War, Work & Want:

How the OPEC Oil Crisis Caused Mass Migration & Revolution

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Work not in progress. Cite – liberally – without my permission.

I would like to begin my talk with a story about a Syrian boy named Shukri. His family was one of the two million refugees that fled bombs, gas attacks, and street fighting in Syria. In January 2016, he was twelve years old and working in a basement in suburban Istanbul. With scissors clenched between his teeth, he ran bundles of fabric between the shop's fifteen sewing machines and packed white sweaters. He toiled sixty hours weekly for 600 Lira (around US$200), forty percent below the Turkish minimum wage. There was no time for school. "I can't go back to school here because of work," he told a journalist, "but I will when I return to Syria."

He would do neither.

The sweaters Shukri boxed up were made for the Italian fast-fashion firm Piazza Italia, which has shops and online outlets across Europe. In late 2022, men's sweaters cost between 16 and 20 euros (the same in US dollars) at regular price and as little as 5 euros when on sale. Shukri was one of the thousands of Syrian refugees who worked in the Turkish textile and garment industry. The clothes they produce are sold in Europe by Next, Marks & Spencer, H & M, Ralph Lauren, Esprit, and Primark. Their prices are at least sixty percent cheaper, in real terms, than they were in the 1970s.

In the 1970s, factories in northern Italy, in towns such as Prato, produced the garments. The workers were Italian, the wages were decent, and the sector employed many more people than it did in France, Germany, or the UK. But in all these countries, employment had expanded steadily for decades.

Then in all began to unwind. Since the 1980s, the Italian apparel sector shed some 236,000 jobs – more than half the jobs in the industry. Around 180,000 remain, but Italians have exited the sector, and (mostly undocumented) migrants have taken their place. The pay is low, the conditions arduous, and the market is shot through with human trafficking.

All these developments – mass refugee flows, child labor, migrant workers toiling in appalling conditions to produce cheap clothing for middle-class consumers – are connected. More than that: they all resulted from the same event.

It happened in 1973.

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Having narrowed the view to one story, let's broaden it to 281 million, for that is total global migration. It is at a historic high; it has in absolute terms tripled since 1970 and doubled since 1990. In real terms, global migration has incresed by 1.4%, a figure that translates into well over 100 million people.

This has happened.

But it should not have. By 1970, and above all 1973, there was every reason to believe that global migration was over; that it was history not politics, that it was the past and not the future.

First, one country after another in Europe ended guestworker and/or colonial migration schemes. Second, the US placed a hemispheric cap on Mexican migrants for the first time. Third, Asian, southern European, and Jewish migration to the United States had been strictly limited since the 1920s, and no one thought the 1965 immigration act was the start of a new wave. Fourth, the global economy went into freefall. And, finally, the public opposed, and still opposes, immigration. In no country except Canada does a majority of citizens support more migration. Since, Raspail's 1973 *Camp of Saints* there has been a steady stream of rightwing drivel telling anti-immigration North Americans, and particularly Europeans, what they want to hear.

And yet: global migration has increased year on year. Why?

The answer lies in the OPEC oil crisis. On October 17th, 1973, the Organization of Petroleum Exporting Countries announced a historical price revaluation, while the Organization of Arab Petroleum Exporting Countries instituted an embargo on oil deliveries to the United States, Canada, Japan, the Netherlands, and the United Kingdom (later extended it to Rhodesia, South Africa, and Portugal). The oil embargo was temporary; the price revaluation lasted a decade. And it changed the global economy forever.

This is a story in several parts:

- *The Western Part:* In the West, OPEC halved economic growth, and it never recovered. Almost overnight, we went from a world in which economic growth was 5% - underpinning full employment, rising real wages, and universal welfare systems – to one in which it was 2.5%. Since 1972, when the adult male wage peaked, wages have stagnated for five decades.

- *The oil-poor Middle Eastern Part:* oil-driven inflation destroyed import substitution industrialization and put, in Egypt, the last nail in the coffin of secular, socialist, pan-Arab Nasserism.
- *The oil-rich Gulf States Part:* OPEC flooded them with oil money in the greatest get-rich-quick (or get-richer-quicker) scheme in human history.

The War on the Workers

In the West, we responded to the oil crisis by turning on the workers. Politicians, academics, and journalists defined inflation as a wage problem. Rather than the effects of the oil shock, it was the unions' outrageous demands that threatened the entire stability of the American economic and political system. "The workers," writes labor historian Jefferson Cowie, "had to take their medicine."

They would, brutally, and to a degree that no one could have imagined in the mid-1970s. The anti-labor assault began tentatively under Carter. He lent tepid support to a modest piece of labor legislation designed to bring stiffer penalties to violations of labor law; without his support, the legislation died in the face of tenacious corporate lobbying and a Senate filibuster. In the bill's failure, Cowie noted, "one could hear the death rattle of American working-class political power." Carter also deregulated the trucking, airline, railroad, and banking industries.

President Reagan quickly followed Carter, with glee. One of Reagan's first and defining acts was the sacking of over 11,000 air traffic controllers—public sector workers who had gone on strike and ignored a return-to-work order. He completely broke their union (the Professional Air Traffic Controllers Organization—PATCO), which had endorsed him during the presidential election a year earlier, and he banned them from future federal employment. Their leaders were handcuffed and jailed. After PATCO, labor fell back on all fronts. Unionization rates in the United

States fell from a postwar high of 35% in 1955 to 10.3% in 2019. In fact, they fell further: public sector unionization increased in the 1970s, so the aggregate figures underestimate the degree to which private-sector unions vanished: in 2019, only 6.2% of private-sector employees were in a union versus 33.6% of public-sector ones.

Inflation fell following Federal Reserve Chairman Volcker's administration of harsh monetary medicine, but workers faced another challenge: corporate consolidation. The Reagan administration's and American courts' willful indifference to antitrust legislation resulted in the merger mania of the 1980s. The supermarket, fast-food, and retail sectors consolidated around a few firms (McDonald's, Walmart, and the major supermarkets) with enormous buying power. Their ability to dictate the terms of their purchases and, above all, the prices they were prepared to pay added further downward pressure on wages. Walmart, deploying technology that provided Bentonville with enormous data on consumer preferences, perfected this technique. The firm did so with "missionary zeal, emboldened by the belief that they were making once-luxury products affordable to middle-class Americans." They were, but, as it were, at a price.

At the same time, leveraged buyouts, which reached a crescendo in the 1980s, further alienated company owners from their products and the workers making them. Companies became commodities to be bought, sliced up, asset-stripped, and sold as quickly as possible to the highest bidder. The fate of the American worker was the last thing on many CEOs' minds except insofar as they sought to drive wages to the lowest level possible.

In Europe, the UK excepted, the assault on unions was far less direct and generally without the demonization of unions (although the CDU/CSU and FDP in Germany occasionally indulged in anti-union rhetoric), but unionization rates fell nonetheless, and an EU posting directive allowed firms to go around unions and hire cheap, expendable labor in the hundreds of thousands (800,000 in construction). At the same time, EU firms, outsourced and automated as did their American counterparts (a train ride from the centre of affluent Milan to the airport takes you through a Midwest-esque desert of abandoned factories), and they drove down wages in those sectors – textiles, agriculture, meatpacking – that they could not outsource. The result was the collapse of working class wages, most extremely in the US but also in the EU.

Such developments were not without their advantages. Lower wages create direct benefits for those workers—skilled ones—who retain or even increase their earnings. Lower wages mean cheaper products. This is intuitive, indeed obvious, but a simple example should suffice. In the aftermath of the 2013 Dhaka garment factory collapse in Bangladesh, which killed 1,134 people and injured another 2,500, CNN compared the labor costs of a t-shirt made in the US to one made in Bangladesh. Every component was cheaper in the latter, reducing the overall cost from $13.22 to $3.72, but labor provided by far the most significant savings: $7.47 in the US versus $.22 in Bangladesh (by contrast, materials were $5 in the US and $3.30 in Bangladesh). Paying Bangladeshis US wages would raise the cost of a t-shirt from around $5.00 to over $12.00. Examples such as these multiply throughout the economy, and the more labor-intensive the product, the greater the savings. But even the production of high-value items, such as the iPhone, relies on low-cost labor. It takes approximately 24 hours of labor to put together the average iPhone. Foxconn's average wage in China, which has recently increased, is $3.15, creating a total labor bill of $75.60, a small amount of an iPhone's overall cost of around $1,000. But if that iPhone were manufactured in Seattle, the total labor bill would be $360, adding $284—or almost a third—to the cost. At the low *and* high ends of the consumer market, low wages increase consumer affluence.

Such examples are found through the CPI. In the book, I estimate what a wide variety of goods – foods and products – should cost had they followed sectoral inflation upwards since 1979 and compared that with what they actually cost. The results are striking. Until 2020, food prices were stable or moving gently downward, but the price of clothing, sporting goods, and furniture plummetted. And this, in turn, explains a paradox that encouraged me to write this book: the claim that middle class wages have stagnated since the 1970s is made often, indeed incessantly. And it is true. But middle-class standards of living are much higher than they were in the early 1980s. They are so because of massive technological advances (does anyone remember the phone book?) and because working class wages have collapsed.

Unremarkably, working conditions followed wages downward: long hours for arduous work, few if any benefits, and no security of tenure. As wages and conditions deteriorated, they reached a level that most native-born Europeans and Americans were no longer willing to accept. Domestic workers exited the wage-depressed sectors for better positions (by skilling up) or for long-term reliance on unemployment support and, all too often, alcohol and substance abuse. Companies then turned to low-skilled migrants, documented and undocumented, to fill the gap. The need for a reservoir of cheap, disposable labor accounts for the overrepresentation of migrants in six sectors. Meatpacking, agriculture, construction, retail, textiles, and domestic labor. Every sector except the domestic companies decimated, at times with the state's help, or circumvented the unions that stood in the way of their low-wage strategy.

In the Global South, the dynamic played out differently. Wealth came later – in some sectors and to some degree at the expense of the West – and there was no moment of peak unionization. Rather, Malaysia, Korea, and above all Thailand built dynamic export sectors on the back of cheap labor: first rural-to-urban and, when that ran out, cheap migrant labor from neighboring Asian countries. In city states – Singapore and Hong Kong – with little or no rural labor, the process was telescoped, and they turned immediately to migrant labor. In Asia, agriculture and fishing, construction, low-end manufacturing, and domestic care are, as in the global north, wholly dependent on cheap migrant labor.

In the Middle East, the post-OPEC demand for labor was greater still. As locals had no desire to work in the oilfields and women were excluded from work, Saudi Arabia, Kuwait, Qatar, and the UAE had nowhere else to turn. Millions of low-skilled workers – first Arab, later South Asian – came to work in the Gulf States.

In all these cases – America, Europe, the Middle East, and East Asia – migrants suffer, to varying degrees, low pay and arduous conditions. They appeal because they are cheap; because they do jobs that do locals will not; and because there are disposable, bearing the brunt of unemployment in times of economic downturn. They are a global reserve of disposable labor.

In their rapacious search for profits, multinational firms are undoubtedly a villain of the piece. In multiple sectors, they launched a war on the unions, drove down wages, and eliminated benefits. But they did not pursue these strategies for the joy of the kill. Instead, they did so to avoid going out of business. Had they not, their buyers would have gone elsewhere. Thanks in part to the decline of antitrust legislation, retailers and supermarkets have acquired massive leverage over producers, and they can tell suppliers of clothing, meat, fish, fruit, and vegetables that they need quantity *x* on day *y* at price *z*. When the producer cannot supply it, they face fines, lose the contract, or both.

In all these sectors, firms are responding to their paymasters: all of us. Competition drives down prices and, therefore, wages, but consumer preference drives competition. In the end, the consumer's desire for ever-cheaper holidays, foods, clothing, electronics, cleaners, and caregivers

– the desire to pay less and less, and ideally nothing, for more – pushes companies to meet our demands.

That is the story of the great upsurge in labor migration to the West and East/Southeast Asia since 1973. OPEC also had profound implications for the Middle East, Central Asia, and Russia. As Iran became richer than ever before, the Shah used his wealth to fund his military *and* his 'White Revolution:' a massive modernization and secularization programme funding universities, hospitals, and infrastructure. Iranian standards of living improved sharply, but oil money unleashed forces he struggled to control. The result was mass protests, a crackdown, the Machiavellian genius of the Ayatollah Khomeini, and the Iranian Revolution.

The Iranian Revolution was a necessary precondition – a precondition, not by any means the only cause – for the Iran-Iraq War. That war bankrupted Iraq and led, against a backdrop of insufficient oil revenues, to the 1990 invasion of Kuwait. America's post-1970s dependence on Middle Eastern oil led the Americans to launch two attacks on Iraq. Collectively, those three conflicts – Iran/Iraq and the two Gulf Wars – resulted in 7,200,000 refugees.

The Iranian Revolution had profound consequences for another oil-rich state: Russia. The Revolution led to the second oil shock of the 1970s. The sudden surge in oil prices engendered in the politburo, what Terry Karl famously called petromania: a delusion belief that politics posed no limits and that all things were possible. Petromania, combined with fears in Moscow that the fall of its tottering client regime in Kabul would end Soviet theft of Afghan gas, informed the 1979 Soviet invasion of Afghanistan.

In invading, Moscow thought it would achieve a quick victory and install a pliant regime guaranteeing its access to Afghan natural resources. Declaring Jihad, Afghan resisters in the countryside fought back with a tenacity and brutality that shocked Moscow (doesn't that sound familiar?), and the Red Army responded by drenching the Soviet countryside in bullets, bombs, and all manner of mines designed, among other purposes, to blow the limbs off children.

The goal was to drive Afghans into the cities, which Moscow controlled, or out of the country. It succeeded, and millions of Afghan refugees fled to Iran and above all Pakistan. Rotting in refugee camps in northern Pakistan, young Afghan men who lost everything, who knew nothing but war, were schooled in anti-Shiite and anti-Western hate and mysoginy by barely literate Afghan Mullahs. They became the Taliban, and in 2001 they harbored Osama bin Laden, who launched the 9/11 attacks against the US. Those attacks brought, effectively, an American invasion of Afghanistan and – again – Iraq. The second Gulf War alone generated two million refugees.

The final connection I wish to make is between the oil crisis and the Arab Spring. All lines in my story are crooked; this one is particularly so. But the oil crisis nonetheless played a role. Whereas the sudden surge in oil prices was a boon for the Gulf States, it was the opposite for those states with no, or little, oil: Egypt and Syria. For oil-induced inflation put the last nail in the coffin of import substitution industrialization (getting rich behind a tariff wall). When growth collapsed and inflation surged, both countries – Egypt in the 1970s, Syria a decade later – turned to liberal capitalism, or what is often called neoliberalism: privatization, reduced subsidies, tariff-free trade, and inward US investment.

As ever with capitalism, wealth was generated, showy displays of which could be seen on the streets of Damascas and in hotels gracing the Nile. But it also generated massive inequality from which the Islamists profited. In Egypt's case, Sadat's *infitah*, his embrace of neo-liberalism, was underpinned by an instrumental, not to say cynical, embrace of Islamism. It eventually cost him his life, but the damage was done: political Islam enjoyed a great boost at exactly the moment when hundreds of thousands of Egyptian workers, who received a mid-life education of Wahabbi extremism, returned from Saudi Arabia as oil prices fell. As ever, most Islamist activity concentrated on providing services that the neo-liberal state would or could not, but a minority expressed itself in violent 1990s extremism.

In Syria, Assad's senior's embrace of neoliberalism resulted in the same combination of conspicuous wealth and expanding inequality. This simmering discontent eventually burst out onto the streets in the Arab Springs. We think of the Arab Spring as a movement for democracy. It was, but it was also – and more fundamentally – a call for economic justice. When Mohammed Bouazizi set himself on fire in December 2010, "lighting a fire across the Arab world," as one journalist put it, his cry was for economic, not political freedom: "how do you expect me to earn a living?"

He was not alone. Arab Barometer, a research network coordinated by the universities of Michigan and Princeton, conducted public opinion surveys between 2012 and 2014. It found that economics, corruption (itself partially a matter of economics), and social injustice were the main drivers of the Arab Spring: corruption and "the betterment of the economic system" were essentially tied at 64.26% and 63.55% respectively. Social and economic justice were cited by 57.21%, civil and political freedoms by 42.4%. These feelings were particularly acute in Egypt and Syria, which shared with Lebanon and the Palestinian Territories the lowest levels of life satisfaction in the Middle East. The result in Syria was a civil war that generated almost 7 million refugees and made Syria the largest refugee-producing country in the world.

Thus, the oil crisis set in train processes in Iran, Afghanistan, Iraq, Syria and – a case I've not spoken of but would be glad to – Libya, that generated over 20 million refugees:

To sum up, global migration, against both scholarly expectations and public wishes, tripled since the 1970s because of the way in which the OPEC oil crisis reconfigured the global economy and geopolitics. War and Work generated tens of millions of refugees. But so did Want: our desire for ever-cheaper products and services.

And there is little evidence that anything will change. The dependence of multiple sectors, of middle-class affluence, and of economies as diverse as those of Germany, Thailand, the United States, and Korea on low-skilled migrant labor suggests that, in the absence of a fundamental reform of how low-skilled work is valued and paid, such migration will continue. "Mass immigration," is not, as Sir Paul Collier claims, "a temporary response to an ugly phase in which prosperity has not yet globalized." Rather, large-scale, low-skilled, badly paid, and ill-treated migrants are a structural feature of global capitalism. They are essential to life – to where and how we live, and to what we eat and wear.

Thus: *War* led tens of millions to flee, while work and want made them into disposable laborers. *Work* – our demand for it, poor migrants' need for it—and *want* – our insatiable desire for food, goods, and services at ever-cheaper prices have led tens of millions of low-skilled laborers to migrate. The result is a structurally embedded, global, migrant working class. The world economy, and the world, are awash in migrants, documented and undocumented, driven by war, drawn by work, and destined to satisfy our insatiable consumerist wants.