The Cybernetic Revolution and the Crisis of Capitalism

By Jerry Harris and Carl Davidson
The Chicago Third Wave Study Group

In the early 1970s U.S. capitalism began to suffer a deepening crisis of accumulation. This crisis sprang from the very heart of the modern industrial system, arising out of fundamental contradictions in its exploitation of labor and its conditions of production. But this crisis also occurred along side a postmodern revolution in microelectronics and computer technologies, creating significant changes in the forms of accumulation and wealth creation. The two dynamics have created a new historic juncture for rethinking established theories of political and social change.

Marxist economists such as Paul Sweezy have long tracked the crisis of accumulation. Recently key extensions have been added by eco-Marxist James O'Connor. But radicals also need to take note of the important contributions of Alvin and Heidi Toffler and their three waves theory. The Tofflers describe agricultural society as the first wave and industrial society as the second wave. They have added new insights into the nature of changes in the economic base where knowledge has become the most important tool of production. This became possible because of the revolution in the means of production, or information technologies. Toffler calls this information society the third wave, or what we'll call information capitalism.

For about 200 years "second-wave" industrial capitalism was generally expanding and dynamic. Although punctuated by cycles of economic crisis, it grew into imperialism and built a world market. In the metropolitan countries, the circle of wealth grew wider, as a substantial number of workers organized unions and attained "middle class" living standards. But in the early 1970s industrial capitalism hit new limitations to its growth. The crisis was all sided, including both labor and nature. In a frantic race to maintain profits, the system began to toss huge numbers of people into the wastelands of unemployment and insecurity.

In itself this is nothing new. Capitalism has always contained the contradiction between expanding profits and lowering the cost of labor. Each business is driven to maximize its accumulation of capital in order to survive and grow on a field of ruthless competition. In order to do so, the pressure to reduce wages and benefits is constant. But this time, the downturn was not followed cyclically by a "boom" or recovery that could be measured in higher wages or new job creation for those who had endured the "bust" period.

POST WAR EXPANSION

While every periodic crisis has roots internal to the nature of capitalism, each crisis also has an historic context. At the end of WWII a number of factors came together, which gave renewed life to capitalism, particularly in America. There were four basic factors that gave rise to a tremendous expansion of the U.S. economy and industrial base:
• First and most important was a period of vastly reduced competition from foreign rivals. The post-1945 world was America's market because the industries of Europe and Japan had been destroyed by the war. In such circumstances U.S. capitalism quickly grew with an expanded job base.

• The second factor was a tremendous demand for both consumer goods and basic industrial equipment and plants. There was a 15-year pent-up demand for homes, cars, refrigerators, and much more as a result of the depression and war. The organization of basic industry by the CIO leads to a large-scale post war labor offensive which won significant gains in wages and benefits. This set the social conditions for accumulation, laying the foundation for the post-war boom, the creation of the suburbs and the growth of the blue collar "middle class."

• Third, alongside the demand for consumer goods, went the intensified demand for capital goods—the need for new factories and heavy equipment, not only in America but also throughout Europe and Japan. This meant further expansion and the profitability that allowed the liberal social contract with key sectors of unionized labor.

• Fourth and last was the development of new technologies, which produced large-scale industries and jobs. Jet airplanes, electronics, and the chemical industries surged forward with resulting spin-off economic activity spreading throughout society.

These strengths also increased the power of international financial institutions. The Breton Woods agreement set the gold standard to the U.S. dollar, which then became the sole international currency. And the International Monetary Fund and World Bank were established as arms of U.S. finance capital.

A vital part of this growth was the state's expanded role in reproducing the conditions of production. O'Connor defines this as the second contradiction of capitalism. He describes it as "everything is treated as if it is a commodity even though it is not produced as a commodity with the law of value, or law of markets". (The Second Contradiction of Capitalism: Causes and Consequences, page 1) This includes land and nature, urban space and labor power itself in the form of the next generation of workers.

It became the state's role to assume the cost and regulation of these conditions through policies on education, health care, welfare, transport, zoning, water, air, forest and many other examples. The Great Depression made this possible when the New Deal redefined the role of the state as an important and direct economic player. To help save capitalism from its own cyclical crises of overprotection, the state began to regulate more and more aspects of the market, and assume greater cost in maintaining the economy. This was particularly important in the postwar recovery period.

All these factors gave new life to industrial capitalism, and the ensuing economic boom lasted about 25 years. But the underlying contradiction of overprotection reasserted itself. Living standards could not keep pace with production. The tensions between wages and profits emerged in full force creating permanent economic stagnation.
Alongside this first contradiction is the second--increasing the scope of reproduction while decreasing the ability of society to bear the cost. Industrial capitalism needs to grow. Not only is it pushed on by its need to accumulate; its nature is that of an expanding mass society. Mass production, mass markets, and mass consumption are all part of industrial civilization. It therefore needs more space, more materials, more energy, and more labor. It needs to expand its use of the conditions of production, and "externalize" their cost. This not only led to the crisis in nature, but also in our cities and infrastructure.

**STRUCTURAL CRISIS OF INDUSTRIAL CAPITALISM**

This crisis began with the reintroduction of fierce competition from Europe and Japan. Nixon was forced to recognize this when he ended the Breton Woods agreement in 1971 and the dollar had to compete with other currencies. By 1973 U.S. profitability had fallen to 9.5% compared to 16.5% in 1952. (N.Y. Times, March 28, 1983). This renewed competition meant the liberal social contract between labor and capital was at an end. American living standards peaked in 1973, and have been on a steady decline every since. In what was now a more competitive world, the struggle for accumulation become fiercer, driving down the wages and benefits of workers.

This crisis hit full force in the 1980s when unions were forced into contract concessions resulting in billions of dollars in giveaways throughout the economy. While this helped profits, it meant less money for consumption. The results have been staggering. U.S. income has dropped from number one in the world to number ten. Real weekly earnings are 19% below 1973 levels, while the median income of families headed by those under the age of 30 has fallen 32%. Over 20% of our children live in poverty. Since 1988 the average net worth of American households has fallen 12%, or about $5,000 per family. These figures also expose the racist nature of the U.S. economy: median white households are worth $44,408; Latino households $5,345; and Black households $4,604. (Chicago Tribune, January 1994). Its no wonder that American factories are shutting down, they simply can't sell to a population making less real income than the generation before it.

Capital flight has been a major tool to reassert profitability. The continuing pressure to lower wages and other costs has meant shutdowns and layoffs here combined with greater penetration into the Third World. Corporations make use of a global labor market where wages often average $4 a day. Why pay Detroit autoworkers $12 an hour, when Ford can pay 75 cents an hour in Jalisco, Mexico? NAFTA is only the latest result of this trend.

These drastic drops in working-class income were also accompanied by the large Reagan cuts in welfare and urban spending. Just as corporations attacked workers to lower the cost of their first contradiction, the state cut spending to lower cost in the second contradiction. As individual capitalists "externalized" or dumped more of their potential costs, such as pollution, on the public, they also weakened the overall health of capitalist society. Government debt, the tax crisis, urban decay and violence are all reflections of the crisis in the conditions of production. As profits become weaker in the private sector, the corporations attack the wage structure and force the state to assume more of their costs. In turn the state finds itself deeper in debt and crisis, and must cut costs by attacking its social programs, selling off its forests, letting the infrastructure decay, etc.
O'Connor sums it up well in his essay "Socialism and Ecology": "The vitality of Western capitalism since World War II has been based on the massive externalization of social and ecological costs of production. Since the slowdown of world economic growth in the mid-1970s the concerns of both socialism and ecology have become more pressing than ever before in history. The accumulation of global capital through the modern crisis has produced even more devastating effects not only on wealth and income distribution, norms of social justice, and treatment of minorities, but also on nature or the environment. Socially the crisis has lead to more wrenching poverty and violence, rising misery in all parts of the world, especially the South, and, environmentally, to toxicification of whole regions, the production of drought, the thinning of the ozone layer, the greenhouse effect, and the withering away of rain forests and wildlife."

Industrial capitalism, structured to build and feed a mass market, has thus reached new limits of growth. On one hand, it must maintain its profitability and increase its accumulation. On the other hand, it can no longer afford the unrestricted expansion of mass consumption, especially its "externalities." The new limits are both economic and ecological. Thus the present structural crisis is all sided and deep.

**THE CRISIS AND INFORMATION CAPITALISM**

Coinciding with the crisis of accumulation, however, was a revolutionary development in the means of production. Advances in computer, microelectronics and telecommunications technologies have brought major changes to the basic character of industrial capitalism. The application of knowledge is now the primary means of new value production. Of course, all labor has always contained two parts--the knowledge of how to produce something and the physical effort necessary to make it. In first wave society, physical labor encompassed the vast majority of work, whether it took the form of growing corn, weaving wool or maintaining feudal manors.

In second-wave industrial society, however, machine technology and manufacturing increased productivity by a factor of 100. The knowledge of building a lathe or steam engine reduced the proportion of input of physical labor. But still the factory system relied mainly on physical labor and large scale material assets and inputs to produce value.

But in third wave societies, the application of microelectronics technology has already increased computer productivity by one million. Intellectual capital, developed and held by knowledge workers and encoded in software and smart machines, is the key element of wealth in today's information capitalism. Physical labor and industrial machinery are now secondary to the value added by information. This has had a dramatic impacted on both finance and manufacturing, as is allowing capitalism to develop along new lines.

The application of new information technology has meant that industry can produce more with fewer resources, less energy and less labor. Plastics have replaced metals, fiber has replaced copper, and chips are made of sand and clay. In fact computer technology consists almost entirely of intellectual capital, with raw materials costing only 1% and unskilled labor 5%.
By 1988 the U.S. required only 40% of its blue-collar labor force to produce the amount of manufactured goods equal to that produced in 1977. From 1967 to 1988, weight per dollar value had fallen by 43%. By 1985 Japan had increased its output two and half times with just the same consumption of raw materials and energy as in 1965. Cars used to contain 1600 pounds of steel; much of that weight is now replaced with plastics. Thus the application of intellectual capital--in this case in the form of design--has meant the drastic reduction of both physical capital and the labor force.

But the restructuring goes even further. Because the speed of processing information has increased, on-time warehousing, niche marketing, and the elimination of middle management have become possible. Second wave Industrial society produced mass products in huge factories with a giant labor force. This necessitated a huge number of middle managers to count production, oversee workers and move information along the command hierarchy. Now the rapid acquisition and deployment of information is the primary goal of management and corporations have restructured to insure its movement. With expanded information technology and cuts in employees, middle managers are a disappearing breed.

Timely information--which has led to shorter product runs, lower supplies, and niche marketing--also means rapid change and innovation. In essence the "creative destruction" of capital has been speeded-up. Its reflection in the labor force means more part-timers and more temporary workers. The most rapidly growing job category is contingent labor, forming 60% of all new jobs in 1993. This has increased the downward pressure on wages further. Even during the "jobless" economic recovery of 1993, while profits made a healthy recovery, the median hourly wages for males fell another 2.7%.

New technologies, corporate flight, and wage cutbacks have laid the basis for renewed accumulation, even in manufacturing. But this restructuring has increased poverty and class contradictions throughout society. The urban crisis, greater economic insecurity and political instability are spreading in ever widening circles. Like Catch 22, the system resolves one crisis only to create another with similar features.

THIRD WAVE FINANCE CAPITAL

The impact of information technologies on finance capital has been as dramatic as its effects on manufacturing. Telecommunications have established a global electronic marketplace, which functions in real time. The most important change has been a tremendous increase in unregulated, highly mobile speculative capital. This global infrastructure with geosynchronous satellites was created just as industrial capitalism was facing its crisis of accumulation. This allowed information finance capital to create a huge pool of wealth without creating anything for social use or consumption. While industrial capital had reached its limits of growth, speculative capital used the new technologies to expand and attract trillions of new dollars. In fact, the world trade in currency is 40 to 50 times larger than the world trade in goods. Worldwide the money market accounts for $500 billion a day, two trillion a year just from New York firms.

Third wave technologies have thus been used to develop a global bourgeoisie. While finance capital has been dominant since the advent of imperialism, the national formation of this capital
is now less meaningful. While still seeking to dominate its "own" state, today information finance capital, independently constituted with multinational currency, seeks autonomy above and beyond the restriction or regulation of any state, anywhere.

Walter Wriston, past chairman of Citicorp and spokesman for information capital, has articulated this view in his book The Twilight of Sovereignty. He notes that today no currency is tied to physical commodities or any central bank, but instead is comprised as information on the global telecommunications infrastructure. He elaborates: "Money is asserting its control over (government), disciplining irresponsible policies and taking away free lunches everywhere" (page 66). International traders take "a vote on the soundness of each country's fiscal and monetary policies" (page 67) and this "giant vote-counting machine conducts a running tally on what the world thinks of a government's diplomatic, fiscal and monetary policies and this opinion is immediately reflected in the value the market places on a country's currency." (page 9).

Wriston clearly thinks this is a revolutionary development in freedom and democracy for this class. He goes on to state that "capital goes where it is wanted and stays where it is treated well" (page 61), noting that the "ability to move capital...is fundamental to the continuous efforts of mankind to live a better life." (page 72) This is free market ideology taken to is fullest and most abstract development The unhindered movement of money becomes the highest form of freedom, and the ability of global financiers to decide the fate of governments and countries the fullest expression of democracy-all made possible by the electronic infrastructure and those with the access and knowledge to use it.

In this sense one could argue that Ronald Reagan was our first third wave president. Reagan's policies clearly favored the rapid development of speculative capital. His appointment of Paul Volker at the Federal Reserve lead to increased interest rates helping to move capital out of manufacturing and into the new global financial infrastructure. These policies helped create 20% profits in finance markets, while pushing manufacturing profits down to 10%. This sped the rush to deindustrialization as money fled to the market of highest returns. Reagan's unconcern for America's trade deficit, and his insistence on deregulation of the market is better understood as an early variant of third wave financial strategy.

Information capitalism has also used third wave technologies to internationalize production even further. Transnational corporations have created global manufacturing and marketing alliances where the trade in products is now replaced by value added activities. A product may easily have a dozen parts built in different countries through an alliance of interlocking global corporations.

Wriston calls a national trade balance an "artifact of a bygone age". (page 87) As he shows: "The popular IBM PS/2 Model 30-286 contains a microprocessor from Malaysia, oscillators from either France or Singapore; disk controller logic array, diskette controller, ROM and video graphics array from Japan; VLSO circuits and video digital-to-analog converter from Korea; and Dram from Singapore, Japan, or Korea --and all this is put together in Florida...Since there are thousands of such products put together in similar ways, the old concept of trading one item for another is obsolete." (page 81) Wriston maintains that the driving force behind the growing interlock of transnational is the need to access intellectual capital.
Third wave capitalists are already divided between two wings. Both agree that education and the expansion of knowledge is the key to a strong and competitive society. An information capitalist like Wriston even describes knowledge workers as the "new bourgeoisie", noting that "If Marx were alive...he would call education the means of production". (page 108).

One wing, however, carries over the "maximize-profit-in-the-short-run" values of the second wave, and applies them to both electronic and traditional forms of capital. While unabashedly seizing every public subsidy it can for itself, it takes an anti-government, "free market" stance generally. They are fond of quoting Milton Friedman, who emphasizes that the technological revolution "makes it possible to produce a product anywhere, using resources from anywhere, by a company located anywhere, to be sold anywhere." (Fortune 3-8-93) It vision is of an unrestrained and unfettered capital, free to roam the globe at will and exploit an ever changing sea of opportunity, all made possible by the instantaneous flow of information.

The other wing emphasizes creating of new value on a sustainable basis over the unrestrained making of money. It sees itself as information capitalism with a socially responsible human face, with an eye on making its fortunes in the "green industries" of the future. Its current main political representative is Vice President Al Gore, who writes on ecologically sound economics and calls for universal access to the electronic infrastructure. On the business side, elder management guru Peter Drucker defines America as a "post-capitalist" society where the main "social challenge is to preserve the income and dignity of service workers who lack the ability to become knowledge workers and to prevent class conflict". (CSM, August 26, 93). Part of their view is to see a constructive role for an activist government that promotes the dynamism of the market while trying to restrain its ecological and social destructiveness.

Both the crisis and new technologies have meant deeper penetration into Third World economies. Cheap labor and new markets are seen as solutions for the accumulation crisis. Information technologies have built a "global workshop" complete with a global labor force where, as Wriston and Friedman have pointed out, capital goes where it wants to build anything it desires. In fact, between 1980 and 1990, foreign investment by the world's biggest corporations grew from $560 billion to $1.6 trillion. (U.S. News & World Report, Jan. 24, 1994).

The effects on the Third World have been tremendous. First, we can now see many newly industrializing countries accelerating their transition from rural first wave societies into the second wave. This has meant a new division within the Third World between countries still mainly with agricultural economies, and those with an urban industrial base. Some Third World Marxists like Samir Amin now use the term Fourth World to denote these poor, first wave agricultural societies.

Second, the transition to second wave industrialism is often creating ecological havoc, just as it did in the northern hemisphere in the last century. But today, the capitalism of the North also uses the South as a dumping ground for exporting the ecological costs of its "second
contradiction." One of the starkest pieces of evidence of this was an internal memo written by the World Bank's chief economist, Lawrence Summers. He stated: "I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable...because foregone earnings from increased morbidity" are low. He adds that "the under populated countries in Africa are vastly under polluted; their air quality is probably vastly inefficiently low compared to Los Angeles...." (The Economist, Feb. 8, 1992). These rather cold-blooded economic calculations expose a global system of ecological destruction where national borders are viewed only as a footnote to the capitalist market.

Finally, within some rapidly developing third world countries, a small but dynamic third wave sector is developing simultaneously with the second wave. India, for instance, has a growing pool of talented--and relatively inexpensive--computer programmers ready to work for any employer reachable by modem or Federal Express.

The second wave changes are most obvious. Among the top 20 manufacturing exporters in the world are Hong Kong, South Korea, Brazil, and Singapore. Countries like Mexico, Argentina, South Africa, and Iraq have decisively entered the industrial era. Others like China and India still have a majority of the population tied to the land, but have developed advanced zones in their huge urban centers.

These changes are causing tremendous social upheavals and stress as class structures are transformed. Not only is finance capital highly mobile, but also industrial capital. This capacity to rapidly shift production has provided continual escape from unionization, where subcontractors establish sweatshops in newly industrialized rural areas. It has also brought millions of women into the Third World workforce in the most low-paid and insecure jobs. The growth of temporary and contingent labor is thus a worldwide trend.

Capital mobility also reinforces political authoritarianism. Writing on the Philippines Jane Margold points out..."As a speeded-up flow of capital, information, goods and services circulates transnationally, foreign investors are well-positioned to manipulate the Philippines state's fears of long term economic marginalization....A rational is then produced for the deployment of military, police and thugs to discipline striking workers..." (p. 8 Philippine Labor Alert, Sept-Dec. 1993). Certainly this is a pattern found throughout the Third World.

This mobility is transforming key aspects of imperialism. Where territorial and resource control were of major importance in past decades, they are less so today. The method of international capital laying roots deep into a colonial society, and dominating through a permanent financial occupation, is changing. Today the control of the overall global market is more important than national economies. Local labor markets are used and abandoned in a rapidly changing sea of opportunity and competition. With important exceptions like Mexico's relationship to the U.S. via NAFTA, the long term exploitation of any one country or bloc of countries is not the main strategy of imperialism. Again, as Wriston points out, capital goes where it wants and stays where its treated well. Its no accident that he titled his book, "The Twilight of Sovereignty". The export of capital is still the key aspect of imperialism, but capital mobility and the threat of denying capital is taking precedence over long-term occupation as a means of control.
This changing face of imperialism and its impact on Third World societies is also the basis for new strategies and divisions within the left. In first wave countries the traditional Maoist strategy of peasant based guerrilla warfare still retains considerable validity; throughout the 1970s and 1980s, it even saw various degrees of continued success in El Salvador, Namibia, Nicaragua, and Kampuchea.

But in many newly industrial countries, labor struggles; electoral parties, and community based organizing for local economic growth have become the new focus. This is clearly seen in the experiences of the Workers Party of Brazil, the mass urban struggles in South Africa, the labor upheavals and democracy struggle of South Korea, and in the Party of Revolutionary Democracy in Mexico. Even with the heroic peasant uprising in Chiapas, which has electrified the Mexican left, no one expects Mexico City to be surrounded and taken by a peasant army. Traditional industrial Marxism still finds a firm home in most of these societies, although new concepts on the key importance of democracy; technology and the market play a vital role.

For those countries caught in the middle of transformation the road for revolutionary change has been very difficult. Countries like Colombia and the Philippines have rapidly growing urban industrial sectors, but both have powerful guerrilla armies still well organized in the countryside. They also have strongly developing urban movements and democratic openings not present just a decade past. This has been a basis for debates and splits in both countries.

In a recent interview ex-commander of Colombia's M-19, Navarro Wolff, explained..."Our original idea was that the people would take up arms and head to the mountains...But two things had changed in Colombia...we discovered that Colombia is a much more urban country than we had originally believed. And the country began to open up politically, which for us came as a great surprise." (NACLA, Jan-Feb 1994)

The importance of urban-centered resistance has also been raised in the Communist Party of the Philippines. Ever since the Manila based overthrow of Marcos and resulting democratic openings, there has been debate over the balance and pace of rural and urban struggles. As always the issues are many sided and complex, but part of the debate has been over the role of urban insurrection and its relationship to peasant based guerrilla war. Recently there has been an organizational split in which Chairman Sison still holds to a revolutionary strategy situated mainly in the countryside.

**CHANGING POLITICAL STRATEGIES**

The tremendous changes in the economic base and resulting shifts in populations and work relations have laid the basis for new political alignments. These tensions are not just present in the Third World, but also societies moving from second wave to third wave economies. The result has been new challenges for Marxism and radical theory.

In America there are two growing class strata that need close attention. These are the new knowledge workers and the rapidly expanding contingent labor force. Contingent labor includes part-time and temporary workers and home workers. Today temp agencies are the largest employers in the U.S. This sector, while holding some highly skilled workers, mainly consists of
low paid, low skilled labor. Knowledge workers are on the other end of the third wave revolution; they are generally highly paid and in demand. Technical occupations and professionals will be the largest job category by year 2000, representing close to 20% of the labor force. (Tribune, 11-7-93) But even among knowledge workers, there exists rapid turnover and layoffs.

Contingent workers, as the most abused sector of labor, contain the potential for a militant anticapitalist movement. But new methods of organizing, different from traditional trade unions, need to be created to match the ways contingent workers experience their oppression. These will include combining community-based organizing with workplace organizing. Social demands like guaranteed annual income, lifelong education, and universal health care need to be combined with the traditional economic demands of the union contract.

Knowledge workers today are in the position of the old industrial proletariat. They are key to the enhanced production of surplus value. Just as blue-collar workers contained two sides--the conservative labor aristocracy as well as the most progressive sector of labor supportive of democracy and socialism--knowledge workers will divided into two as well. One sector will form the social base for the defense of information capitalism regardless of its excesses. Others will deeply understand the potential the new technology has for creating and sustaining a new social order. This progressive side also is born from the conditions of its own labor, which are enmeshed in the most advanced forms of capital.

This was Marx's argument for the importance of the industrial proletariat. Not just that they were exploited, but they were organized in the most modern and important section of capital. Therefore they encompassed the most advanced forms of political and economic organization. The economic organization of knowledge workers emphasizes less hierarchy, less bureaucracy, more information about and control of the job process, and greater participation or empowerment at the site of work. This lays the basis for socialist norms of labor, and blurs the lines between mental and manual work, which is the historic division between management and employee. The political voice of these strata has already emerged in today's battles for democratic use and control of information technologies.

Lastly the new social movements need to be understood in their relationship to the crisis in the conditions of production. The movement of feminists, ecologists, and community-based organizations correspond to the reproduction of labor power, the exploitation of nature, and the pressure on urban space. Just as the labor movement was born from the first contradiction of capitalism, these struggles arise from the second contradiction.

The feminist concerns over the control of a women's body, health care, child care; the struggle of young people for education and culture; the green movement's battles against pollution, global warming and deforestation; community struggles over housing, industrial location, and drugs; all reflect the cost of capital externalization and a tightening circle of available resources. Since the state controls and regulates the conditions of production, the focus of these struggles is with local, state and federal government. Traditional Marxists who view point of production organizing as the most valid form of struggle need to rethink long held beliefs. The immediate struggle against capital grows from both economic and social grounds.
CONCLUSION

As Marx pointed out long ago: "Modern Industry never looks upon and treats the existing form of process as final. The technical basis of that industry is therefore revolutionary, while all earlier modes of production were essentially conservative. By means of machinery, chemical processes and other methods, it is continually causing changes not only in the technical basis of production, but also in the functions of the laborer, and in the social combinations of the labor process. At the same time, it thereby also revolutionizes the division of labor within the society, and incessantly launches masses of people from one branch of production to another." (Capital, 1954, p. 457)

The same transformative process goes on today. A revolution in information technologies is creating fundamental changes in how and where people work. It is changing the functions of the laborer, the social combinations of the labor process, and has launched masses of people from one branch of production to another. Does this not accurately describe the world around us? Yes, the traditional crisis of accumulation has reemerged in full force, but the context and form of these changes has been the revolution in the means of production. New technologies have changed the face of capitalism, affecting the economic base, the relations of production, and are impacting political strategy. Our task is to understand the general crisis, its new forms, and begin to develop new strategies for appropriate technologies, radical democracy and sustainable socialism.

*Jerry Harris teaches history at DeVry Institute of Technology in Chicago.*

*Carl Davidson is the director of Networking for Democracy, a Chicago-based cooperative assisting grassroots organizations with media and new technologies.*