these changes—that is, directly through the actual outsourcing of jobs and increased competition and indirectly through the growing *perception* of

what might happen if a CEO does not take the company global. Driven by what has been called the "Indian price," CEOs believe that they must match the prevailing wage in India to remain competitive; the easiest way is to outsource jobs to India. C. Michael Armstrong, CEO of AT&T, sums up the prevailing wisdom among industry leaders: "In the future there will be two kinds of corporations; those that go global, and those that go bankrupt" (Gabel and Bruner 2003).

Some data suggest that this may not necessarily be an accurate statement, that companies can remain competitive without resorting to a "sweatshop" strategy (see Fraser 2001) or to outsourcing jobs—whether in the white-collar or blue-collar sector.[11] Under conditions of uncertainty, however, CEOs will look to the actions of others to help define the situation; therefore, what is important is one's perception of reality. As the Thomas theorem in sociology holds, if people define situations as real, they are real in their consequences. So, when the chief executives of Hewlett-Packard, Dell, IBM, and other companies believe that restrictions on outsourcing would imperil their companies, they will act according to this construction of reality. "What we are basically saying is that if your competitors are doing this, you will be at a disadvantage if you don't do it too," remarked Harold Sirkin, a senior vice president at the Boston Consulting Group (Uchitelle 2003). Thus, by acting under this assumption, companies can create their own self-fulfilling prophecy. Companies globalize and downsize because they fear losing market shares to competitors, which compels their competitors to globalize and downsize in an ongoing cycle.

One final point before we conclude this chapter: The issue of perception is important, but we do not want to leave you with the impression that globalization is merely an issue of perception. It is not. While perception is part of the indirect and subjective aspect of globalization, the objective conditions manifested in low wages, poor working conditions, and status inequalities around the globe strongly attract jobs from higher-cost production areas to lower-cost ones. In other words, we can think of the indirect effects as perceptions that lead to action and the direct effects as the outcomes of these actions.

Conclusion

Globalization means that we need to rethink our ideas of stratification, poverty, wealth, and inequality and to analytically incorporate global structures and processes into our examination of these issues at the societal level. This does not mean, however, that societal-level factors are no longer important. Globalization operates through existing societal class and status inequalities to reinforce and exacerbate these inequalities, while generating new patterns of inclusion and exclusion. As globalization reshapes the occupational structures of society, for instance, those with access to material capital,

educational capital, and **social capital** networks will be in a better position to adapt to the changing labor markets than those lacking such resources.

The transformation of the U.S. economy has not been kind to older workers, middle-management workers, those with few skills, those with little education, or those coming off welfare. Globalization-induced changes will affect most severely those groups that have historically been denied access to quality education and have been overrepresented in production jobs currently being reengineered by technology, being reorganized by CEOs, or on the verge of disappearing.

Finally, the societal-level effects of global processes are products of multiple indirect and direct links. Globalization indirectly shapes and reshapes the perceptions, values, norms, and needs that affect action and directly causes change as policies of outsourcing and downsizing are implemented. Essentially, there are feedback loops between the two, as we noted, in which perceptions can change or reinforce the direct effects of globalization and vice versa. When individuals decide to pursue educational opportunities because it will make them more competitive in the changing global market, they will invest more time and resources in pursuing that ambition and potentially affect their ranking in the stratification system. Likewise, learning that children are producing apparel or toys may well alter a person's existing ideas about certain companies, stores, or products. In both situations, shifting consumer demand will affect the market for competing products and eventually the strategy of corporations.

We have argued in this chapter that corporate strategies designed to address the highly competitive global economy affect U.S. society in three fundamental ways: (1) the shift to services, specifically the rapid growth of low-wage, low-prestige jobs combined with cognitive-intensive ones; (2) the shift to high-tech production, which requires greater (often specialized) skills; and (3) the shift toward flatter organizational hierarchies as corporations reorganize and reduce the size of middle management (Hytrek and Davis 2002). In Part II, we examine in more detail the issues raised in this chapter. Our specific focus is on patterns of inequality reflected in three salient issues: class (income, wealth, and poverty), immigration, and gender.

PART II

Dimensions of Inequality