through a fundamental economic transformation. Advances in digital technology, fiber optics, the Internet, satellites, and transportation have effectively leveled the economic barriers between countries and continents. Pools of capital scour the earth in search of the best returns, with trillions of dollars moving across borders with only a few keystrokes. The collapse of the Soviet Union, the institution of market-based reforms in India and China, the lowering of trade barriers, and the advent of big-box retailers like Wal-Mart have brought several billion people into direct competition with American companies and American workers. Whether or not the world is already flat, as columnist and author Thomas Friedman says, it is certainly getting flatter every day.

There's no doubt that globalization has brought significant benefits to American consumers. It's lowered prices on goods once considered luxuries, from big-screen TVs to peaches in winter, and increased the purchasing power of low-income Americans. It's helped keep inflation in check, boosted returns for the millions of Americans now invested in the stock market, provided new markets for U.S. goods and services, and allowed countries like China and India to dramatically reduce poverty, which over the long term makes for a more stable world.

But there's also no denying that globalization has greatly increased economic instability for millions of ordinary Americans. To stay competitive and keep investors happy in the global marketplace, U.S.-based companies have automated, downsized, outsourced, and offshored. They've held the line on wage increases, and replaced defined-benefit health and retirement plans with 401(k)s

and Health Savings Accounts that shift more cost and risk onto workers.

The result has been the emergence of what some call a "winner-take-all" economy, in which a rising tide doesn't necessarily lift all boats. Over the past decade, we've seen strong economic growth but anemic job growth; big leaps in productivity but flatlining wages; hefty corporate profits, but a shrinking share of those profits going to workers. For those like Larry Page and Sergey Brin, for those with unique skills and talents and for the knowledge workers—the engineers, lawyers, consultants, and marketers—who facilitate their work, the potential rewards of a global marketplace have never been greater. But for those like the workers at Maytag, whose skills can be automated or digitized or shifted to countries with cheaper wages, the effects can be dire—a future in the ever-growing pool of low-wage service work, with few benefits, the risk of financial ruin in the event of an illness, and the inability to save for either retirement or a child's college education.

The question is what we should do about all this. Since the early nineties, when these trends first began to appear, one wing of the Democratic Party—led by Bill Clinton—has embraced the new economy, promoting free trade, fiscal discipline, and reforms in education and training that will help workers to compete for the high-value, high-wage jobs of the future. But a sizable chunk of the Democratic base—particularly blue-collar union workers like Dave Bevard—has resisted this agenda. As far as they're concerned, free trade has served the interests of Wall Street but has done little to stop the hemorrhaging of good-paying American jobs.