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# The Politics of Globalization

By Jerry Harris

Globalization is a new stage of capitalism in its development of a single world economic system. This process is driven by the revolution in knowledge intensive modes of production, and is manifested in both world speculative finance and the internationalization of production. Its political consequences can be seen in the policies of neo-liberalism, the construction of a global superstructure responsible for the market, and a redefinition of the role of the state.

In his book, *Promoting Polyarchy*, William Robinson describes the formation of a new hegemonic bloc that has emerged to lead the process of globalization. This bloc consists of various economic and political forces that have become the dominant sector of the ruling class throughout the developed world. The politics and policies of this ruling bloc are conditioned by the new global structure of accumulation and production. This historic bloc is composed of the transnational corporations and financial institutions, supranational economic planning agencies, major forces in the dominant political parties, media conglomerates, and technocratic elites in the Third World.

The new integrated circuits of world production and finance are possible because information technologies allow the centralization of decision making along with a geographic decentralization of production. The results are world mobility for investments, markets, and production, which leads globalists to harmonize a wide range of fiscal, monetary and industrial policies across national borders. Therefore, it is the logic of global accumulation, rather than national accumulation, that guides the political and economic behavior of the ruling bloc.

In the U.S., the globalist ruling bloc has three main factions: neo-liberal structuralists; free-market conservatives, and liberal regulationists. Their debates dominate Washington and don't correspond to the familiar political categories of the industrial era. The same is true of the anti-globalist camp, which contains both the anti-imperialist left and the reactionary populous right.

The globalists consolidated ideologically in the early 1980s under the policy of the Washington Consensus. Developed to deal with the debt crisis in Latin America and Mexico, its main principles were privatization, free trade, high interest rates, and a sharply diminished role for the state in economic activity and social services. This became the policy mantra of the Reagan revolution, and a siren call for the new Democrats. However, the recent Asian crisis has exposed important contradictions and major splits in the globalists camp. Foremost is the question of how best to structure the new world economy, with the debate centered on IMF policies.

The leading globalists faction is the neo-liberal structuralists, which includes figures such as President Bill Clinton, George Bush, Newt Gingrich, World Bank President James Wolfensohn, IMF Managing Director Michel Camdessus, and most transnationals and major financial institutions. What distinguishes this bloc is their adherence to neo-liberal political and economic policies, their concern to build a stable and regulated environment for global accumulation, and their effort to protect world financial institutions from ruin and failure. They have had important success in rapidly developing major international agreements such as NAFTA and GATT, establishing the WTO, and expanding the power of the IMF and World Bank. These efforts are building a new legal and economic superstructure for the world economy. This process parallels the nation building stage of early capitalism that constructed an integrated national market with common laws, taxes, currency, and political consolidation around a common state. Globalization is repeating this process, but on a world scale.

David Rothkoep, managing director of Kissinger Associates and a senior official of the Department of Commerce during Clinton's first term, puts it well:

"The global market place is being institutionalized through the creation of a series of multilateral entities that establish common rules for international commerce. If capital is to flow freely, disclosure rules must be the same, settlement procedures consistent, and redress transparent. If goods are also to move unimpeded, tariff laws must be consistent, customs standards harmonized, and product safety and labeling standards brought into line...In many ways business is the primary engine driving globalizaiton." (Foreign Affairs, Summer '97, p. 44)

More succinct was World Trade Organization Secretary General Renato Ruggerio who simply stated; "We are writing the constitution of a single world economy." (Chicago Tribune, "New Rules for Global Economy", R.C. Longworth)

What worries the neo-liberal structuralists is that this economy will spin out of control. Every day over a trillion dollars electronically rockets through the currency markets. For globalists the size and speed of speculative activity needs to be regulated and better managed. As George Soros noted; "Markets can move like a wrecking ball, knocking over one economy after another. The swings cannot be avoided altogether, but they need to be brought under control." (Financial Times, 1-3-99) This fear was brought home by the Asian crash, and so exposed developing splits within the hegemonic bloc. Propelled by the lightspeed devaluation of Asian currency and the tidal wave of bankruptcies, the IMF stepped in to expand control over international monetary policies. The huge \$120 billion bailout of international finance in Asia followed by another \$42 billion to Brazil, are being used to rewrite the way markets and governments operate.

This has sparked opposition by free market conservatives to the structural bailout, and reawakened opposition by the liberals to IMF social policies. The debate is also taking place among mainstream globalists, exemplified by the growing differences between the World Bank and IMF. Much of the discussion has focused on stricter regulations of financial institutions, better market supervision of risk management practices, and how to respond to the social fallout resulting from IMF policies.

A flashpoint of this battle raged in Congress over further U.S. funding for the IMF. Republican opposition surprised and angered the corporate community which made its demands clear in a letter addressed to the House of Representatives in which the National Association of Manufacturers, the U.S. Chamber of Commerce, and the Business Roundtable banded together and pronounced IMF funding vital for the American economy. Transnationals are a major interest within the neo-liberal sector and clearly want a stable and structured economic environment for their investments. Furthermore, the IMF has used the Asian crisis to demand that Third World countries open up their national economies to greater penetration from global corporations. Transnationals have not only been able to seize former state assets through privatization, but the bankruptcy of nationally based companies has resulted in a huge transfer of power to global corporations.

Differences among the global structuralists began to appear in the World Bank's 1997 report *The State in a Changing World*. The Bank questioned the promotion of the "minimalist state" and argued for a larger governmental role in protecting and correcting markets. The report sought to move "attention from the sterile debate of state and market to the more fundamental crisis of state effectiveness." (p. 25) While still insisting on free market policies the report emphasized that "liberalization is not the same as deregulation" and argued that the state's purpose is in "safeguarding

the health of the financial system". (p. 65) In a second report in November, 1998 the Bank focused its' criticism on particular features of IMF policies. Targetted were the IMF's rapid push for total financial liberalization, the need to control short-term investments, and greater aid for the poor.

As pointed out by the Washington Post, "The differences here are more of tactics than strategy". (12-7-98) The debate is not over free trade, open markets, or long-term foreign investments. Rather it centers on how best to protect the global financial system. Camdessus believes that the current world crisis can be tamed by changing aspects of international regulation and oversight, but that IMF policies are basically correct and already showing signs of stabilizing the Asian problem. This is the same approach taken by President Clinton's point men, Secretary of Treasury Robert Rubin, his undersecretary Lawrence Summers, and Britain's Prime Minister Tony Blair.

For mainstream globalists grouped around the IMF the global crisis calls for greater centralization. Italian Treasury Minister Carlo Azeglio Ciampi called for the IMF's Intern Committee to become the "embryo" of an economic government for the world. The Intern Committee, which Ciampi chairs, seats finance ministers from 24 major countries. Ciampi argues the Committee should "become the main channel of communication between the international financial community and national decision-makers" because the crisis makes it "necessary to reinforce the instruments for intervention by international financial institutions." (AFP, 12-17-98) The IMF becomes this instrument circumventing any real national dialouge over economic policy.

Other mainstream globalists like Wolfensohn, Henry Kissinger, and Harvard economist Jeffrey Sachs, seem more concerned with cleaning up the political and social fallout of the crisis. Wolfensohn, perhaps pushed by liberals such as Joseph Stiglitz inside the World Bank, has been expressing concern for those thrown into poverty by IMF policies. Yet in a letter to the Mozambique government in March, 1998, Wolfensohn demanded a quintupling of patient fees for public health services and privatization of the municipal water works as conditions for marginal debt relief. Perhaps the riots in Indonesia have helped Wolfensohn to rethink his concerns.

The resignation of Suharto certainly worried Henry Kissinger who joined the debate with a column in the New York Post expressing fear that "the indiscriminate globalism of the 1990s may generate a worldwide assault on the very concept of free financial markets" in the same manner that early capitalism "spawned Marxism". (10-6-98) Upset over the political explosions sweeping Indonesia, Kissinger complains that the "IMF has utterly failed to grasp the political impact of its actions" because of its "excessive emphasis on economics." (Ibid) Supporting Wolfenshohn's position he argued that states should provide a "social safety net and curb market excesses by regulation." (Ibid)

Although critical of the IMF none of these leaders question the basic tenants of the Washington Consensus nor its economic orthodoxy. Rather social entitlements are understood as necessary concessions to achieve political stability in order to continue on the road to globalization. While the globalist bloc is an international elite, there are senior, middle and junior partners. The most senior and cohesive sector is formed by American neo-liberals, and their version of the free market dominates globalization. Although published before the Asian crash, Rothkopt's article provides an excellent insight into what he calls "exporting the American model."

As he writes: "Americans should not shy away from doing that which is so clearly in their economic, political, and security interests--and so clearly in the interests of the world at large. The United States should not hesitate to promote its values...of all the nations in the history of the world theirs is the most just, the most tolerant, the most willing to constantly reassess and improve itself, and the best model for the future...Good and evil, better and worse coexist in this world. There are absolutes, and

there are political, economic, and moral costs associated with failing to recognize this fact." (FA, Summer '97, Pages 48-49)

Speaking of absolutes, the free-market conservatives are perhaps the most ideologically driven sector within the globalists. Representing this trend are former Secretary of State George Schultz, former Citibank CEO and speculative guru Walter Wriston, former Treasury Secretary and international speculator William Simon, Reagan era economists Lawrence Kudlow and Martin Feldstein, President of the Heritage Foundation Edwin Feulner, and Ian Vasquez of the Cato Institute.

Deeply influenced by Milton Freedman, this sector sees any bureaucratic central planning as interference in the pure functioning of the market. As Kudlow has stated; "IMF statism is no better than Soviet statism." (Lerner News Hours, 1-18-98) Conservatives argue that the market needs to carry its own risks, and firms must be allowed to fail without being saved by international agencies. Its within this process that "creative destruction" occurs. Money is freed from bad management and goes to those who know best how to invest. Bankruptcy, or the destructive side of capitalism is necessary to free capital to be used to create new wealth. For free market conservatives the Asian crash is the golden highway to future profits.

Kudlow articulates this viewpoint with insightful honesty when he states; "Capitalism without bankruptcy is like Heaven without Hell." (Lerner News Hour, 1-18-98) Although this may echo Nike's slogan "no pain no gain", Kudlow is speaking for global speculators who seem to delight in the destruction of people's livelihood in a Marat Sade model of creative economics. Schultz and Simon, old friends of Kudlow from the Reagan administration, are so deeply committed to the ideology of free markets that both have made calls to abolish the IMF.

In more direct language Feldstein decries IMF central planning because it has gone far beyond the role that it played in the 1980s and: "has imposed programs requiring governments to reform their financial institutions and to make substantial changes in their economic structure and political behavior." (Foreign Affairs, March/April '98)

As often argued by Wriston, the power to change government policies is best left to international financiers, not bureaucratic agencies. Celebrating speculative might Wriston stated: "Money is asserting its control over government, disciplining irresponsible policies, and taking away free lunches everywhere...If your economic policies are lousy, the market will punish you instantly. I'm in favor of this kind of economic democracy." (Wired, 10-'98, pages 202-203)

B.J. Habibie, Indonesia's new president, must have been listening to Wriston's advice about taking away "free lunches". Last fall he went on national radio and told his people not to eat two days a week. This would save \$1.4 billion per month on rice imports, money which then could be used to pay-off Indonesia's debt to foreign speculators. Welcome to democracy in the new world order.

Underlying unregulated free-market ideology are fundamental economic interests. Of the \$1.3 trillion invested daily in currency markets an overwhelming 66%, (and by some estimates 80%), are held for seven days or less. Only 1% of all speculative transactions stay put for a year or longer. Huge profits are made possible because this instability and quick movement of money results in rapid fluctuations of currency values. If you are on the right side of the fluctuation you can make billions. This has created a sizeable sector of free-market conservatives. As pointed out by Paul Volcker, former governor of the Federal Reserve: "The biggest concern today is the growing constituency for instability." (Changing Fortunes) Kissinger pointed to the same danger writing in the New York Post that: "Hedge funds, the trading departments of international banks and institutional investors possess

the reach, power, and resources to profit from market swings in either direction, and even to bring them about. It is market stability that they find uncongenial." (10-6-98)

Since the Asian crash and Russian debacle the liberal regulationists have been growing in importance. Liberals support free markets and privatization. But with expanding poverty they have come to question attacks on labor, cuts in social services, and government's abdication of regulating the free market. Liberals still support all the basic features of the new global structure. But they want to use these structures to tame the most destructive features of the free market. They clearly recognize the vast inequalities created by unregulated capitalism, and fear the political upheavals that may result. As the crisis in Asia spread to Russia and Brazil some mainstream globalists like Kissinger and Wolfensohn have begun to share some of the concerns of the liberals. But liberals have actually questioned important aspects of the Washington Consensus as the best way forward for constructing a global market. This liberal wing of globalists includes a significant faction of the Democratic Party with such spokespersons as Congressmen Dick Gephardt and Dave Bonior, former Secretary of Labor Robert Reich, plus a growing number of influential economists and concerned business figures.

Liberals have fought for better labor standards and environmental protection in the growing number of international agreements. They also seek to slowdown capital mobility using different regulatory devices which would help protect national economies. At times their opposition has been substantial, as reflected in the vote against NAFTA and its fast-track extension. For example, under Gephardt and Bonior's leadership 75% of all Democratic members of Congress voted against NAFTA. But the liberal leadership has agreed to support the IMF bailout because, according to Bonior, they obtained concessions on labor and environmental standards which allow people to organize, bargain collectively, take on sweatshops and child labor, and set-up watch-dog groups composed of business, government and labor. Critical support from liberals is not new, Gephardt voted for fast-track legislation under Bush and also for the WTO. More progressive members of Congress, Bernie Sanders (Vt), Dennis Kucinich (Oh), and Cynthia McKinney (Georgia), are voting no on further funding for the IMF.

Another important voice in the liberal wing is Joseph Stiglitz, Senior V.P. and chief economist of the World Bank, and former Chair of the U.S. Council of Economic Advisors. In an April, 1998 speech delivered in Helsinki, Stiglitz launched a major criticism of the Washington Consensus, calling it "incomplete and misleading." While a firm supporter of free trade and privatization, Stiglitz argues that "government has an important role in responding to market failures...and in appropriate regulation, industrial policy, social protection and welfare." He criticized the IMF policy in Russia for pushing inefficient and corrupt privatization without competition; and points out that China, by avoiding the Washington Consensus, has become "the greatest success story of the last two decades." Stiglitz is calling for a post-Washington consensus that would expand the role of government to provide universal education, transfer technology to the public sphere, and enable "increases in living standards...improved health...and a healthy environment." He has also challenged the IMF's policy of enforcing high interest rates, which has led to the bankruptcy of nationally based business' and deepen the depression in Asia.

The IMF's chief economist, Michael Mussa, attacked Stiglitz saying that, "those who argue that monetary policy should have been eased rather than tightened in those countries are smoking something that is not entirely legal." (Dow Jones Newswires, 10-2-98) Stiglitz fired back that Mussa "hasn't looked at the econometric evidence... looking at this approach not from an ideological perspective but looking at it from the way anyone who is serious about economics would look at it...you'll see that Mr. Mussa is wrong." (Ibid) Stiglitz's ideas seem to reflect a growing trend. Former

World Bank staffer Veena Siddharth stated; "His speaking out is just the tip of the iceberg. A lot of people at the Bank are worried about the effects of IMF policies on poor people."

Currency speculator George Soros has also been busy criticizing the IMF. In an article in the Financial Times (12-31-97) Soros notes that the prevailing system of: "international lending is fundamentally flawed yet the IMF regards its mission to preserve the system." Soros also understands that his fellow speculators threaten to destroy the very system that has created their wealth. In *The Alchemy of Finance* he points out: "Instability is cumulative, so that the eventual breakdown of freely floating exchange is ensured." As a result he argues the private sector is "ill-suited to allocate international credit" because its goals are to maximize profits not maintain macro-economic stability.

His solution is to create a new International Credit Insurance Corporation that would guarantee loans by setting a ceiling on the amounts insured. Speculative investments beyond insured amounts would be lost through failures, rather than saved by IMF bail-outs. Soros understands that further regulation will "outrage the financial community", but in his view: "The main enemy of the open (democratic) society is no longer the communist but the capitalist threat." (Chicago Tribune, 9-28-97)

There are a number of important economists who share the concerns of Soros, linking economic balance to political stability. Stephen Roach, the chief economist of Morgan Stanley Dean Whitter fears the "slash-and-burn restructuring strategies of American business" and predicts "some form of worker backlash as an inevitable by-product of an era that has squeezed labor and yet rewarded shareholders beyond their wildest dreams." (Chicago Tribune, 9-28-97)

Ricardo Hausman, chief economist of the Inter-American Development Bank, is concerned that: "Emerging markets are not merely investment opportunities they are entire nations with families, firms, and political systems...if volatility remains unchecked a backlash will build against the market-oriented, democratic reforms." Perhaps this unease is why the New Yorker and Chicago Tribune printed articles praising Karl Marx and his insights into the problems of capitalism. Adding its voice to the choir Business Week ran a lead feature titled, "The Judas Economy," which called for a return to Keynesian growth policies.

Even MIT economist Paul Krugman has distanced himself from the neo-liberal structuralists. In a major article for Fortune, Krugman called for capital controls over foreign currency exchange. In particular he praised the Chinese system of delinking internal interest rates from foreign currency markets to help protect their economy from international speculators. Says Krugman: "It's a dirty word, capital controls, but we need them to get out of a bind." (CNBC, 8-29-98) Delinking domestic and foreign rates would allow countries to expand investments through lower interest rates, while protecting their currencies from speculative freefalls. As the crisis grows there have been a number of uncomfortable converts like Krugman, who says: "Why did I become a radical? I didn't want to be. But we are in a trap." (CNBC. 8-29-98)

The real opposition to globalization comes from reactionary populism and the anti-imperialist left. Of these groups the right wing is far stronger and has greater media impact. Pat Buchanan has become the leading voice of reactionary populism along with a solid bloc of Republican Congressmen. In his weekly column (3-23-98) Buchanan offered a sophisticated analysis of the growing splits in the conservative movement. Titled, "Free-trade Extremists Undermine Reagan's Legacy", Buchanan argues that unbridled capitalism set free by the Reagan-Thatcher revolution contained the seeds of its own destruction. While global free trade and cutting government safety nets created fortunes for some, "in the middle and working classes they generate anxiety, insecurity, and disparities in income. Since these classes seek stability and order from their political systems above all else, Thatcherism

and Reaganism undermine the very social structure on which they were built." It seems even the right-wing can't escape dialectics. Confronting this contradiction Buchanan concludes: "Conservatism is thus at a crossroads. And if social conservatism is at war with unfettered capitalism, whose side are we on?" This may poise an unsolvable contradiction for the right-wing. Movement conservatives don't see a future without their social base, while free-market speculators have no need for a movement.

Under the direction of Majority Leader Dick Armey, 190 Republicans composed the main opposition in the fight against further funding for the IMF. In Congress it's the right populous who criticize the liberals for their weak opposition to the IMF bailout. Attacking Robert Riech, Republican Walker Todd stated: "In the great globalist economy, why should Heartlanders don the military uniform or tax themselves to defend investments abroad of corporations that consider themselves globalists - not tied to, say, the USA?...The IMF has become nothing more than a debt collector for the international banks."

Of course Todd and Buchanan would ask Americans to don the military uniform to fight for U.S. corporations that promote national power and wealth. Their attack on globalization is not isolationism, but a desire to maintain a world imperialist policy based on national power as developed in the industrial era. An imperialist era that brought home enough wealth to develop a social contract with the white middle class. That class constitutes the political base for right populism. Its the benefits of this social contract that globalizaiton is destroying as it undercuts living standards, shrinks the middle class and sends jobs abroad to low wage countries.

This is where the left and right intersect. Much of the American left also desires a return to the industrial past and the benefits won through unionization and the social struggles of the 1930s and '60s. The political base of the right is in large part the same political base for the left. But as the white working class of the 1930s became the white middle class of the 1950s it became satisfied, conservative, and bought into the privileges of racism. Rather than develop a strategic vision to transform the world that is, both the left and right are fighting a rear-guard battle to defend the world that was. They want to recreate the type of society that grounded their politics and success. Thus we find Buchanan quoting from the Nation, while Monthly Review denies that anything of significance has developed since the advent of industrial age imperialism. Its ironic that opposition to the IMF by both the right and left parallels the demands of the most dangerous and speculative wing of the globalists - the free-market conservatives who also wish to rid the world of the IMF and all international regulations.

One international response to neo-liberalism is People's Global Action, formed to "launch a worldwide coordination of resistance against the global market." This is a new world alliance of mainly peasant based movements in the Third World. It includes the Zapatistas, Movimento Sem Terra (Brazil), Peasant Movement of the Philippines, Movement for the Survival of the Ogoni People (Nigeria), Karnataka State Farmers Association (India), Indigenous Womens's Network (N. America and Pacific), the Sandinistas, Foundation for an Independent Aotearoa (New Zealand), and Play Fair Europe. This list of groups bears witness to the great pressure points of globalizaiton and shows how the market is now encompassing groups previously outside world capitalist commodity production.

These groups call for a decentralized and environmentally sustainable society, and some have battled at the very heart of globalization. For example, in Karnataka farmers have challenged biopiracy by transnational agrabusness, while the Ogoni people are fighting Shell for control of their land. Yet post-modernists promote the local nature of these struggles, romanticizing the autonomy of pre-



capitalist relations. This robs these movements of their anti-globalist thrust and seeks to define and limit Third World movements to a fragmented post-modernist mode.

Offering another global challenge is the environmental movement with its well-developed international ties. The inter-connected character of the environmental crisis necessitates a united world movement. The forces of globalization not only create a human disaster but an equally serious ecological crisis. This deeply effects economics and culture, rural and urban populations, new technologies and old. A red/green strategy, or classed based environmental movement, must be part of a long-term effort to build an alternative to neo-liberal globalism.

Labor has also begun to show signs of new strategic initiatives. As a result of globalized manufacturing the industrial working class in the Third World has increased from 285 million to 400 million over the past 15 years. In response union membership is rapidly growing in S. Africa, S. Korea, Thailand, Zimbabwe, Bangladesh, and the Philippines, even as it declines in the U.S. and Europe. Current efforts by labor reflect these international changes. The United Electrical Workers have started cross border organizing efforts with Mexico's Federation of Autonomous Workers. The striking dockers union in Liverpool used the internet to organize an international day of solidarity that shut-down 150 ports. And campaigns against Nike and the textile industry are fighting for fair labor standards worldwide.

In the West movements that battle for full benefits and equitable wage levels for all temporary and part-time workers are responding to the new conditions of labor. Already important reforms have been instituted in parts of Europe, and provide a model for the U.S. Also, as technology reduces the need for labor, people need to fight for a greater social wage and shorter workweek. Others are renewing the argument for high wages, low interest rates and full growth policies. These programs are outside the Washington Consensus and envision global relations based on growing equality between all nations.

Lastly the left needs to target speculative capital as the main enemy. This is the most dangerous, destructive and decadent form of capital in the world economy. A good place to start is the Tobin tax, a plan being suggested by some liberal economists and politicians. The idea originated with Nobel Prize economist James Tobin in 1972, and calls for a tax of one-fifth of one percent of the value of each financial transaction. If applied just in the U.S. it would raise \$20 to \$30 billion a year, while a worldwide tax would produce about \$100 billion. The aim is to slow down the size and amount of global transactions and push money towards longer-term investments. Of course a larger tax would have a greater effect and provide funds to create the types of social and environmental programs needed to correct the destructive aspects of globalization.

There is a high and low road to economic development. While low road speculators dominate today the deepening dimensions of their crisis is leading to political splits and economic ruin. Globalism is a crisis-ridden system based on the overproduction of exports, and rapid capital movements which produce instability. In opposition there is a growing broad consensus to develop a socially just economy that makes use of the market. The left needs to develop a new transitional strategy that helps to build a participatory and democratic economy, while working with all those, including the business community, who wish to create an equitable and stable future.

## **Book Review:**

### **Dan Swinney's "Building the Bridge to the High Road" A New Manifesto on the Strategy and Tactics of Radical Democracy**

Reviewed by Carl Davidson  
Networking for Democracy

Dan Swinney's *Building the Bridge to the High Road* has been characterized as a new left manifesto for the year 2000. It combines participatory democracy with a market socialist vision and an economic program of radical structural reform. Most important, the 87-page booklet makes a new breakthrough in helping today's left activists out of one of their most difficult problems: projecting a credible strategy and tactics for achieving a sustainable socialism as an outcome of campaigns for immediate reforms.

The term "high road" in the paper's title comes from a current widely used distinction made in progressive policy circles to describe alternative paths for businesses in meeting today's economic problems. The "low road" is where business emphasizes short-term profitability and competes with third world labor markets by lowering wages, gutting benefits, breaking unions and ignoring environmental concerns. The "high road" is where business emphasizes long-term sustainability by increasing skills and compensation, worker participation, and environmental safety.

The context for this strategic analysis is the visible emergence of the Low Road in our domestic and international economy in the late 1970s and the enormous destruction of our productive base and capacity. This has had an enormous ripple effect on all aspects of society and contributed to growing economic, environmental, social, and political instability despite the hollow claims about a "dream economy" in the US. This vacuum will be filled by either the left or the right-and the right is far ahead in building its economic, cultural, political and social base. Finally, we see the new growth of fascist elements in the fundamentalist religious right.

The left has no choice but to contend in this increasingly dangerous and destructive environment. And to contend requires a contemporary and sophisticated plan that its core addresses the ownership, control, management, and development of the productive capacity of society. A failure to contend is a policy of capitulation to the right. It is a form of passive defeatism on the part of the dominant section of the left, no matter how left-sounding and pure the justifying rhetoric sounds. It's time for a sharp break with this defeatist and passive tradition.

Swinney's organization, the Midwest Center for Labor Research, learned the importance and implications of this "low road-high road" distinction through 17 years of fighting plant closings and job loss in several of the country's "Rust Belt" cities and states. As a research center, MCLR has a well-respected reputation for providing invaluable information and analysis to unions, community coalitions and local government in their confrontations with low-road corporate greed. MCLR also combines its information with activism, and has often helped directly in the organizing efforts of its clients. Swinney's paper takes the form of a summary of that experience, and is rich in down-to-earth examples and practical lessons.

## **Strategy is developed in practice**

The first lesson is that strategy, while certainly concerned with theory, is a profoundly practical matter. The initial task of strategy is finding clear and concrete answers to the question, "Who are our friends, who are our enemies?" in order to win a projected goal. For some leftists, this doesn't require much thought. It has always been enough simply to name the capitalist class as the enemy, and then seek to rally the workers to a "class against class" strategy. Others have given the workers' movement a variety of regular allies--the Black civil rights movement, women, the Third World--but in such a mechanical fashion that the formula is always true, decade after decade, with little regard for changing conditions. Still others have gotten stuck or nervous on the matter of making distinctions among the capitalists. Either they avoid it entirely as a slippery slope to reformism; or they hang onto an outdated formula--such as the distinction made between bourgeois democracy and bourgeois fascism in the late 1930s--when current conditions are substantially different.

The High Road is a refreshing break from all these cul-de-sacs. With immediate social conflicts as its starting point, it seeks to draw new strategic lessons from recent practice. Since a good deal of MCLR's practice over the past two decades has been the fight for jobs, its lessons are particularly important to activists in urban areas hit hard by deindustrialization.

What MCLR learned first hand was that blue-collar job loss was a complex issue. Some jobs were exported to lower-wage areas abroad, while others were rendered obsolete by information technology. Still others were lost due to military cutbacks, environmental problems, failure to modernize or mismanagement. Some factories closed simply because the owner died and his or her heirs weren't interested in an inner-city business; other perfectly viable businesses were bought, stripped of their cash, and shut down by speculators.

One point stood out in this process that the left has often ignored: getting more jobs requires both more employers and better employers. Growing real jobs today also requires growing capitalists. There's no way around this unless we are to be satisfied with make-work "jobs" that create little or no value and are mainly excuses to hand out welfare or unemployment payments under another name. Some have argued that this distinction between real and make-work jobs doesn't really matter, since it's not the job of the left or the workers' movement to help capitalism run better. Until socialism arrives, our task is mainly redistributing wealth to get a bigger piece of the pie by militantly and massively opposing the status quo. Otherwise, we end up as allies of at least a section of capital and even become managers of enterprises in a market economy ourselves.

## **Getting Beyond Oppositionism & Redistributionism**

This is precisely the challenge that The High Road takes by the horns. Swinney argues that the real question is not whether to form an alliance with capitalists, but what forces do we bring to an alliance, which capitalists do we seek out and what kind of alliances do we need? The left's problem's, he explains, are mainly due to its self-imposed "oppositionist" and "redistributionist" outlooks. Rather than simply being an opposition force, we need to project ourselves as a qualitatively better governing force that can take control of government or of industry level by level and sector by sector and run it in a democratic, sustainable fashion. Moreover, rather than simply redistributing wealth, we need to establish or manage enterprises and institutions capable of generating new wealth in a democratic, sustainable fashion.

"The question of who guides and controls the production of wealth is central to this strategy," says Swinney. "There must be fundamental change in the social relations of production and in those

responsible for the creation and control of wealth and developing our productive capacity. The strategy demands that the labor and community social movements transcend the politics of opposition and the limits of advocating only the redistribution of wealth. Instead they must take responsibility for the creation of wealth, the starting of companies and the creation of jobs, welcoming the responsibility for good management, productivity and efficiency as well as justice."

### **Strategy makes distinctions among adversaries**

The High Road starts by dividing the capitalist class into two main groups: the productive sector and the parasitic sector. Productive capital is mainly engaged in creating new wealth. It makes money by assembling the means to produce the goods and services needed for mass consumption, infrastructure and the reproduction of factories themselves. Parasitic capital is mainly engaged in speculation. It creates no new wealth, but makes money by moving profitable factories from high-wage areas to low-wage areas, speculating on the difference. Or it liquidates profitable businesses in one industry to reinvest in another with a higher short-term rate of return. Or, in its most pure form, it simply gambles in the global derivatives market, betting millions on whether a given currency is going to go up or down in the next hour.

Productive capital has many conflicts with speculative capital. Speculators can simply buy publicly held corporations and liquidate them. Speculators can also wreck entire industrial areas or sectors by liquidating or moving key anchor industries. Or they can degrade entire regions by forcing down corporate tax rates and the ability of government to renew infrastructures. The productive-speculative conflict, moreover, does not only exist between firms; it also can exist as two trends or two competing blocs of owners and managers within a firm. Nor is size the issue. Some large multinationals can be productive while others are parasitic.

By making this distinction primary, Swinney is directly criticizing the "anti-corporate" and "anti-monopoly" strategies of much of the left has held for some time. A large corporation can be a high road producer, while a small business can be a low-road runaway sweatshop. The critical point is to evaluate a firm by what it does and what path it is taking, rather than mere size or form of ownership.

Similar distinctions can be made among government bodies and among politicians. Almost all of these are tied to business interests of some sort. The critical point is finding out which are tied to high roaders and which to low roaders, and on that basis develop an appropriate strategy and set of tactics. "We recognize the positive aspects of the market and use them, just as we see and oppose the negative aspects," Swinney explains. "We reject the 'command' as well as the 'neo-liberal' or approaches to the economy and government. We are committed to economic democracy and an expanded level of public participation in all aspects of society, and in all aspects of the economy.

This is essential for the development of people, as well as the success of our initiatives. It must take place in the firm and community, as well as in government and civil society. The High Road strategy also requires adoption and development of the strategy in local, state and federal government. We must contend for the use of all the power of the state to take the High Road strategy of development."

In classical Marxism-Leninism, making use of these sorts of distinctions among capitalists has been referred to as deploying the "indirect reserves" or "indirect allies" of the working class. When China was occupied by Japan, for instance, the Chinese Communist Party made a distinction in the enemy camp between Japan, the main enemy, and the U.S., an indirect reserve, since the U.S. was also at war with Japan. The CCP, with some degree of success, worked to develop a temporary wartime

alliance with the U.S. and Chiang Kai-shek. In this period, the "direct allies" of China were the other national liberation movements, and the socialist and working-class movements around the world.

This leads to the question of the difference between strategic and tactical alliances. Generally speaking, strategic allies are those who share an interest in achieving the overall goal of the struggle, while tactical allies are forces who share an interest in winning a particular battle or campaign. Strategic alliances are thus generally long-term and close relationships, while tactical alliances are more limited in scope and duration.

### **High Road Strategy & Tactics: A Case in Point**

The High Road gives a number of examples of these alliances in the fight for jobs and democratic control of local economies. The Brach Candy campaign stands out as the clearest and most comprehensive. As Swinney describes it, Brach Candy, a major employer on Chicago's West Side, was in a management crisis after being purchased by a Swiss billionaire. Jobs were being lost by the thousands and the fear was that the plant would be broken up and the more profitable parts shipped abroad. African-American workers first raised their concerns through their churches and community organizations. These groups sought help from MCLR, which in turn helped bring in the Teamsters Local in the plant into the effort. This would be the core strategic alliance: the African-American community and the union. They mainly pressed Brach's owners to take the high road, but also made it clear that they would try to buy them out if they didn't.

Other Chicagoans were drawn into this alliance as well, including politicians representing the area, and small businesses dependent on Brach's existence for their customer base. All shared not only an interest in keeping Brach open, but also in job retention and the democratic development of the area. Then there were the forces associated with Brach itself. While the current owners were the main enemy, it was also clear that Brach's management had been in turmoil and divided. A good number had been dismissed. They were differentiated into low roaders and high roaders, with a grouping of the high roaders becoming supporters of the community forces and coming to play a key role in the campaign. These tactical alliances in high places emphasized that a Brach shutdown was simply bad for business and sought out others on that basis. But they were critical for another reason: they helped MCLR and the Brach Coalition put together a web of financial commitments that gave credibility to a potential offer to buy out the company. This managed to split the City Council, with one grouping going with the community and another with Mayor Daley, who opposed the Brach campaign on the grounds that capital's prerogatives shouldn't be challenged.

### **The Role of Worker Ownership**

MCLR's approach to worker ownership is strategically positive and tactically critical. It details all the tactical pitfalls from its involvement in a number of worker-ownership projects. Still, Swinney is clear on his basic orientation:

"We need to challenge the view that labor's interest in employee ownership is merely as a last resort in keeping the company open, or that it is only an opportunity for a few workers and managers to have a good job and a good investment. These reasons are important, but . . . if we do not develop a more aggressive stance toward these issues, we will miss an opportunity to give specific definition to the growing movement for greater democracy in our country (and around the world) . . . We need to affirm by example that ownership is more than a stock certificate or profit sharing. We need to take up the issue of democratic management with enthusiasm and commitment. We need to show how this makes companies more productive

and efficient. We need to demonstrate how companies become places that transform and develop employees in positive and dynamic ways. We must fight the deeply-held view that workers do not have the ability to manage complex enterprises, much less manage in a democratic way."

A related lesson of strategy implicit in *The High Road* is not putting yourself in a situation where you confront all your adversaries at once. The critical function is to mobilize all positive factors and narrow the target of attack. To paraphrase the CCP again, strategy involves "uniting the many to defeat the few" by developing the progressive forces, winning over the middle forces, isolating and dividing the diehard reactionaries, and "crushing our enemies one by one."

The Brach campaign was a success because of these alliances. The company made a number of concessions: a better contract for the union, a stop to job loss and relocation plans. This partially satisfied the interests of all the forces in the coalition, which also consolidated organizationally. The Brach campaign also raised other new issues. An important force to join the coalition, for instance, was the Chicago Archdiocese of the Catholic Church. Where did it fit in? Institutions like this bring an obvious moral and political force to mass campaigns. But *The High Road* also looks at them in fresh economic terms. On one hand, churches, foundations and other nonprofits are clearly part of the capitalist landscape: they have managers, employees, capital holdings and assets, and services to provide to members, clients and customers. On the other hand, as nonprofits, they don't have to pay dividends. They only have to meet their costs. Swinney places them in what he calls the "social economy." Others have named it the "third sector," as distinct from the private and public sectors.

So are the institutions of the social economy tactical allies or strategic allies? It's clear that its components are politically diverse. The Christian Coalition and its nexus of allied nonprofits are clearly on the right. Many others however, such as Jesse Jackson's Operation PUSH, are on the left. Their political character is often determined by a complex mix of their initial charter and funders, their leadership and the input of their constituents. Swinney's key point is that there is nothing inherent in their structure that prevents them from surviving and even thriving in a democratic, market socialism. Thus, some components of the social economy are capable of being strategic as well as tactical allies.

### **Revolutionary Politics for Nonrevolutionary Times**

Answering just who comprises the progressive forces, the middle forces and so on depends on a rigorous assessment of time, place and circumstance. Are we in a revolutionary or nonrevolutionary situation? Is it wartime or peacetime? Are we in a developed or underdeveloped part of the world? *The High Road* tries to put all these questions in a new context: the working class is still a progressive force, but in the U.S. deindustrialization has shrunk the blue collar sector while expanding the underemployed, the prison population, service workers and high-tech workers. Globalization, by eroding the structure of economic privileges between the "Great Nations" and the Third World, has both deepened the racial divide and created conditions for a new worldwide labor solidarity. Speculative, parasitic capital is wreaking havoc everywhere; yet the political situation is mainly nonrevolutionary. True, there are several profound structural crises building up explosive forces, but the ruling classes still maintain the ability to rule in the old way.

The left is often naturally biased toward drawing on the lessons of revolutionary upheavals and victories. The writings on a successful revolution's major turning points and final showdown are often what get translated, circulated and absorbed first. The experiences of the longer, defensive and nonrevolutionary periods are played down or ignored. Lenin's *State and Revolution* and other

wartime writings are much more widely known than those on his parliamentary work or his battles with ultraleft liquidationists around 1910. Other important but relatively lesser known works would include Gramsci's prison writings, Bukharin's writings on the New Economic Period, Georgi Dimitrov on the antifascist front, Mao Zedong on the united front and even Andre Gorz 1960s work on structural reform.

In revolutionary times, strategic victories are mainly culminated by the seizure of power, the disintegration of the old government, and the consolidation of a new political and economic order. But what about nonrevolutionary periods, which, after all, take up more than 90 percent of history? Do we mainly subsist on the margins while waiting for the next apocalypse? Or do we fight with a strategy and tactics that prepare our forces to rule, that sustains us economically and develops our forces as a counter-hegemonic power? Do we define victory, not by whether we have won this or that demand, but by whether or not our forces have greater organization, strength and fighting capacity after the battle than they did before the battle began?

Swinney's High Road lists a number of organizations, enterprises and institutions that, albeit in embryonic form, already exist and can begin to serve as a sustainable base for a powerful challenge to the present order. Its importance is precisely because it is not a manifesto for a revolutionary offensive, but for nonrevolutionary conditions. It does not pretend to be the final word on the subject, but it does project some solid working hypotheses on how to gather forces and shape conditions for the radical upsurges of tomorrow.

*Building the Bridge to the High Road: Expanding Participation and Democracy in the Economy to Build Sustainable Communities is available in booklet form for \$10 from the Midwest Center for Labor Research, 3411 W Diversey, Suite 10, Chicago IL 60647. It can also be read on MCLR's "High Road" web site at [www.mclr.com](http://www.mclr.com).*

## **Third Wave CyberUnions - or No Unions.**

By Arthur B. Shostak, Ph.D.

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In his 1995 book, *Navigating in Cyberspace*, Frank Ogden, a leading Canadian futurist, warns, "the next decade will make the past look tame.

... within 10 years, the technology that is hardly out of the starting gate will change 90 percent of our culture and society ." (Ogburn; 12, 3,6) We live in a New Economy - one "all about ... the ability to transform [organizations] into new entities that yesterday couldn't be imagined and that the day after tomorrow may be obsolete." (Tapscott; 43)

What a remarkable New World in which Organized Labor must find its way! Imagine how farther along all this may be just a few years from now. By 2005 or so our insatiable appetite for information may have us -

- wear a compact picture-phone and computer on our wrist and dictate to it by voice, even as we enjoy listening to its "voice" in turn;
- use it to access any type of information, anywhere, at anytime;
- use it to stay "in the loop" and stay in touch with significant others all the time;
- use it to send and receive messages in all languages, as if our own;
- use it to surf the Internet and Web with the stressless help of "smart" software that provides useful information even before we ask for it;
- and, feel empowered by these information aids as never before!

Even if only half of this is realized in the next few years, the rest is likely to be close behind, and the impact is likely to prove mind-boggling.

A remarkable information future beckons ... though some will make far more of it than others. Labor can turn it to advantage, both for itself as a social movement and for its individual members, but the doing will not come easy, and the hour grows late.

### **Labor at Bat.**

Labor is challenged to renew itself once again, as not since the 1930s, when it had to "invent" large-scale industrial unionism, and the mid-1990s, when it opted for the invigorating "New Voice" vision of the Sweeney team. The head of that team, after taking "the hitherto taboo step of saying that labor is in danger of becoming 'irrelevant,'" authorized an immediate step-up in the use of informatics.



(Heckscher; xv) Accordingly, in 1996, the AFL-CIO held its first major meeting to discuss Labor and the Internet. In 1998, an ad hoc committee of 12 Information Technology officers of the most progressive unions published a White Paper on making the most of computer uses. Similarly, a group of specialists inside the AFL-CIO were busy that year studying how to offer an "Intelligent Agent" to unionists.

Many American unionists, perhaps as many as 4-million, are on-line. At the same time, however, of the 74 international unions affiliated with the AFL-CIO, as late as the Fall of 1998 only 44 of the largest and most progressive variety had Web sites. Nearly half (30) were not yet participating in the biggest change in communications in modern times.

Accordingly, by about 2003 or earlier the matter should be clear: The American labor movement will either be employing computers with enviable finesse, or it will have become an inconsequential has-been, the organizational equivalent of "road kill on the Information Superhighway."

### **Gains To Date**

Many gains have already been won, gains of which Organized labor has much reason to be proud: Consider this account from a very computer-savvy Research Director of a major international union: "I've saved thousands of jobs, thousands! We come into bargaining knowing more about the company than they do, by far. We've researched everything, I mean everything - their return on investment, their philanthropy profile, their executive profit-sharing payout ... like, I mean, everything!

"When they say they can't afford this or that, we come right back and show them how they can - and we show them what they will gain if they do. We give them a better analysis of their ability to pay than they ever thought possible. And when we've got the contract we were after, we sell it to our members, and begin to prove to the company they were right all along to go along."

Similarly, an activist with whom I talked after I gave a workshop on union and computer possibilities proudly explained his own situation:

"Does it help? You bet it does! I've got my entire office in this little machine, all of my data decks. I can help a member right on the spot, no waiting, no fuss. They really are impressed, and I feel good about it. Heck, I've been a computer nerd since the 1970s, and I keep upgrading my stuff, so it's easy for me now. I can't remember how it was before I took this way, but it couldn't have been good enough."

Accordingly, Labor's record to date, put as a bumper sticker, might read - "Extraordinary possibilities under development." Problems persist, of course, what with only 25% of unionists on-line, and even fewer clicking on Web sites other than that of their local or union. As well, all too many such Web sites are dull, static, top-down billboards, and far too many leaders (and large numbers of members) are comfortable with that. Deep-reaching questions abound, as in this thought from the sage head of a very impressive computer-using local:

"Part of what's happened is that the Labor Movement hasn't really decided how it wants to be, or what it want to look like. And so, it has a hard time setting up computer support systems. Because it is not sure what it wants to be."

Far more, in short, is required if Organized Labor is to soon maximize the potential of computer use, an adoption on which its survival may largely hinge.

### **A Division of the House**

Three types of unions are evident today vis-a-vis uses made of computers. The first, which I call CyberNaught unionism, involves a bare minimum employ of computer potentialities. It is generally restricted to staid reliance on a mainframe for bookkeeping of dues and benefits data. The second, CyberDrift unionism, moves spastically first in this direction, and then that one, lacking any rhyme or reason in its rudderless efforts. It stands out in its combination of aimlessness with thoughtlessness. The third, CyberGain unionism, is a proud model to aspire to, and one which sets the stage for the emergence soon of its 21st century successor, CyberUnionism.

CyberNaught unions and locals seek to preserve and persist, rather than update or innovate. Where computers are concerned, they employ them only or primarily to satisfy traditional business needs, as in accounting and bookkeeping (dues and benefit records; payroll data; etc.). They are content to use data processing systems to keep track of things and to codify standard business practices. Most are indifferent (the others, hostile) to what upgrades here might otherwise do to support people, plans, and progress.

The issue, then, is not as simple as whether or not a union or local uses computers: Rather, the issue is why and how. Put starkly, CyberNaught unions and locals use computers to get through the day, and do so in as flat and uninspired a way as is possible. Officials settle for inertia and quietism. Much of the problem is rooted in conceptual inertia: Out-dated habits of mind have far too many of these labor leaders preferring form to function, protocol to results, and rhetoric to risk-taking. This is not only about failings of intellect; it is also about failings of the spirit. For if, as Orwell warned, poverty annihilates the future, so also in its own way does poverty of vision. CyberNaught power-holders want the future to be like the past, only more so. They treat unionism as if it can only be a passive institution, and they act as a deadening hand on change. In consequence, their unions and locals sleep-walk when they might stride, and they remain vulnerable in ways they hardly realize.

### **Galloping off in All Directions.**

CyberDrift unions or locals move aimlessly, like a cork bobbing on a turbulent sea, though with far less likelihood than a cork of staying afloat. Bewildered leaders look on as if in a daze, union officers to whom things happen rather than people who make new beginnings. Caught in this hapless course, Labor's effort to use computers falls far short of its potential.

Computerization is persistently prolific, as it moves from stand-alone PCs to networks, and from computer-oriented humans to human-oriented computing. Its record affirms we are in the midst of a revolution, not an evolution. But you would never know this from the inchoate and directionless plight of a CyberDrift union. These unions and their locals are seldom the adequate and inspiring organizations they want to be thought of, much to the rue of all who really know them and understand how much more is possible.

### **Labor's Best Hope - for the Moment.**

In contrast with CyberNaught types, CyberGain unions and locals make much of computer possibilities. The good news is their number appears larger with every passing year; the bad news is their ranks remain far too small for Labor's good. Worse yet, they are often thought the end-all, when

in fact - for labor's sake - they must prove way stations on the way to becoming CyberUnions. CyberGain unions and locals employ computers to support people, plans, and progress, as well as to keep track of things (traditional business operations). They pour new wine into new bottles. Their use of computers can be creative (though as I shall argue later, it still does not go far enough). Officers, staffers, and activists alike appreciate how much can be done, and they enjoy adapting gains made elsewhere in and outside of Labor. Much success here can be traced to conceptual advances. Progressive habits of mind have CyberGain labor leaders, staffers, and rank-and-file activists preferring function to form, results to protocol, and risk-taking to rhetoric. In consequence, their unions and locals are dynamic operations, supple and original in ways in which they take justifiable pride.

### **Reality Check.**

Before too glowing an impression is given, it should be noted that CyberGain unions and locals have many telling weaknesses. To begin with, most have little or no knowledge of the existence of one another. In keeping with the costly isolation of unions from other unions, they are busy re-inventing the wheel instead of trading good ideas back and forth. Despite conferences the AFL-CIO has run to encourage cross-fertilization, workshops held regularly at the George Meany Center, and the efforts computers specialists of 12 or so major unions are making to stay in touch, it is as if the organizations were ships passing at night. Second, CyberGain unions and locals often try to do it on the cheap. Many are reluctant to pay the annual maintenance costs required to keep a complex, multi-machine system up and going, better yet constantly upgrade it. In consequence, they often flounder trying to best computer problems they should not have had in the first place.

Finally, and most telling of all, the CyberGain unions I studied had too little in the way of an overarching vision. Many seemed to have lost sight of why they had started using computers to begin with. That is, they were not asking good questions about the desirability of this or that use with reference to the organization's well-being, with reference to what the rank--and--file might get from it (or lose to it). Instead, they were weighing computer uses in small--minded, rather than in grand ways, and they were missing transformational opportunities. More specifically, where computer applications are concerned, CyberGain unions and locals often remain frozen in the first generation of Internet use. They are preoccupied with meeting straight-forward informational needs. Their Web site typically offers their logo and basic facts, a static display critics dismiss as "brochure ware" or "billboards." They fail to understand, or decline to value the fact that second generation applications are quite different: Known as transactional, they emphasize the dynamic participation of the parties, rather than accept passivity, as at present in far too many CyberGain organizations. While the CyberGain model is clearly superior to the CyberNaught and CyberDrift options, it will not suffice. It rebuilds, but it does not adequately renew. By failing to take the full potential of computerization boldly into account, CyberGain organizations do not so much deal with the future as they streamline the past. Only a far more ambitious use of informatics in general, and computers in particular, will do the job. I think it will be adequate for only a few more years. The early 21st century requires far more.

### **Getting to a Third Wave CyberUnion F-I-S-T Model**

I am persuaded Labor's overdue use of computers, while necessary, is insufficient. If Labor is to reinvent itself as rapidly, as thoroughly, and as meaningfully as appears necessary, far more than CyberGain unionism seems required. Specifically, early 21st century unions must experiment with an ambitious and creative alternative to the Labor status quo, one that dares to incorporate futuristics, innovations, services, and labor traditions(F-I-S-T) - all of which go better when they build on creative computerization. The first such aid, futuristics, empowers as only foreknowledge can. The

second, innovations, energizes as only creativity can. The third, services, engages as only rewards can. And the fourth, traditions, bonds as only emotional ties can.

Labor urgently needs the rewards possible from reliable forecasting. And the rewards that innovations, such as computer data-mining, uniquely offer. And the rewards that computer-based services, such as volume discounts on PCs, can provide. And the rewards possible from the computer-aided modernization of traditions (as in the production of inter-active software rich with labor history material). Why this unusual F-I-S-T set? Because as a futurist, a professional forecaster, I think Labor must take advantage of this ancient, and yet also avant garde art form. Similarly, as a labor educator, I believe innovation a resource labor urgently needs to make more of. And like most labor educators, I champion both the extension of union-offered services and the celebration of Labor traditions, for goods and lore can make a powerful combination - especially if facilitated by new-finagled computerization aids. Together, then, these four additional items (F-I-S-T) should provide Organized Labor with the foresight, the dynamism, the appeal, and the heart necessary to build on its CyberGain strengths and reverse its long-term decline.

<b>Table 1</b>	<b>CyberUnion - Labor's Best (Only?) Third Wave Hope</b>
Definition:	A union or local that uses its CyberGain status to pursue much more development.
Attributes:	Led by technophile visionaries AND pragmatic power-holders (not always the same people). Always searching for informatics, innovations that might make a difference. No hesitation to try experiments. Employs a "Learning Culture." Has a participatory bias; pro-democratic ethos. Draws on Futuristics, Innovations, Services, and Traditions (F-I-S-T) - via informatics.
Gains:	Far more efficient and effective. Inspires members and prospective members.
Losses:	Requires dedication of time and energy. Cannot expect to succeed with every experiment; must have comeback capacity.

### **The Labor Digerati to the Rescue!**

Fortunately, a new generation of Web-faring union activists are eager to get on with it. Labor's "digerati" types have lives steeped in Information Age technologies, and are living ever more effectively in a networked world of union boosters. Forward-thinking and visionary, these techno-savvy men and women have a hefty dose of indefatigable optimism. Unlike many of their peers, their expectations concerning the renewing of Organized Labor are almost without limits. When such activists envision the years ahead, they expect computers to soon secure unprecedented access of everyone in Labor to everyone else... officers to members, members to officers. unionists to non-unionists, and vice versa. Rapid polling of the membership. Galvanizing of rallies ore-mail protests.

Spotlighting of models worth emulating, and wrongs for the righting. Libraries put at a unionist's beck and call, along with valuable arbitration, grievance, and mediation material. Open chatrooms and bulletin boards for unfettered telling and listening, for the creation of a High Tech electronic (virtual) "community" to bolster High Touch solidarity among real folk. As if this was not enough, the vision of Labor's digerati includes a quantum increase soon in the collective intelligence and consciousness of "global village" unionists in a global International. Unprecedented cooperation across national borders. The first effective counter to transnational corporate behemoths. And, going out a year or two further, possibly even Intelligent Agent software housed in computer "wearables,"empowering unionists as never before. Guided by this growing cadre, Labor can soon move more unions and locals into computer use status. And thereby invigorate the membership. Draw in new members. Intimidate opponents. Intrigue vote-seekers. Meet the aspirations that union "netizens" have for the Labor Movement. And in other valuable ways, significantly bolster Labor's chances of moving especially advanced unions and locals up to CyberUnion status early in the 21stcentury.

<b>Table 2</b>	<b>Comparison of Types of Modern Unions and Locals</b>
Cyber Naught Union/Local	If you don't get with it, you won't matter ("If you're out for lunch, you are lunch!"). Ignorance here is not bliss; it is fatal.
Cyber Drift Union/Local	If you don't have a clear sense of where you want your union/local to go, you won't get there ...or any other place really worth reaching.
Cyber Gain Union/Local	If you believe your union/local has it made, and need not go very far from the present, you are sealing a disappointing fate. Your reach must always exceed your grasp. Informatics means there is no status quo anymore - only ceaseless innovation or decline.
CyberUnion	If you dream a bolder dream, dare brighter moves, and take to heart the finest values of the global labor movement, you just might do us all honor.

### **Reality Check.**

Labor's sharp-edged possibility - either informatics mastery or fadeout - is not the same thing as saying computerization can or will save Labor. As one of the most extensive pioneering users of computers, a federation of 403 unions in 113 countries, maintains - "The computers are one possible medium, not the message." (ICEM; 56) Computerization is no "silver bullet." It is a complex, demanding, and often exasperating tool, only as reliable and effective as the humans in charge. As well, it is no solo star. It works best when part of a mix that includes militancy, labor law reform, political action, and so on. It works best when aiding such "high touch" efforts as "one-on-one" organizing,"shoe leather" vote-getting, "button hole" lobbying for labor law reform, and so on. It works best when kept as an accessory and an aid, rather than allowed to become a confining and superordinating system.

It would be a costly mistake of unionists to confuse computerization with a magic remedy, almost as costly as present-day under-utilization by Labor of its remarkable potential. Which is to say, that while it cannot"rescue" Labor, unless Organized labor soon makes the most creative possible use of it, as with the F-I-S-T model, Labor probably cannot be rescued.

## Summary: Labor Union Prospects?

Unions five years from now are likely to be very different from the present: Either their hallmark will be their irrelevance, or they will draw handsomely on what I call CyberUnion attributes (F-I-S-T). Either they may be ossified relics, or they will command respect as mature information-intensive power houses, fully the equal (and possibly the better!) of anything the business world boasts. Unless and until Labor makes more creative use of computer and cyberspace possibilities, its long slide into irrelevance may be slowed, but it will not be reversed. Murray Kempton, one of the most insightful of recent writers about unionism, wistfully notes of seemingly appealing reforms -- "One sees at once that here is the way to get at the thing, and wonders why, with the sign painted this plain, the road has been so seldom followed." (Kazin) It is time to heed signs pointing toward the CyberUnion, and move to give this Information Age labor organization a 21st century trial.

## Recommended Resources:

- Boyett, Joseph and Jimmie. *The Guru Guide: The Best Ideas of the Top Management Thinkers*. New York: Wiley, 1998. \$25.  
A far-ranging synthesis of current workplace changes, as explored by 79 top-flight consultants. Especially valuable are essays offering 33 reasons for resistance to change, 33 reasons for creating a learning organization; comparisons of traditional versus high-performance organizations, and the attributes of laudable leadership (continual learning, courage, curiosity, daring, discernment, farsightedness, humor, integrity, synergizing, and thinking win-win).
- Cohen-Rosenthal, Edward, ed. *Unions, Management, and Quality: Opportunities for Innovation and Excellence*. Chicago, IL: Irwin, 1995.  
Thirteen original essays, jointly authored by union and management "partners" in achieving outstanding workplace cooperation. Illustrates how a labor organization can break from old ways and construct a new and better reality.
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- The Communications Workers of America Web site is located at <http://www.cwa-union.org>. It contains a section on Union Labor and Information with links to the following: CWA Locals & Affiliates; Unions on the Web (North America); Unions on the Web (International); Other Labor-Related Sites; Labor & Industrial Relations E-mail Discussion Lists; and Related Areas on CWA's Web Site

In addition, the CWA site has on-line publications from the CWA Research department, sites to the CWA legislative and political Web site, links for members and the general public to participate in on-line activism, and a large section on industry information which includes Communications & Media Industry: Telephone, Cable TV, Broadcast Media, Newspaper Printing and Publishing, Public & Health Care Workers, Higher Education, Airline Passenger Service, and Internet Job Banks.

- For a fine example of a site maintained by an enthusiast, see IBEW member James Border's Web site in Nashville, Tennessee ([www.geocities.com/SouthBeach/Sands/1173/ibew.html](http://www.geocities.com/SouthBeach/Sands/1173/ibew.html)). James, a member of IBEW Local Union 429, has developed his own unofficial IBEW Web site where he displays some labor links and basic information about the IBEW.
- Special attention should be paid to the AFL-CIO Web site, available at [www.aflcio.org](http://www.aflcio.org), and called Today's Unions. It offers an "Executive Pay Watch" service that keeps tabs on exorbitant CEO salaries. It also has a "Congressional Page" with e-mail addresses and voting records of all the members of Congress.
- Michael Moore, filmmaker and author, offers no-holds-barred commentaries on Labor and almost everything else. Accessible at [www.dogeatdogfilms.com/](http://www.dogeatdogfilms.com/)

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*"This time, like all times, is a very good one if we but know what to do with it." Ralph Waldo Emerson*

## **Book Review:**

### **William Wolman and Anne Colamosca's "The Judas Economy: The Triumph of Capital & The Betrayal of Work"**

Perseus Press, 1998

\$16.00 paper, 256 pages

Reviewed by Jerry Harris

Chicago Third Wave Study Group

William Wolman was editor and chief economist for Business Week, and Anne Colamosca a writer for the magazine. Their publication of *The Judas Economy* is a frontal attack on the globalization of financial speculation, or as they subtitle their book: *The Triumph of Capital and the Betrayal of Work*. The book joins an important and growing body of work from mainstream liberals who have launched a Keynesian counteroffensive against the free market ideology of the conservative revolution. The author's analysis is a sharp criticism of unbridled capitalism, coupled with a defense of labor and an economy based on work. The strength, and weakness of the book, is that their analysis is firmly confined to the progressive outlook of the New Deal era.

Wolman and Colamosca's central thesis is that, "the impact of the cold war victory on the United States is the key to understanding every major economic trend now in operation." (p. 2) They argue it was this change in the balance of power that opened the entire world to capital penetration, and led to the triumph of free market ideology in its most dogmatic form. These changes, and not the technological revolution, are responsible for a "new phase of global capitalism." In fact, Wolman and Colamosca specifically target for criticism Alvin and Hedi Toffler, Jeremy Rifkin, Robert Reich and others who emphasize the powerful role of technology in the changing labor market and global economy. As they state, "Our contention is that it is the triumph of capital, not advances in technology, that has led to the betrayal of work." (p. 54)

As the authors see it, the end of the cold war allowed for a globalization of labor which now provides capital with a huge pool of cheap unskilled and skilled workers. In turn, this has broken the social contract and led to a dismantling of the economic gains enjoyed by workers in the developed world. The authors reject the idea that "the vast majority of Americans are simply not equipped to function in an age dominated by the knowledge revolution" (p. 48), or that stagnating wages for the majority reflect the rise of a small "cognitive elite." Rather they state that, "since the cold war ended in 1988, the economic incentives of capital to make concessions to workers in both blue-collar, and most recently, white-collar management jobs, has totally withered away." (p. 49) Thus American workers don't lack the skills or training to cope with new information technology, nor does the new technology necessarily destroy jobs. Rather it is the need and organization of capital on a world scale that has betrayed the American worker by seeking cheaper labor abroad.

This analysis undercuts Jeremy Rifkin who argues that information technology has ushered in the "end of work," and others who maintain that new technology has an absolute tendency to displace labor and so creates a permanent sector of rebellious unemployed. But neither do Wolman and Colamosca agree with enthusiasts like Toffler who say that the spread of new technology will lead to an explosion of new jobs and a rapidly growing dynamic economy. Rather, their analysis sees a world diffusion of information technology that works to converge wages globally and thus undercuts living standards in the West. Therefore, technology does create jobs, but through a low paid globalized labor pool. This position converges with those who argue that new technology will create



a large contingent labor force, with both its high and low skilled workers facing wage and job insecurity.

A consistently important point in *The Judas Economy* is the historically privileged position of the white working class. As the authors state, "The ties that bound European capital and European labor were perhaps most vividly, and confidently, displayed during the age of imperialism." (p. 14) But since 1988, for the "first time in capitalism's four hundred year history there is no longer anything intrinsically special about the role of white ethnic Europeans throughout the United States and Europe." (p. 2) World competition for industrial jobs is not the only consequence of globalization, but also a fight "for professional jobs that had been the nearly exclusive fiefdoms of white ethnic Europeans in industrialized nations since the beginning of modern capitalism." (p. 7)

Where Wolman and Colamosca err is in their overemphasis of the impact of the ending of the cold war. Capital faced a crisis of accumulation by the early 1970s, with globalization and the growth of financial speculation well under way before the fall of the Berlin Wall. The authors even use statistical data to show us that wages have been stagnating since 1973. The debate between technology or politics as the driving force of globalization misses the interlocking relationship between the two. Revolutionary technology allowed the creation of a new global command and production system, as well as powerful speculative markets. The development of these new tools of production helped capital escape its growing problem of stagnation. This system was being constructed as socialism collapsed, allowing for a rapid consolidation and qualitative expansion for this new regime of world accumulation. Thus the ending of the cold war is certainly an important factor in globalization, but only one key in a chain of events.

The second section of *The Judas Economy* is titled *The Betrayal of Work*, and exposes the many ways capital has attacked labor. Chapter four develops a fascinating analysis which compares China's Cultural Revolution to corporate America's downsizing in the 1980s. What first appear to be totally different experiences are actually similar social and economic attacks on professional workers, intellectuals, and middle managers. Also furthering their argument against technological influence the authors maintain the real motive for re-engineering was "to extend the control that capital exerts over work to an entirely new level." (p. 70)

Wolman and Colamosca also offer insights on the debate over technology and productivity. Technological enthusiasts have been trying to explain the lack of growth in productivity in the 1990s. Some explanations have been: 1) that it takes time for the diffusion of new technology to develop and appear in statistical data; 2) that the rapid changes in software mean workers are constantly behind the necessary learning curve; and 3) that corporations need time to adopt and learn how to properly apply knowledge technology and not just seek more information.

But Wolman and Colamosca offer data which show declining capital investments are matched by the growth of cheap labor. As higher rates of labor replace machines, lower rates of productivity result. As the authors state: "workers have been deprived of the aid of technology to surprising degrees because . . . the amount of capital available to each worker has been shrinking." (pages 76 -77) This ratio has been falling since the end of the cold war and so backs up their argument that "the failure of productivity to grow . . . lies in the unique characteristics of the present stage of capitalist development, a phase that has seen the emergence of a leviathan world labor force, and a weakening in the ties between capital and labor in the industrialized world." (p. 76)

But the authors fail to fully appreciate the impact of technology on global speculation and its influence on capital investment. Information technology has allowed the development of an amazing

array of new speculative tools and markets which dominate world finance. Money markets alone have attracted over \$400 trillion annually and drain capital investments in the real economy. It's not that Wolman and Colamosca are off target when they stress cheap labor, but they only present half the picture.

Chapter five is on the development of the computer industry in Bangalore, India. Here the authors pursue their argument about a global workforce which now includes skilled labor and professionals. Bangalore is the fastest growing city in Asia, not only producing its own software, but pulling in work from around the world. This city presents a clear example that the technological revolution isn't confined to the more developed nations. India is producing about 20,000 science and engineering graduates a year compared to the 80,000 in the United States. Again Wolman and Colamosca's insights into the privileged position of Western workers hits home as they observe that the time when "business only trusted ethnic Europeans with complex tasks" is over. (p. 104) What perhaps they don't fully appreciate is that professional jobs now finding their way into the Third World are those tied to the new technologies. Jobs such as computer systems operators and design engineers are globalized because the speed and architecture of information technology makes access possible, and labor cost effective. The structure of the technology has opened up labor markets, as well as the opportunities provided by the end of the cold war.

As Wolman and Colamosca take a deeper look at the structure and power of capital they begin to bring together a more complete analysis. As they explain: "The new information technology, coupled with the decline in the power of the state, has opened the entire world to the unprecedented reach of corporate power." (p. 124) "No economic sector has moved more swiftly to turn the potent combination of globalization and new technology into a money making machine than has the financial sector . . . which has raised a new class to power: those who trade in the global currency and bond markets." (p. 143) Thus they conclude, "The United States has been thrown into a phase of history where finance rules all . . . and has replaced the hierarchy of the military-industrial complex as the major mover and shaker in the American economy." (p. 142 & 144) These are sharp class insights coming from the ex-editor of Business Week.

In fact, Wolman and Colamosca are giving voice to the growing anger among "high road" production-oriented sectors in government, professional circles and the business community over the path of economic speculation taken by low road capitalists. The authors launch bitter attacks against "despot" bankers taking the "road to disaster" by letting "global capital run wild." (pages 141- 142) Their alternative economic plan is to revitalize Keynesian growth policies of low interest rates, capital investments, growing wages, and the control of speculation. Unfortunately their concrete proposals are timid and underdeveloped.

Wolman and Colamosca see the post WW II world and its "extraordinary accomplishments" as their model. Whether Democrats or Republicans, they note it was Nixon who said: "We are all Keynesians now." (p. 165) Furthermore they point out that U.S. Keynesian policy was "unique" because of the "technologically progressive industrial policy of the Pentagon during the cold war." (p. 220) Not exactly my type of nostalgia, and it's here where radicals need to note our differences with liberals and progressive capitalists who support the high road of economic development.

Wolman and Colamosca reduce the capitalist global crisis to a policy choice. We can choose the speculative low road, or the high road of manufacturing real value and growth. This is certainly true in terms of necessary reform. But it also ignores the deep structural limitations of capitalism that are at the root of the current crisis. We cannot simply turn back the clock to the growth conditions of the post WW II environment. The accomplishments of the U.S. were historically conditioned by a

number of important factors: 1) the lack of post war international competition; 2) pent-up demands for consumer and industrial goods built up from the depression and WW II; 3) and new industrial technologies which created more high paying jobs than they destroyed. All of this has changed. Therefore any Keynesian industrial policy needs to be significantly recast for a technologically connected world, which is not about to revert back to nationally, based markets.

The book also has undertones, which seem to harken back to a Jack Kennedy or Hubert Humphrey type of cold war warrior society. A world guarded by a benevolent military-industrial elite which produced growth which kept First World Workers on top and Third World workers at bay, and gave us the war in Vietnam. Wolman and Colamosca state they have no "desire to institute any measures designed to raise up those who earn their living from work in the industrialized world by holding down their counterparts in the developing world." (p 207) Yet they fail to develop a single idea on how new growth policies would extend equally to the Third World. They must know of the global campaigns against Nike and the textile industry's exploitation of labor, but they never bother to discuss international labor standards nor what might constitute equitable relations between nations.

This seems a major failure for *The Judas Economy*, which blames the betrayal of work on capital shipping American jobs abroad for cheap labor. One could easily construe their argument as a call to return to old fashioned imperialist growth policies and the privileges enjoyed by white workers. This would put Wolman and Colamosca in the company of Pat Buchanan. It's something I'm sure they wish to avoid, but only greater clarity will do so.

Nevertheless *The Judas Economy* is a powerful indictment of speculative global capital, and offers a no-excuse defense of the working class. The book also provides a wealth of facts and statistical data on the growing patterns of wealth and poverty which so clearly define low road capitalism. For radicals who doubt that there is some common political ground between the left and high-road liberals, this book should help convince them to rethink the narrow strategies of sectarian politics.

## **Book Review:**

### **William I. Robinson's "Promoting Polyarchy: Globalization, U.S. Intervention, and Hegemony"**

New York: Cambridge University Press, 1966  
466 pp., \$59.95 (cloth) \$22.95 (paper).

Reviewed by Jerry Harris  
DeVry University

Most studies of globalization have focused on the growing web of manufacturing and financial ties that characterize the current era of capitalism. William Robinson has enriched this discussion with his insightful and detailed analysis on the politics of neo-liberalism. In doing so Robinson adds a vital component to our understanding of global economic restructuring. He shows how global financial elites have achieved hegemonic political power and implemented a new strategy for U.S. imperialism based on "low intensity democracy" in the Third World. This provides us with a picture of the political and superstructural changes to match the transformation of the world economic base.

Robinson views globalization as a "time of transition from one major epoch to another...a great historic crossroad" in which "the world system has entered into a qualitatively new phase, that of the global economy" (pp. 3, 8). This analysis argues that to understand the world as simply a continuation of industrial capitalist society misses the most important power shifts responsible for changing today's world. This is where Robinson focuses his book, offering new insights into how the transnationalization of the political process is intertwined with historic economic shifts.

The author uses a Gramscian analytical method to describe the structural changes in international politics. Gramsci's concept of hegemony is that of a "social relation which binds together a bloc of diverse classes and groups under circumstances of consensual domination" (p. 22). This consensus is cloaked in an "armor of coercion" so that class rule encompasses both democracy and force as forms of domination. Class blocs not only refer to relations between classes, but also dominant relations within class formations. This produces a constellation of forces which exercise state power and hegemony in civil society. Therefore obtaining leadership inside political parties, unions, mass movements and media intertwine with control of the state to produce an "historic bloc" in which ideology sustains social control.

Robinson uses this framework to describe a set of new international relationships under the hegemonic leadership of a global bourgeoisie. Driving these changes are the profound transformations in knowledge-intensive technologies which are unfolding a new social structure of accumulation. This has led to the "emergence of transnationalized capital, concentrated in international finance, as the hegemonic fraction of capital at a world level" (p. 33). Groups most closely linked to the global economy now dominate the state and have ushered in the neo-liberal political agenda. This helps explain the present convergence of the Democratic and Republican parties, for example, the Bush and Clinton administration's mutual support for NAFTA. The leadership of both parties represent the new hegemonic bloc, maintaining only small areas of disagreement. In the South a technocratic elite is promoted by transnational capital to act as their counterpart and manage the new process of world accumulation.

Unlike the old colonial system which relied solely on coercive domination, the new hegemony is based on polyarchy. This is the term Robinson uses to refer to a carefully managed system in which

democracy is limited to electing competing elites. Democracy itself is given a narrow institutional definition which centers on the process and method of choosing leaders. As Joseph Schumpeter said; "Democracy means only that people have the opportunity of accepting or refusing the men who are to rule them" (p. 49).

Robinson carefully traces the development of this elite theory of democracy to the post World War II international system. Starting with Schumpeter and winding his way through Robert Dahl's publication of "Polyarchy", the author shows how theory transformed into state policy through semi-official think tanks like the Trilateral Commission.

Robinson makes excellent use of quotes throughout his work. He provides us with such incriminating evidence that it reawakens our wonder over the self-serving lies and political pronouncements we are used to hearing over mainstream media. One of my favorites, by Samuel Huntington, reminds us that the elite are at least honest when speaking to one another, as Huntington states; "Political democracy is clearly compatible with inequality in both wealth and income, and in some measure, it may be dependent upon such inequality...Defining democracy in terms of goals such as economic well-being, social justice, and overall socioeconomic equity is not, we have argued, very useful. (p. 55)" How come we never hear this argued on Nightline?

The book takes this discussion into the reconstruction of U.S. foreign policy to match the needs of globalization. Beginning during the Carter administration and working through the Council of Foreign Relations and the Trilateral Commission, the transnationalized fraction of the ruling class gradually forged a new consensus. A basic shift from military to political competition occurred which employed political action, coercive diplomacy and covert political warfare as its main tools. To carry out the new strategy, the National Endowment of Democracy (NED) was built with a multi-purpose apparatus. Core groups within the NED focus on developing and directing political parties, unions, media, women's groups, youth movements, and peasant organizations in order to create a hegemonic consensus tied to neo-liberal policies and global capital. Robinson's detailed analysis of NED operations sheds important light on an organization which most people are only vaguely aware of, and which has replaced the CIA in importance in much of the South.

The core of Robinson's book are case studies of how new political hegemony was achieved in the Philippines, Chile, Nicaragua and Haiti, along with interesting but less detailed looks at South Africa and the former Soviet Union. He traces the transition from dictatorships to polyarchical regimes blending an exposure of neo-liberal strategy with the particular array of forces in each country. Robinson is careful in his examination of the popular movements, the old neo-colonial forces, and the new technocratic elite. The activity of the NED is inserted within the struggle between these social-political blocs forging a new transnational class alliance. The specific results and balance of forces is different in each case. But what is similar is a new hegemonic bloc which dominates both civil society and the state, and the integration of each country into the neo-liberal global market.

The book ends with an interesting discussion on the future of global society. Central to Robinson's critic is the question of how capitalism maintains legitimacy. He sees globalization in contradiction with the state's ability to satisfy basic economic and social demands. Political stability relies on sufficient national capital accumulation, but globalization undercuts the state's flexibility and redirects its focus producing "precisely the polarization between a rich minority and a poor majority which Marx predicted" (p. 348). In promoting formal democracy while expanding a socioeconomic system of vast inequality neo-liberalism creates an internal contradiction which will engender political upheavals.

Promoting Polyarchy needs to be read by anyone interested in globalization. It is an essential work that adds to our basic understanding of the epochal shifts changing the contours of our history.

# Who's World Order? Conflicting Visions of the Global Boom

By Noam Chomsky

*Renowned scholar and political activist Noam Chomsky spoke September 22, 1998 to a crowd of about 3,400 at the Jack Simpson Gymnasium on the University of Calgary campus. The following was transcribed from a cassette recording of the event, by Greg Harris of the University of Calgary's Communications Office. Chomsky, a master of the subordinate clause, often manages to keep several ideas aloft in the same sentence; although highly interesting, his parenthetical speaking style can occasionally challenge the transcriber's skill in deploying punctuation. False starts, ums, wells, and you knows have usually been edited out.*

...Let's proceed to the international economic order--the Bretton Woods system, as it's called, and its institutions. That's all over the front pages now with the fears of a global meltdown that might affect privileged folk like us, as well as just the usual victims, so therefore it's news.

The Bretton Woods system set up institutions like the World Bank and the IMF, which are called the Bretton Woods institutions--but it had two basic principles which one has to keep in mind, they're important. One principle was to liberalize trade; its goal was to liberalize trade, more free trade. The second principle had to do with capital flow and it was the opposite. The goal was to regulate capital flow and control it--keep fixed exchange rates, keep capital controls and so on. That was agreed by both the U.S. and the British negotiators--the U.S. main negotiator was Harry Dexter White; the British, John Maynard Keynes--and it expressed a very common conception at the time, which has a lot of plausibility. It's built into the rules of the IMF. There is now an effort, the U.S. is leading an effort, to try to change those rules, but up until now they have been breached many times. The rules of the IMF still authorize countries to regulate capital flow and they prohibit the IMF from giving credits to cover capital flight. Many of you who follow these affairs all know how well that one's been observed, but anyhow it is a rule.

There was thinking behind this. The reasons were in part theory, what some international economists call an incompatibility thesis, which in fact remains the guiding principle of UNCTAD, the main UN Conference on Trade and Development. The theory is that capital flight, short-term speculative flows which lead to exchange rate fluctuations and so on, that they are going to undermine trade and investment, so they are inconsistent with one another. You can't liberalize both; and recent experience is, I think, consistent with that assumption.

The second reason was not a theory. It was a truism. The truism is that free flow of capital definitely undermines democracy in the welfare state, which was at that time far too popular to ignore (it's the mid-20th century). The basic point (I'm essentially paraphrasing White and Keynes here) is that capital controls allow governments to carry out monetary and tax policies to sustain unemployment incomes, social programs, maintain public goods, without fear of capital flight, which will punish this irrational behavior (irrational in that it's only for the benefit of people, not for the benefit of investors and speculators, and it will be punished by capital flight for obvious reasons). That's the essential point--the free flow of capital quickly creates what some international economists call a virtual senate of financial capital which will impose its own social policies by the threat of capital flight, which leads to higher interest rates, economic slowdowns, budget cuts for health and education, recession, maybe collapse. It's a powerful weapon.

All of that was articulated quite explicitly, in essentially in the words I've repeated, at the time by the U.S.-U.K. negotiators, and it's not particularly controversial. (In fact it's not controversial at all, then

or now. If you think it through it's kind of obvious, as it was to them.) And all of that is quite important to keep in mind in looking at the current period because there's a challenge to that in the last 25 years and we see the consequences. (And it's now being re-evaluated because the consequences are even hitting the rich people and that's where we are now.)

Well, the Bretton Woods system as formulated, that is, its efforts to liberalize trade and regulate capital, were in place to a substantial degree through the first half of this period, the first quarter century after it was established. That's what's sometimes called the golden age of postwar state capitalism--high rates of growth of the economy, of productivity, expansion of the social contract right through the '50s and '60s.

The system was dismantled from the early 1970s. Richard Nixon unilaterally abrogated its basic principles; other major financial centers joined in. By the 1980s capital controls were mostly gone in the rich countries and the smaller economies like South Korea were simply compelled to drop them. That, incidentally, is widely regarded now as a major factor in its recent collapse, alongside of quite extreme market failures in the private sector throughout East and Southeast Asia and of also the west, which was involved in crazed lending.

I should add at this point that, in the light of the recent economic crisis in East Asia, the more serious analysts recognize and insist that the East Asian economic miracle was quite real. (I'm distinguishing East Asia from Southeast Asia here--they're quite different.) So one of the most important and influential, and I think intelligent, Joseph Stiglitz, who is now the chief economist of the World Bank (he was formerly head of the council of economic advisors here, and it plays a very important role) he emphasizes in recent World Bank publications and elsewhere that this is post-crisis--that the East Asian economic miracle was not only real but it was in his words an amazing achievement historically without precedent and, furthermore, he points out, based on very significant departures from the official doctrines of the so-called Washington consensus and that it should last, it should thrive, in fact, unless it is destroyed by irrational markets as it could be. Stiglitz points out -in a World Bank publication--remember this is the chief economist of the World Bank I'm talking about--that in East Asia the basis for the amazing achievements and the miracle, which has no precedent, is that governments took major responsibility for the promotion of economic growth, abandoning the religion that markets know best, and intervening to enhance technology transfer, relative equality, education, health, along with (he doesn't stress this but he should have) industrial planning and coordination, and in fact strict capital controls until they were forced to relinquish them in the last few years. Stiglitz also mentions, though he doesn't go into it, that the rich countries, every one of them--from England on through the United States up to the present, every single one of them had followed a somewhat similar path, actually far more so than the World Bank has yet acknowledged. It's another big topic I can't go into, but an interesting one and again worth keeping in mind.

What has happened since the Bretton Woods system essentially collapsed in the early 1970s? It did end the golden age of postwar state capitalism. Just focusing on the rich countries, primarily the United States and Britain, although it happens to others in various degrees in an integrated economy, over the rich countries as a whole, the growth of the economy and the growth of productivity have slowed very markedly. Actually, contrary to what you read, trade also slowed, if you look closely, in the United States specifically and England. Incomes stagnated or declined throughout this period for the great majority of the population; working conditions deteriorated, social services have been significantly cut, the infrastructure is in serious danger with very little required public spending, the welfare state has significantly eroded.



There has also been a closely correlated, dramatic increase in incarceration. It's closely correlated because a large part of the society is just becoming superfluous for wealth formation. In an uncivilized society you send out the death squads to kill them; in a civilized society you throw them in jail. Since 1980, when this system really took shape, when it was in place, at that time incarceration rates in the United States were roughly like that of other industrial countries, kind of at the high end but not off the scale, and so crime rates in the United States are not unusually high, contrary to what you read. Again they're sort of toward the high end but not unusual, with one exception: namely, killing with guns. But that's a separate matter that has to do with laws, cultural patterns and so on; it doesn't have anything to do with crime.

And that remains the case. In fact, crime rates have declined since 1980, but the incarceration has gone way up. I think it's a direct reflection of the inequality and the need for social control. It tripled in the 1980s and it's been rising very fast through the 1990s; it's now five to 10 times as high as other industrial societies. In fact the U.S. is a world champion in imprisoning its population, at least among countries where there is any minimally reliable statistics. If you take the prison population into account, which adds another 3 per cent to the unemployment rate, which places the U.S. squarely in the middle of the European level. Actually, even without that it's not at the bottom, believe it or not, it's about 30 per cent. Of course, you have to decide what you're talking about; if you count in prison labor, which is not trivial, and very good for folks like Boeing Aircraft and AT & T and others (a terrific work force), if you count them in, then of course the unemployment figures change again. Anyhow these two parallel developments have been going on and I think have integrated.

Throughout the same period profits have soared, particularly in the 1990s. The current jitters on Wall Street have to do with the concern that there may be an end to what for the last couple of years the business press has been calling this stupendous and dazzling and extraordinary growth of profits. They've run out of adjectives and they may now be worried that the facts are ending too.

There has been an astronomical increase in capital flows, a huge increase, mostly very short term. About 80 per cent now is estimated to have a round trip--it goes out and back, in a period of a week or less, often hours or even minutes. That means it's virtually unrelated to the real economy, to trade and investment. In fact, current estimates are that about 5 per cent of the roughly trillion-and-a-half-dollars per day capital flow is related to the real economy. The rest is speculative.

If you go back to 1970, the figures were essentially reversed. It was about 90 per cent of a much smaller sum was related to the real economy and maybe 10 per cent was speculative. It's also based very heavily on extensive borrowing; it's highly leveraged, in the jargon. This high borrowing is something new, incidentally (a lot of things are old but this is new), that's accelerating the irrationality of financial markets. They've become much more volatile and unpredictable; there have been wildly fluctuating exchange rates related to speculative flows and there have been increasing financial crises. The IMF recently did a study of the period 1980-1995, a 15-year period, and it found that about 80 per cent of its roughly 180 members had had one or more banking crises, ranging from significant to quite serious. Again, that wouldn't have surprised Keynes and White, or any of the framers of Bretton Woods, or the economists' thinking behind them.

In the same period, again in conformity with their thinking, there has been an assault, an attack on free markets, a sustained assault on free markets, to quote the head of economic research of the World Trade Organization, in a major technical study. That assault was led by the Reaganites. They were talking free markets for the poor but doing something else for the rich. This analyst, Patrick Low, estimates the effect of Reaganite protectionist measures at about three times as high as those of the other industrial countries which were bad enough. Well again, that's what was expected. During

the Reagan years, lots of lofty rhetoric but protection was virtually doubled. The public subsidy, which is another violation of free trade principle, was increased, bailouts increased, both for domestic banks and international banks.

In the United States--it's happened throughout the world but mostly in the United States--in the United States the goal was to somehow overcome very serious management failures that were leading to a decline of U.S. industry and were a matter of great concern at the time. Those of you who read the business press remember a lot of discussion and concern about the need to reindustrialize America. American industry was collapsing, mostly because of management failures. The Pentagon was called in to fill its traditional role to do something about this problem. (That's actually a role that goes back to the early 19th century before there was a Pentagon.) The Pentagon was called in to develop a program under Carter which was greatly extended under Reagan, to design what was called the factory of the future, based on lean production and automation and other developments in which the American management had fallen way behind and then to hand it over to industry as a gift. The purpose was to save central components of the industrial system from mainly Japanese competition, which was wiping it out, and to place them in a position to dominate the emerging technologies and markets of the next era. The Internet and information technology, generally, are rather dramatic examples of this but not the only one.

All of this continues under Clinton, alongside the free market rhetoric. Radical interference with free trade is standard when convenient. And it's across the spectrum. So Mexican tomatoes were effectively barred from the U.S. market, as was openly stated, because U.S. consumers prefer them and they were undercutting Florida growers, sort of at the other end of the trading spectrum. High tariffs were a couple of months ago introduced on Japanese supercomputers to protect U.S. manufacturers like Cray Enterprises, which is called private enterprise I guess because the profits are privatized. (The markets are public and much of the technology and funding is public as well but the profits are private.)

If you want to see the real meaning of free trade and neo-liberalism in its cruelest form, just take a look at the relation between the richest and the poorest countries of the hemisphere--the United States and Haiti. Haiti was forced to liberalize radically as a condition on terminating the terror and torture of the coup regime, which was pretty awful--I was there at the time, but you didn't have to be there to know it. The cost of liberalization is quite severe. One effect is that Haitian rice production, one of their few potential economic strengths, has been seriously harmed and virtually destroyed because it is now competing with US agribusiness, which is crazy to begin with, and even crazier when you recognize that 40 per cent of its profits come from government subsidies, thanks to Reaganite contributions to free trade.

Recently, the United States has started dumping chicken parts in Haiti, undermining another sector. The reason is that American consumers don't like dark meat, so the producers, these big factory farms, have a lot of extra dark meat, so why not dump it on Haiti? We're to wipe out one of the few hopeful enterprises that had developed there. They can't dump it on Canada because Canada has huge tariffs to block that kind of behavior. Haitian tariffs are forced to be, I think, roughly one-fiftieth of what Canada's are, same with the Dominican Republic and Jamaica, but Haiti has to liberalize.

Just within the last few days, U.S. steel manufacturers have been demanding that the U.S. government force Japan and Russia to cut back steel imports into the United States; they are particularly worried about Japan because it's high quality steel, which is undercutting them. And probably they will. The U.S. has instruments to do that. Super 301 it's called: you threaten to close off the market to a country and if they don't do it you tell them. And of course Haiti, since it's a free and

equal world, Haiti has the same instrument: they could object to U.S. dumping of chicken parts by threatening to close off Haitian markets to U.S. exporters, just as the U.S. can do, so it's all free and equal. Well, that's free trade.

Without going on with that, for the Third World generally, given the relations of force, the post-Bretton Woods era, the last 25 years, has been pretty much a disaster. Some have escaped, mainly by not playing by the rules the way the rich countries have done. Russia is a dramatic example since it returned itself to the traditional Third World role about 10 years ago.

Well, there's a standard picture about all of this for the United States. The standard picture is that the United States has a fairy tale economy, that Americans are smug and prosperous in the happy glow of the American boom, there's a fat and happy America enjoying one of the healthiest booms in American history--these are all quotes from front page headlines in the New York times, fairly typical. They all give an example, the same example, up until this summer at least; the example was the stock market, and it indeed is a fairy tale, especially for the top one per cent of households who own about half the stock and other assets, and to some extent for the 10 per cent who own most of the rest.

Well, what about the next 10 per cent, you know the 80th to the 90th percentile, right below the top 10 per cent? What about them? Well for them their net worth has declined in the 1990s for the reason that debt, which is enormous, has increased faster than the growth of stock and other assets. And it just gets worse as you go down. Eighty per cent of families work a lot more hours just to keep from losing even more ground; they have not yet recovered the levels of 1989, let alone (that's the comparable stage of the last business cycle), let alone 1973--that's when the new economy really began to take hold.

All of this is without precedent in American history. It's never happened before. It's the first time that during an economic recovery that these were the consequences: you can't even catch up to where you began for a large majority of the population. As far as economic growth is concerned during this fairy tale boom, it's roughly at the average for the OECD, the rich countries; as far as growth of per capita income is concerned, it's below the OECD average--it's actually roughly like the anemic '70s and '80s and nowhere near the golden age.

But it's a fairy tale for some and those are the ones who tell us about it. Those are the Americans who are smug and happy. The rest are some other thing.

The reason for the fairy tale is in fact frankly explained, for example by Allan Greenspan, Fed chair. He attributes it to what he calls significant wage restraint and greater worker insecurity. The Clinton administration in its economic report attributes it to salutary changes in labor market institutions, which is a delicate way of saying the same thing. The business world agrees. If you look at the business press, they point out that workers are too intimidated to seek some share in the good times. Just this week Business Week reported studies showing that 60 per cent of workers are very concerned about job security for working people and 30 per cent are somewhat concerned. When 90 per cent of the work force are insecure, that helps keep profits up and inflation low enough to please the financial institutions, so it's a fairy tale economy.

Well, there are a lot of reasons for this. One reason is simply the threat of job transfer if people raise their heads; another is the destruction of unions, which really took off during the Reagan years by straight corporate crime which was authorized by the Reagan administration--again the business press has been clear and frank about this.

These are specific social and economic policies designed to keep things this way; that includes the investor rights agreements. That's a long story in itself, as you should know, or if you don't you should quickly find out. The OECD and the rich countries, are seeking to ram through the Multilateral Agreement on Investments, the sort of super investor rights agreement, in October. (You ought to know it because Canada has been unique in that there has been substantial public opposition to this.) They're planning to do it in October, in secret if they can; they've been trying to do it in secret for a long time. They failed last April and that caused near panic in business circles--it's worth looking at. The Financial Times in London, sort of the world's premier business daily, had an agonized article after they failed about what they called the horde of vigilantes who descended on the OECD countries and the corporate world were totally helpless in the face of this massive assault by Maude Barlow and such, and they had to collapse. You really have to read it to get a picture of the panic. It also quoted trade diplomats who warned that unless this crisis of democracy is overcome, I'm quoting now, it may become harder to do deals behind closed doors and submit them for rubber-stamping by parliaments, as in the good old days. Well, that tells you very clearly what it's all about. It's again the hazard facing the corporate sector-- the rising political power of the masses-- that's been frightening rich and powerful people ever since the first modern democratic upsurge in 17th century England.

Well, there's a ton more to say about this but it's getting late so let me just end. Question: Is this globalized economy really out of control? Well it's very hard to believe that. It's a large majority of the exchanges, the international exchanges, are within what's called the triad--North America, Europe and Japan. These are all areas that have parliamentary institutions, they don't have any fear of military coups, which means what's going on is in principle subject to public policy decisions and can be made in practice so as well. And well beyond that--that's all within existing institutions, assuming existing institutions don't change at all--but that's a pretty strong assumption. No one should have ever made it in the past, certainly, and there's no particular reason to believe that some magic moment has come.

In general, institutions are not self-legitimizing--they've got to legitimize themselves. We live in a world which is largely dominated by unaccountable private tyrannies and they have to justify themselves. They are not automatically self-justifying. When they were created in the United States by radical judicial activism early in this century, conservatives, (who used to exist, they don't any more except in name) bitterly condemned this change which they saw as a major attack on classical liberal ideas and fundamental theories of human rights. They condemned it actually as a form of communism and a return to feudalism, which was not totally inaccurate.

Anyhow, the institutions are not self-legitimizing. They are internally tyrannical, they are unaccountable to the public, they administer markets through their internal operations and through strategic alliances with alleged competitors, they are backed by powerful states which provide subsidies and risk protection and bailouts if needed, and so on. And there's a question as to whether those institutional arrangements are necessary and appropriate, a very serious question. It's entirely natural for the doctrinal institutions to try to direct the public attention somewhere else (in fact it would be astonishing if that were not true) to direct attention away from crucial issues and also to try to induce a general mood of hopelessness and despair--what Linda McQuaig in a recent book on Canada, a good book on Canada, calls the Cult of Impotence, she's describing how it works here--and to drive people toward individual survival strategies.

It makes a lot of sense to try to do all that. It's understandable and understanding it can be liberating, as always; it can liberate people to design and follow, if they choose, very different paths. These may well involve, and in my opinion should involve, dissolving centers of unaccountable power,

extending democratic arrangements well beyond to central parts of the society from which they are excluded, and may make it possible to address in a serious way the injustice and the needless suffering that deface contemporary life and to demonstrate that the human species is not a kind of lethal mutation which is destined to destroy itself and much else in a flick of an eye, from an evolutionary point of view. That is not a completely unlikely prospect, in my opinion, under prevailing conditions of social life.

Thanks.

A couple of microphones out there, I'm told, so anybody who wants to exploit their existence is free to do so. I see two, I don't know if there are any more.

**Questioner:** I feel sympathy with most of what you said. I wonder what suggestions you can make for action by individual citizens in the democratic countries to perhaps roll back some of the actions of which you talk?

**Chomsky:** What actions individual citizens should undertake?

**Questioner:** Yes.

**Chomsky:** Well, of course that depends on which issue you're concerned with. There's a wide range of things that can be done, they're maybe they're interrelated, but on some issues I think it's pretty clear, at least I think it's pretty clear, on what ought to be done and in fact not hard even, because it doesn't challenge the structure of institutions. So take, say, the MAI, which, as I say, if you're not familiar with it you ought to be, there's plenty of literature about it, especially in Canada. It's what was described by Business Week as the most explosive trade deal you've never heard of, and the whole headline, the whole description is accurate.

It is the most explosive trade deal that's ever been crafted. It gives extraordinary rights to corporations. They were given the rights of citizens early in this century, of people, you know, immortal people, super powerful immortal people, which is already an astonishing attack on traditional classical liberal ideals, and the MAI actually gives them the rights of states.

Canadians ought to know about this since Canada has just suffered from it. Canada was sued by a corporation, the Ethyl Corporation, for daring to try to ban a harmful gasoline additive which is banned in most of the world and theoretically not banned in the United States but not used because it's too dangerous. Canada tried to do the same, the Ethyl corporation sued them under provisions of NAFTA, which is extended in the MAI--it's really unclear what they mean, corporations are trying to press these to the limit. It's never been possible before for corporations to sue states, but these new arrangements intend to give them the rights of states.

They sued Canada for expropriation because it was taking away their enjoyment of their rights by banning this probably poisonous additive. Ethyl Corporation has got a nice record--it's a major corporation set up by Dupont and GM and all those big guys--its major contribution was leaded gasoline. They knew in the early 1920s that it was lethal but they kept it secret and they had good lawyers and they kept things from happening and for about 50 years it was used with horrendous effects. Finally it was banned, at least in the United States, around early '70s, but then it just goes off to the Third World where there's no controls so you can kill anybody you like.

That's the Ethyl Corporation and now they want to import-export MMT into Canada--I don't think they cared very much, frankly, it's a sort of a small item but I think they wanted to establish the point and they did. Canada backed down and paid some indemnity, 13 million dollars or something.

There's another case coming along by a hazardous waste disposal company in the United States and there will be more.

The idea is to give corporations not only the rights of super powerful immortal persons, which is questionable enough, but even of states, and to undermine democratic options that might be open to citizens--across the board; whether it's things like set-asides for minorities or supporting local enterprise or environmental labor rights, you sort of name it and it's there somewhere. I mean it's not put in those words, explicitly, but the intent is to develop a framework which smart lawyers will then fill in with precedents--that's the way it works.

So naturally it's got to be done in secret because they know people are going to hate it. And it was kept under a veil of secrecy--I'm borrowing the phrase from the former chief justice of the Australian high court when it finally got revealed there and he bitterly condemned it--it was kept under a veil of secrecy for literally three years of intense negotiations. Secrecy in a funny sense--the business world certainly knew about it and they were right in the middle of it and publishing monographs about it and so on. The press certainly knew about it but they weren't talking, in the United States Congress was kept in the dark, the public didn't know, it was pretty much the same throughout the industrial world, Canada was a unique exception.

Well, anyhow, that was beaten back last April partly because of unexpected public opposition and it's coming up again in October, so in a couple of weeks. And it'll go through if nobody makes a fuss, you know, with long-term effects. Well, OK, it's clear what to do about that, I think, at least--same thing that was done pretty effectively last time around, but more so next time. It'll come back in some other forum you know, like it'll be written into the conditions of the IMF or some secret forum.

There's a million things like this. We can list them from A-Z--that's what activism is about, trying to deal with those specific cases of threats to society, and justice, suffering, oppression, whatever it may be; all extremely important but short of a further step what about going beyond putting Band-Aids on the cancer? What about the nature of the institutions? Are they in fact legitimate? Well, that's a serious matter. You know you can't just issue proclamations. If you say the organization of society and its domination by unaccountable tyrannies, which is what it is, is improper and unjust, and I think it is, you have to consider what the alternatives are and how you move toward the alternatives, if you want to. And those are not trivial matters; they require organized popular movements which think things through, which debate, which act, which experiment, which try alternatives, which develop the seeds of the future in the present society, as Bakunin put it a long time ago. And that's a long-term project.

How do you do that? Well, the same way you got rid of kings and slavery and lots of other bad things through history. There's no magic formula. What you do depends on what the conditions are, where you are, what can be done. But I think it's possible to have a long-term vision about this, and it's in fact one that draws very much from our own tradition, you know, not any foreign borrowings and all that bad stuff.

So if you go back to, say, eastern Massachusetts in the mid-19th century where, without the dubious benefit of radical intellectuals, working class people were running their own newspapers, I mean artisans in Boston and young women coming off the farms who were working in the textile mills were called factory girls and so on, and they're interesting. They weren't claiming as we do, you know the radicals among us, that corporations have too many rights, they were claiming they don't have any rights. They were not asking them to be more benevolent. They were not asking for the dictators to be more benevolent, they were saying they had no right to be dictators. They were saying that those who

work in the mills should own them--simple, and the communities should run them, and so on. It's not an unusual position.

Wage labor in the United States, wage labor in the mid-19th century was considered not very different from chattel slavery. That goes way back into the classical liberal tradition, I should point out, so servants were not really considered people because they were working for somebody else. Abraham Lincoln, for example, it was his position. It was northern workers, that was sort of their banner in the civil war. The Republican Party, it was its official platform, you can even read about it in New York Times editorials. It's by no means an exotic doctrine; it makes a lot of sense. And it has very deep roots in the enlightenment and way back.

The same is true of inequality. I mean you go back to the origins of western political thought, and I literally mean the origins, Aristotle's Politics, it's based on the assumption that a democratic system cannot survive, cannot exist, except under conditions of relative equality. He gives good reasons for this. Nothing novel or exotic about this.

The same assumption was made by people like Adam Smith. If you read Adam Smith carefully and he was pre-capitalist, remember, and I believe, anticapitalist in spirit, but if you look at his argument for markets, it was a kind of a nuanced argument, he wasn't all that much in favor of them, contrary to what's claimed. But when you look at the argument for markets, it was based on a principle: the principle was that under conditions of perfect liberty, markets ought to lead to perfect equality; under somewhat impaired liberty, they'll lead to, somewhat, a degree of inequality. And equality was taken as an obvious desideratum, you know, a good thing. He wasn't thinking about democracies, he was thinking in other terms.

These are important ideas. They have to be revived, I think, brought back into our mode of thinking, our cultural tradition, the focus of our activism and the planning for how to change things. And it's no simple business. It wasn't easy to get rid of kings, either.

**Questioner:** Hello. Thank you for the insights and strength. I myself have, I'm sure along with a lot of other people, been sleeping through seasons' change and just now waking up to the urgent cry of and need for justice and equality and love and camaraderie in the world. With so many genocides and 38,000 children starving to death every day, I can't help, although I truly believe in my heart that we are in time and we can bring a heaven to earth, how do you feel about, well in terms that people can look at the Holocaust. Everyone can look at Nazis and the Holocaust and go, "Wow that's really wrong, that's a nightmare, no one should have to go through that," yet the same kind of genocide and dark forces are at work. How do you feel about humanity living in a perpetual holocaust?

**Chomsky:** It's our choice. First of all, this has been a pretty horrible century, one of the worst centuries of human history in terms of humanly created disasters and catastrophes, many of which but not all, but some of the worst of them, come from the peaks of western civilization. But in many other respects, it's a lot better than it was. I think if you look realistically over time, you know it's kind of hard to say when you see the ugliness around you, but if you look realistically over time, things are improving. Lots of things that were considered perfectly normal and natural say a century ago would be considered outlandishly outrageous today; nobody could even conceive of them. In fact that's even true of the last 20 or 30 years--for many of us our own lifetimes. Things have really changed a lot. And we know how they've changed--not by sitting around and talking about it.

So let's take the last 30 years. Compare Ronald Reagan and John F. Kennedy. Reagan tried, well, Reagan's advisors, he was probably sleeping, but his advisors basically used Kennedy as their model, more or less, you could just sort of see it in detail. As soon as the Reagan administration came in, it

tried to organize a major attack in Central America where all kind of things were going on that they didn't like, like the Catholic church was--there was no clash of civilizations then--the Catholic church was the main enemy. They really wanted to do in Central America what Kennedy had done in South Vietnam in 1961 and '62 when he basically attacked South Vietnam, you know, sent the U.S. Air Force to start bombing civilians, use napalm, drive people into concentration camps and so on. It was South Vietnam; that was the main target of the U.S. attack. Reagan tried to duplicate that, same mechanisms, same white papers, everything else.

It was a total collapse. After a couple of months of trying they had to back off and the reason is because enormous, unanticipated popular objections were coming from the church, from human rights groups, from everybody. And they had to back off because it was going to threaten other objectives. They actually called the press off and told them to stop the campaign. Kennedy didn't have to worry about that. When he sent the U.S. Air Force to bomb South Vietnam, it was known; you could read it in the New York Times, but nobody cared. In fact people cared so little that the whole era has disappeared from history. Try to find a textbook or even a scholarly book which talks about when the U.S. attacked South Vietnam--I mean we know when the Russians invaded Afghanistan, but we don't know when the U.S. attacked South Vietnam. In fact, ask educated people, your friends and teachers and so on, to see if they can give you the date of when that took place, and they won't even know what you're talking about.

There was no such event in official history. There was such an event in real history, but since nobody cared about it, and if the president wants to go bomb some other country, who cares, it kind of disappeared into the mist and what was left was the propaganda. Couldn't do that in the 1980s--in fact it was totally different. The popular reaction in the United States to the Central America wars was completely different from in the '60s and much more powerful, again contrary to what people say. So in the 1960s it never occurred to anybody to go live in a Vietnamese village because maybe that would cut back state terrorism by U.S. clients. Many, many people did that in the 1980s and people from the heartland, Midwest rural areas, actually conservative Christians, sometimes fundamentalist Christians. These are things that are completely unheard of in the 1960s.

And the same is true on a host of other issues. Think about women's rights, or respect for other cultures, or environmental issues and so on. They barely existed in the '60s. There was a big change in just 30 years and it's a much more civilized society in many ways. That's not to say that a lot of rotten things haven't been happening--they have. In fact a lot of the things that I've been describing in the last 25 years, in my opinion at least, are a pretty conscious reaction to that, an effort to stem the tide, and it's partly worked but not in attitudes. It hasn't worked there.

Well, all of that's important and it shows in a very brief moment what you can achieve, and a lot of it was led by young people, incidentally, so one should feel no limits on what could be achieved. And if you look over a longer stretch of history, yeah, that's true. So take what's maybe one of the most civilized countries in the world today, say Norway. Norway has very humane, by comparative standards, norms of behavior, like treatment of prisoners. But take a look at a book by one of the world's leading criminologists, Neil Christy, who I think is Norwegian. He reviews the history of incarceration in Norway, and he points out it went up pretty sharply in the early 19th--this is from memory, I might have the details wrong, but something like this--it went up pretty sharply in the early 19th century and he points out that the reason it went up is because the modes of punishment changed. So before that, if somebody robbed a store, what you did is you'd drive a stake through his hand. OK, so when you did that you didn't need jails, well, I mean you can't even talk about it now.



You go back not too far before that in England and people were being drawn and quartered. You don't have to go back very far in history to find things so outlandish you can't even conceive of them. In the 19th century, well-known medical researchers in the United States were carrying out experiments which make you think of Mengele; so a good deal of gynecological surgery was developed apparently by respected doctors who were experimenting on slave women and Irish women, who weren't considered much different. You know, repeated experiments until they figured out how to do it right and that sort of thing. That's inconceivable; nowadays that's Mengele, you know, but then it was maybe not very nice, but not all that crazy. I'm now talking about recent history, things do look bad but over time they improve and they don't improve mechanically; they improve by human will. Well, that's the answer.

**Questioner:** Among other things, when you were referring to initiatives that were used to promote trade liberalization you were talking about information technology, and I'm just kind of wondering if something I had heard was correct and that was with reference to the fact that it was considered an important part insofar it was used in facilitating and moving capital in terms of transactions, if that's clear enough, I hope.

**Chomsky:** I doubt it very much. There's good technical literature on the development of information technology and computers and the Internet and so on, and it doesn't look, from my reading at least and some experience with it, it doesn't look as if that was a major factor, although it was indeed used very fast for that.

The telecommunications revolution is a substantial part of what has led to this very radical change in the way speculative capital zooms around the world instantaneously, undermining currencies, distorting trade, and so on. Yes, that technology has certainly been used for that. So you can get the whole content of Wall Street resources and stick them in the Japanese stock market because they're 12 hours different, than using it all the time. You couldn't have round trips for capital movement of an hour or even a week if you didn't have fancy technology. You couldn't have all this highly leveraged lending with sophisticated derivatives and all that crazy business.

In fact a measure of it, if you want to see it at work, at MIT, you know, sort of a high class science and engineering school, where I teach, every year at graduation, corporate recruiters come around and pick up the smart guys who are getting their PhD. The last couple of years, I forget the exact number, but I think around 30 per cent, or something like that, of corporate recruiters are coming from Wall Street and they're going after math and physics students, students who know nothing about business and don't care about it but are smart and have mathematical sophistication and can go off to Wall Street and figure out complex ways to undermine economies and so on and so forth...

If you're teaching music at MIT, you're getting paid by the system, basically, the rest is bookkeeping. And that's true since the 1940s and it was pretty conscious. So you go back to the business press in the 1940s and they made it very clear that high-tech industry, I'm quoting Fortune, cannot survive in a competitive free-enterprise economy, and Business Week added, government has to be the savior.

They were specifically talking about the aeronautical industry but the lesson was intended for high-tech generally, because they just need huge public subsidies. That's why the Internet was developed, to take a recent case, within the military system, since the 1960s, then taken over by the National Science Foundation, public, and just two or three years ago handed over to private corporations so that Bill Gates and so on can make money from it. Gates at least is honest about it. He attributes his success to the ability to embrace and enhance the ideas of others, usually ideas coming out of the public sector or funded by the public sector. And the same is true pretty much across the board. That's

the way the economy works. Take a look at any dynamic part of the economy and you find that it works that way.

Now of course it's applied and it's applied in ways which weren't anticipated, like when DRPA, the Defense Research Project Agency, which initiated the Internet and had most of the ideas and so on, when they were developing all this stuff, I presume they did not have in mind that sooner or later it would get in the hands of big corporations who would try to use it for a home shopping service to marginalize people and turn them into passive consumers and so on and so forth. I'm sure they didn't have that in mind, but yeah, surely that's what they will try to do. They certainly didn't have it in mind that it would be used to undermine the MAI by getting around the constraints of the media--it was used for that too. So things have all kinds of applications and consequences, but I think they're basically developed just because you need it for the technology.

Same reason why, when during that period of management failures, the defense department and military in the United States were called on to create the factory of the future. And that goes way back. What's called the American system of manufacturing, which sort of amazed the world in the mid-19th century, is based on replaceable parts and mass production-- all this kind of stuff. A lot of that came straight out of the Springfield armory. It was developed for military technology then adapted to production. It's hard to find anything in the modern economy that didn't more or less work like that. It's not always the military. That's what Stieglitz is talking about, chief economist of the World Bank, when he talks about the fact that the path that the East Asian miracle is following is not all that foreign to us, actually much more so then he recognizes, I think.

## **Toffler Interview: Information Technology Seen as Power to Workers**

*Mercury News Staff Report: Alvin Toffler, author of "Future Shock" (1970), "The Third Wave" (1980) and "Powershift" (1990), continues to write and consult with businesses and governments around the world about the transition to the computer age. Later this month, he will address the South Korean National Assembly on "The importance of information technology and telecommunications to Korea in its moment of economic crisis." Toffler spoke recently with Mercury News Staff Writer Miranda Ewell. Here is an edited transcript of that interview:*

**Q:** As part of the Third Wave -- the rise of information technologies and the knowledge economy -- you talk about "de-massification" in government, politics and business. Spin out a little what that will mean -- means now -- in the business sphere.

**A:** If we start with manufacturing, we can clearly see a shift from mass production toward what we call mass customization. And what we now call mass customization is simply a step toward where we believe we're going, which is full customization on demand. That is, any customer who wants a product customized will be able to get it customized, at little or no extra cost. And the reason for that is very simple, although seldom analyzed.

In the traditional factory . . . it was very expensive to introduce even the slightest change. Once we began to introduce information, or intelligence, into the production process, the cost of making change becomes radically reduced. So now, a few lines of code or a little punch of the button is enough to provide a customized or partially customized product.

**Q:** What replaces the old ways? You talk about "flex firms" and movie-style projects where people with certain expertise come together just for that project.

**A:** Ever since the beginning of independent production in Hollywood, back in the '50s, we began to see movies being made by pick-up crews rather than by a studio, which was the Hollywood analogue to the factory. Make a movie, and then fire everybody, and then get together in a different configuration for the next movie. It's essentially a transient or temporary organization, which is constantly reconfiguring itself, and I believe that is more and more the case. Because of the acceleration of change, we see a shift from permanence to the temporary.

**Q:** Talk about the evolution of money in the new economy.

**A:** In a First Wave world, in an agrarian age, money had a function apart from exchange. The reason for that was there was no standard form of money. What you had was a form of money that had other usefulness. For example, in Asia, where rice was money, if you couldn't get the guy to trade something, you could at least eat it.

It wasn't until much later that we developed essentially Second Wave money, money of the age of print. Now, obviously, we're moving toward electronic surrogates for money. You can't touch it, and in the form it's in, it doesn't mean anything else. It's not useful for anything else. So now, it's clearly possible to go back to what existed prior to the Industrial Revolution.

The Industrial Revolution saw the spread of paper money, but it also saw standardization of money. In the United States, up until about 1863, you had literally thousands of different currencies. And in 1863, the government said, "All those don't count; we're going to have one standard form of currency."

Now, what that meant was that one dollar bill was just as good as the next dollar bill. Now, we'll move, I believe, to the possibility and the likelihood of a return to multiple currencies. We'll be able to program money. We'll give Johnny a card that Johnny can use to buy school lunches, but it'll be preprogrammed to prevent the purchase of soft drinks or too many carbohydrates. In fact, we now have surrogates for money, like frequent flier points.

**Q:** You talk about knowledge being a form of currency in the future. I wonder if people will be assigned a certain worth, based on their knowledge or their genius -- "This person is worth, say, \$100,000" -- and they then can buy and trade based on that value. Doesn't that happen already with entrepreneurs?

**A:** Exactly. I believe we have examples now of investors who invest in the future profit stream of a rock singer or a football player.

**Q:** Computers have been seen as either the ultimate machine, or the catalyst for overthrowing the machine age spawned by the Industrial Revolution. You seem firmly in the latter camp. But what makes you believe the rise of information technology will lead to things like worker empowerment and companies valuing the intellectual capital of their employees -- and not, for instance, a supra-mechanistic, robotic future?

**A:** I don't see a contradiction between robotics and what I'm saying. I think we'll have a very robotic future -- but we won't be the robots. If you go back to the literature and the social critics of the industrial age, like Huxley and Orwell, their image of the future was a human race reduced to robotic behavior. And the reason was they were making a linear extrapolation from what they saw around them. What they saw was "Modern Times" and Charlie Chaplin. Robotics will help us eliminate a lot of that.

And as to why I believe in worker empowerment: I don't think it happens because the people at the top are nice guys. I think it happens because you can't get the output you want in a different way.

**Q:** You say the three sources of power are wealth, violence and knowledge. What about sex?

**A:** There's no doubt about the power of sex as a driving instinct in the human species. But I would say sex is a goal. Power comes from the ability to withhold something that someone else wants.

**Q:** In an age of uncertainty, is identity something we cling to for reassurance? Is authenticity itself a weird sort of sentimental holdover from earlier waves?

**A:** I think authenticity is fake. The environment about which we make choices is much more complex and fast-changing and diverse. And I think that you have people going through multiple or sequential identities.

**Q:** Do values endure through the different waves you talk about?

**A:** Values change with social change and cultural change. Joggers were an invention of the '60s. Now taking care of your health, being physically fit, is a value. That never used to be a value.

**Q:** What about things like love?

**A:** We all need others. We all want some belonging. We all would like to have companionship.

**Q:** Can't we devise machines that will give us those feelings?

**A:** Yeah, I think so.

**Q:** Would that be sufficient?

**A:** Depends on how good the machines are.

**Q:** You say it's no longer about capitalists vs. communists, or rich vs. poor, but fast vs. slow. People talk about the incredible pace of modern life and the toll it takes on them. Isn't there a limit to speed-up?

**A:** Unless we genetically change our own neural transmission rates, there is a limit to how much we can handle. If you go beyond that point, people will begin to deteriorate and feel stressed and harassed and join cults. So realistically there are limits.

**Q:** What's the Fourth Wave?

**A:** The Fourth Wave is the result of the convergence of information technology and the biological revolution in genetics. When these two things fully converge, we're talking about an explosion of economic and social changes beyond anybody's imagination. That's likely within a generation.

**Q:** Has your own understanding of the changes that are happening affected how you conduct your personal life and your work life?

**A:** Well, we don't wake up in the morning saying, "What are we going to do today that's Third Wave?" And I confess a tremendous affection for a lot of Second Wave things, such as Bauhaus architecture. I don't believe we have any Third Wave architecture. Don't get me started on post-modernism!

# **A Union Strategy for Skilled Work and Technological Change**

By Mike Parker

Labor Notes

Everyone talks about the fact that technology creates new, skilled jobs while it destroys and de-skills others. Yet the union movement has little strategy for organizing in the fast growing new technology areas where workers may consider themselves professionals, not workers. In large part this stems from weak and self-defeating strategies for dealing with skill issues in already unionized areas, where lean production techniques are reorganizing the workplace.

If the labor movement is to survive technological change and lean-work reorganization schemes, we must address the issues of skilled work, particularly training, how management organizes work, and the relationship between skilled workers and the rest of the labor movement. This latter has long been a thorny area. All too often skilled workers harbor the most racist, sexist, elitist, and pro-business attitudes in the labor movement. But skilled work can also be a stronghold of unionism.

The issues surrounding skill are critical to the labor movement for four kinds of reasons :

## **1. Better Jobs**

What traditionally has been called "skilled work" has usually meant better jobs for workers. Not only do skilled jobs pay more, but generally they give the worker more control, more ability to vary the pace of work, more creativity, greater job security and marketability, more respect from management, and more power in dealing with management.

## **2. Lean Production Practices**

Lean production is the set of methods, pioneered in Japan but now widespread worldwide, that attempts systematically to produce goods or services with fewer workers through a fine-tuned combination of speedup, work standardization, and deliberate scrimping on resources (just-in-time inventory and delivery systems are emblematic of the system). This system was popularly described--and lauded--in the MIT study *The Machine That Changed the World*.

The "High Performance Workplace" concept attempts to mix the lean production fundamentals with a pro-union organization. Advocates argue that the system needs highly skilled workers to achieve high productivity. With such high productivity, workers can gain a share of the benefits in the form of high wages, good working conditions and job security. By achieving these for the members, the union becomes stronger. The situation is supposed to be "win-win" for management and labor. Indeed, some unions are so enamored of this approach that they offer to teach management how to introduce such systems. (International Association of Machinists, 1997)

In reality, lean production's perspective on skill actually undermines union power. The system claims to promote teamwork and enrich jobs. But in the auto industry, for example, collaboration among skilled workers is nothing new. Skilled workers have frequently worked together, both within and across trades, to plan and execute their own work and cooperate in doing very complex projects. Ironically, the contracting out, the attempts to program work minutely, the attempts to intensify the work through "broadbanding" and the phony team structures--all characteristic of lean production--instead destroy some of the best jobs there are.

### **3. Areas to Organize**

Many of the jobs associated with new technology and the information age are potential growth areas for unions. In previous decades necessity forced teachers' and government workers' associations to act like unions and become unions. So today "professionals" are finding that corporations regard them as disposable workers even if they are computer programmers, pilots, engineers, data analysts, trainers, or medical workers. For instance, temporary computer programmers working for Microsoft make more than \$27 an hour but lack benefits or guaranteed jobs. The state of Washington just gave them a reason to organize, ruling that they will help keep Microsoft competitive by also foregoing overtime premium pay after eight hours.

That the conditions needed for organizing are ripening can also be seen in the popularity of Dilbert, the cartoon engineer. But organizing these workers will require going beyond wages and benefits, to deal with skill, training, and work control issues that are at the heart of working conditions and job security.

### **4. Power for the labor movement**

Skill is one of the most important ingredients of unions' economic power. Truly skilled workers cannot be so easily replaced either by managers or by scabs. To the extent that skilled work is concentrated in a small segment of the workforce, then that small segment has disproportionately large power. Skilled work has historically been critical to the labor movement, both for its direct economic power but also because the conditions of skilled work tend to generate leadership for the labor movement as a whole.

#### **What is skill?**

For purposes of this discussion, skill has two components: The first, the technical component, is the combination of genetic and learned abilities to accomplish tasks. We will assume here that the skills under discussion are learned abilities.

Second, the term has a social component in that it is usually applied to those whose capabilities are greater than the average population. Thus, although driving an automobile requires substantial training, the ability to operate a passenger car is not usually regarded as a skill because the ability is so widespread. Early in the Industrial Revolution jobs that required literacy were considered skilled. Universal public education now makes literacy a minimum requirement for "unskilled" jobs.

Of course, enormous barriers exist in the labor market, and training is not readily available to all who want it. The result is that the common use of the term "skill" is often a measure of how a set of abilities is rewarded in the marketplace: the higher the pay, the more "skilled" the job is regarded to be. This shows up in the distinction generally made between skill and experience. A worker can be trained to do a number of highly complex operations that require exceptional manual coordination and/or critical decision making, involving very expensive processes and materials. Yet if the combination of operations is specific to just one particular workplace, the worker is described as "experienced." On the other hand, a worker who is trained in a series of tasks which as a package has significant demand in the marketplace is considered "skilled" and is paid more than her "experienced" counterpart.

The market is further distorted by various structural features, particularly sexism and racism. These cause jobs mainly held by women and minorities to be regarded as less skilled than jobs requiring similar amounts of training that are held by white males. Thus for years nurses and elementary school

teachers were less well regarded and paid less than mechanics. Similarly, as dry-wall installation in the Southwest came to be a predominantly Latino workers' job, pay failed to keep up.

The dual nature of skill--technical and social--leads to two approaches to increasing what is regarded as skill.

One is for the worker to gain additional knowledge and analytic abilities and to become more proficient in a range of technical tasks.

The other approach is to manipulate the barriers so as to improve the market position of skilled workers, by limiting entry into the trade. Training can be restricted and licensing and admissions barriers can be installed to prevent the hiring of those who have learned the trade on their own. Union contract requirements limiting specific tasks to specific trades provide a different market barrier. The barrier approach in turn can be pursued in different directions:

**Conservative.** Skilled workers can make an alliance with management to maintain the barriers. What management gets from this arrangement is the skilled workers' political and social support for monopolistic practices and higher profits. This approach can easily give social support to racist and sexist discrimination so long as these are convenient and effective barriers to entry. Historically, this strategy is associated with construction trades organized into a different union for each craft, allied with local political machines. This approach leads to identification with management goals and to a conservative political orientation.

**Solidarity.** An alternative path is an alliance with workers that the market declares are not skilled. What do the "nonskilled" get out of helping skilled workers restrict entry? First, it is possible that the power skilled workers wield can be used to advance the interests of production workers. The Tool and Die Strike is an excellent example. Second, the organized relationship between nonskilled and skilled can provide the route by which nonskilled workers can move into skilled positions.

This, we suggest, is the genius of the CIO's strategy of "industrial unionism" in the 1930s. It was not just that the new unions organized all production workers into one union facing a common boss. It was also that they found ways to unite skilled and production workers that built on the power of the skilled tradesmen. The CIO used the power of skilled work, but not in isolation. A mass movement of production workers provided the dynamism, the vision of social justice, and the possibility of political power that drew the skilled workers and their extra strength to the union cause.

The alliance, though not without problems, has worked out well. The UAW leadership, historically conscious of maintaining this critical unity, adopted the policy of reducing the wage gap between production and skilled. The main tool turned out to be the standard wage increase derived from cost-of-living adjustments, which maintained the absolute difference between skilled and unskilled while closing the percentage gap. The result was that the UAW achieved wages for its production members much higher than non-union workers and set the standard for other unionized production workers.

The hourly wage of UAW skilled members lagged behind that of craft union construction workers, but industrial trades workers won more job security, better benefits and steadier work. This complementary relationship between skilled workers and those classified as semi-skilled can be seen in the 1997 strike at United Parcel Service. One of many reasons for the Teamsters' signal victory over UPS was the strong support from the UPS pilots' union, the Independent Pilots Association. UPS was particularly vulnerable here since the one small-parcel area the company did not dominate was air freight and it was in a desperate fight for market share. If it could move the



planes UPS would have used its managers and small number of scabs to focus on the priority air parcels. It might have chanced recruiting strike breakers and certainly would have tempted management to prolong the strike. But the pilots were a model of preparation and solidarity work. They issued members detailed information in advance in a pamphlet, "IPA's Support Guide to a Teamsters Strike," featuring the logos of both unions and the slogan "Strength Through Unity." They made it clear that the union would tolerate no scabbing and that this included any contract carriers UPS might try to hire. In addition to useful strike information they included Jack London's famous definition of a scab and a striker code of conduct.

I will encourage my fellow pilots to maintain unity and participate fully in the strike. Should any of my fellow pilots choose to perform struck work, I will identify them to the Association and its members so they will forever be known as SCABs.

I will maintain my undiminished integrity and professionalism throughout the strike and be loyal to those who strike alongside me.

In effect the Association declared that its right not to cross picket lines applied to what we might call virtual picket lines over the entire world. Although UPS threatened to strand pilots overseas, the Association stood firm that no flights would be initiated anywhere after the strike deadline and pilots would make arrangements at their own expense to return home if necessary. The pilots not only honored the Teamster strike 100 percent, they went regularly to Teamster picket lines and rallies to provide refreshments and other forms of support. The IPA organized Internet communications to allow all its members to report and keep all members informed.

Part of the reason the Pilots supported the Teamsters was that they were in their own dispute with UPS management over safety and wages lower than other carriers. But why such a strong alliance with the Teamsters? Why not identify as professional business people (as do many pilots) and ally with UPS to help break the strike, in exchange for increased wages. Indeed, in 1989 the Pilots had left the Teamsters in disgust. The answer is that the reformed Teamsters made the difference by their willingness and commitment to use the power of their own members, to take on UPS and to make alliances with other workers.

The solidarity path and the conservative path for skilled workers are both only potentials, often coexisting. Powerful streams of conservative craft consciousness exist among the skilled in industrial unions. Similarly, union identification and broad worker solidarity are sometimes strong in unions organized by craft. Specific situations, leadership and traditions make a big difference.

### **Where does the power come from?**

While wages and the definition of skill may depend heavily on artificial market barriers, in the long run the power of skilled workers in the production process depends primarily on their technical skills. More important than their general technical abilities is the job-specific knowledge that results from the interaction of the technical skills and the specific machines and processes in that workplace. Part of what gives workers power in a strike is the difficulty and expense management has in replacing them, either temporarily or permanently. As automation and capital equipment increase and tolerance requirements are made tighter, the leverage of the skilled worker responsible for set-up, adjustment and maintenance becomes greater, all else remaining equal. Until recently, if the United Auto Workers declared a strike, the major producers would not even consider trying to recruit a scab workforce. Even if they could recruit sufficient bodies with general skills, they would risk a lot by allowing them to work on expensive machines. When Caterpillar broke new ground by recruiting

scabs--and using them productively--during UAW strikes in 1991-92 and 1994-95, the company greatly reduced the bargaining power of the union.

Skilled workers also feel their power individually. The fact that a skilled worker has job knowledge required by management often gives her the choice to cooperate or not in specific instances, depending on the relationship with the particular boss. To the extent that skilled work requires mental activity, it is not so easy for the boss to monitor the worker's output. A worker standing in front of a machine with a cup of coffee could actually be working very hard.

Most skilled jobs, particularly repair work, require considerable mobility--to the work site, to the tool crib, to locate parts, to consult the vendor via phone or in person. Mobility is an enormous plus for organizing and also keeps the boss guessing. Skilled jobs require cooperation and frequent consultation between and across trades and with production workers. Are the two workers with the cups of coffee consulting on an urgent production problem, discussing union organizing, or on break? Higher literacy levels among skilled workers also facilitate written communication, which helps in organizing large or dispersed groups.

These opportunities provided by the job or skill, added to the sense of power, the higher self-esteem and the degree of protection against management interference and punishment, all make it easier for skilled workers to be organizers. They help to explain the high proportion of organizers and leaders in industrial unions who come from the skilled trades. The union movement keeps rediscovering this lesson about organizers. The leader of a successful breakthrough drive to organize clerical workers at Harvard University makes this observation: "What we found is that the more freedom and respect a person has on the job, the easier it is for her to get involved in the union. [We seek out for organizers] people who are the happiest at work and the most independent." (Hoerr, 1997, p. 156)

### **The attack on skilled work**

This control over the workplace that skilled workers exercise both individually and collectively makes them a crucial target for managers seeking to implement lean production. This is especially true in unionized situations where the power of workers may be organized collectively. Lean production is best described from the workers' vantage point as "management-by-stress": Management exercises tighter control over production by using devices such as statistical process control charts or visual display systems. These make any problems in production immediately visible, and any unresolved deviation quickly generates large and visible consequences. (In the extreme, a single missing item under just-in-time almost immediately shuts down the entire operation.) This way of functioning is a more efficient and effective disciplinarian of the workforce than layers of monitoring supervisors. (See Parker and Slaughter, 1988, 1994)

In this system, the priority placed on "flexibility"--instant worker adaptability to managers' shifting requirements--and an urgent, pressurized atmosphere largely shape the approach to skilled work. While the system may raise skills in some cases, it also retards the ability of skilled union workers to maintain their skills as it reduces their real power in the production process. Lean production attacks the power of skilled workers on the shop floor in several related ways: shifting key skilled work from union workers to management personnel and to outside vendors, the bundling of skilled work, standardizing work and capturing knowledge, and controlling the nature of training.

## **The bundling of skilled work**

If we think of skilled work as a bundle of specific skills, then lean production forces a change in the shape of the bundle. Traditionally craft skills in the workplace have been bundled vertically. The hierarchical ranking of functions will vary depending on the particular skill and job. In some cases installation, for example, may require exceptional skill while in others only minimal. Also, the relationship between trades is not two-dimensional but multidimensional; all trades have some overlap with several other trades.

Lean production's rearrangement of responsibilities allows a significant amount of work to be moved away from those who traditionally have done it--well-paid skilled trades workers in the union. At the bottom end, it shifts the lower-skill parts of the bundle to production workers. As one of the leading authorities on Total Productive Maintenance explains: "The key innovation of TPM is that operators perform basic maintenance on their own equipment. They maintain their machines in good running order and develop the ability to detect potential problems before they generate breakdowns." (Nakajima, 1989, p. 2)

At the same time, the higher-skilled parts of the bundle are removed as well. Contracting out is now near-universal, and technology allows some jobs such as machine troubleshooting and analysis, which previously had to be done on the shop floor, to take place over networks in remote offices outside the bargaining unit and even outside the plant.

The lean production emphasis on "full utilization" retrains skilled workers for a wider range of tasks. Although the horizontal training may seem to encompass the same total area of skills as the older, vertical model, the horizontal formation has a number of negative consequences.

The quantity of new skills that are truly new under "cross-training" is partly illusory. Knowledge about different trades has always been required in normal work. An electrician who is diagnosing problems in a Computerized Numerical Controlled (CNC) milling machine must know a fair amount about its mechanical design and operation, as well as how the machine typically behaves, in order to work with the machine repairperson and the operator. This was true even when rigid lines existed between trades. The lines did not prevent different trades from learning related areas covered by other trades nor from working together as a team. It also did not prevent substantial work across lines on a voluntary basis. What the rules did was keep the trades from performing major work in areas not their own and provided a right of refusal in minor cases. The point of most cross-training is not "cross-understanding" but a way for the company to require "cross-working."

Skills taught in this way are likely to be machine-specific and company-specific, adding little to the worker's value in the market. Such training reduces the sense of craft in the job. It was craft pride, in part, that motivated workers to keep up with changing technology, and less craft pride means less incentive and ability to do so. Cross-training seeks to substitute pride in the company, usually unsuccessfully.

Any additional power workers might gain by machine specific knowledge is countered by moving in the direction of "standardized work" and detailed documentation. By making skilled workers more interchangeable, the horizontal model changes the balance of power between management and workers on the shop floor and reduces the individual worker's protection in dealing with individual managers.

The horizontal arrangement may move substantial work out of the bargaining unit. Lean production is moving to limit in-plant maintenance workers to short-term jobs. This may be accomplished by outsourcing construction, installation, and repair or diagnostic jobs that take more than four hours. It is the installation jobs and large repairs, particularly in combination, that use and develop the most skills in a trade.

Taking the more routine tasks away from skilled work classifications and shifting them to operators benefits the operators in the sense of providing a more varied and less alienating job experience. But the advantages are limited. Remember that the operator's job is also being broadened for flexibility. Since the job has to be designed so that a new operator can be easily moved into place, the amount of maintenance the operator can learn or be entrusted with is limited. At the same time the removal of even routine parts of skilled jobs from skilled workers reduces the number of skilled positions so opportunities for production workers to advance are also lost. The effect is to chop off the bottom of the career ladder.

The new bundling of skilled tasks also offers management the possibility of keeping or moving the critical skilled tasks out of the bargaining unit and into management classifications. This is most extensive in telecommunications, where the companies have long concentrated key skills in bloated management categories so that they can withstand strikes of many weeks with virtually no disruption of services.

The idea that the skilled trades must become "multiskilled" seems to be deeply embedded in all lean production thinking. But here we see where the priorities lie, among the bundle of contradictory claims of lean production advocates. Compare two possible arrangements for factory maintenance: a team of eight skilled workers each of whom is a specialist in his or her field (say electricians, machine repair, millwrights and pipefitters), or a team of four persons trained in general maintenance.

The specialist arrangement raises a red flag for lean production, because often there will not be exactly the right work in the right proportions to keep all the specialists busy. Muda! (Japanese for waste.) Much better to have fewer skilled workers who can be assigned any job and always kept busy. This also helps maintain the desired atmosphere of urgency and pressure.

But lean production claims to have other goals. These include safety, quality, machine uptime, and tracing problems to the root cause. If you examine each of these goals, the specialist model is preferable. Having a specialist in control of a task such as preventive maintenance means she is more likely to notice abnormal circumstances. The less a person knows about a particular trade, the more likely that he will "jumper out" or otherwise defeat safety mechanisms or quality devices (lean production's "foolproofing") to get production running again as quickly as possible. The less able such a person is to track a problem to its root cause. And the less able such a person is to resist supervisor pressure to take shortcuts.

Of course, experts and specialists still must exist under lean production. Indeed, as technology advances, being expert in a field requires more, not less, specialization. But under the horizontal skill arrangement, increasingly the expertise is located in management classifications, or with outside contractors.

In all the studies of work reorganization, we have seen none that seeks to prove the case for teams of generalists rather than skilled specialists on the shop floor. For management, it is simply a given. The reason management is so committed to multiskilling is the same reason that unions should be

defending clear specialist lines--multiskilling greatly reduces the power of skilled workers in the production system.

### **Standardized work and extracting knowledge**

Management attempts to apply these two well-known aspects of lean production to the trades. Documenting job knowledge through ISO 9000 or similar processes and writing standardized maintenance procedures may benefit the smooth running of the process and the quality of the product. But they also make it easier for management to use replacement workers during a strike, and hence greatly reduce the power of skilled workers. Documented maintenance records and standardized job descriptions are quickly turned into scab manuals. Job knowledge by its nature takes a considerable time to develop, but once given away cannot be retrieved. Workers certainly never receive job security or other sources of power in exchange for the knowledge given away.

### **Training**

While everyone pays lip service to training, almost no attention is paid to its real content nor to its implications for the power of skilled workers.

The role of training for skilled work has changed substantially in just one generation. Previously, the apprenticeship model was adequate. In this model, young workers, presumably with a recent high school or perhaps college background, are provided with an intensive combination of on-the-job and classroom training in their field at the beginning of their working careers. After that they maintain and advance their skills through experience, on-the-job training, some vendor training, and some extension courses. Those who wish can become masters in their craft. Technology changes, but sufficiently slowly that it is possible to keep up through these means. To put it another way, with the apprenticeship model, the trades could maintain the required industrial skills and the power those skills provided.

But in the last generation advances in computers, automation and materials, as well as increased government regulations and tighter tolerances, mean that the old model doesn't work. For most skilled workers it is difficult or impossible to keep up simply through on-the-job learning. Even if the apprenticeship training is adequate for the day (most is not), the technology base shifts so rapidly that tradespeople find themselves behind in a short time. For example, 15 years ago, an electrician who wanted to be at the cutting edge of her trade had to trace electrical circuits to the component level.

This meant she had to understand the function of individual electronic parts in a highly complex arrangement and, using test and soldering equipment, locate defective components on a printed circuit board and replace them. Today this kind of work is rarely done in the plant. Today a skilled maintenance electrician has to be versatile with a computer and some number of programming languages and diagnostic programs. The "half-life" of most computer programming skills is only a few years. To one degree or another it is the same in all trades. Drafting is out, computer-aided design is in. Eyeballing alignment on straightedges is out and laser interferometers are in.

The change in technology is so fast that it has caused a qualitative change in the ability of tradespeople to control their own training and therefore their relationship to the trade. The tools and software used by all trades become more elaborate and more expensive. Increasingly, skilled workers cannot afford to own their own, closing off another route for self-training. Unless they receive systematic and organized training, the current skilled workforce is automatically and rapidly deskilled by advances in technology.

As inadequate as on-the-job training is in keeping up with the march of technology, features of lean production make it an even less supportive environment for ongoing learning: Plants are equipped with neither the tools nor the tasks conducive to learning. The removal of the construction, installation and major service portions of the work leaves little opportunity for training. The drive to more fully utilize production capacity means there is less on-the-job time that skilled workers can use the machinery to investigate or learn. The leaning of the workforce means that there is less learning time available. Even the new concepts of cleanliness and order (the 5 Japanese S's) work against learning. One important method of on-the-job learning is experimenting with old or defective parts or equipment. Frequently the first act of born-again managers is to clean up by throwing out parts that do not have an immediate use.

One result is that the economics of training are altered for management. If new generations of technology must be taught, then it is more costly to train the current workforce than to recruit workers newly trained. The experienced worker requires a much higher pay both for training and regular work. Besides, the experienced worker may not be as adept at the new skills. Much better to recruit new workers trained on their own time at public expense, where it is possible for management to select the ones with exactly the right skills and job attitude. Companies then add the job-specific training that binds them to the firm.

The older workers can be left to deal with the older technology that remains in use; hopefully they will retire by the time all their usefulness is gone. If not, they can be pushed out. This training strategy becomes even more attractive to management as unions agree to sharply reduced wages for new-hires and a longer period before reaching the full wage. It becomes still more attractive when the public subsidizes the costs of training.

Yet the need for some advanced training for those already working seems so obvious that unions, companies, government, and various agencies all promote massive training programs. What happens to these training efforts?

Consider the experience of one class in a 1994 training course to upgrade electronic skills for electricians in a newly remodeled auto assembly plant. Electricians were to learn to troubleshoot the latest model programmable logic controller (PLC)--a specialized industrial computer that controls the operations of assembly and production lines. On the surface, everything was in place for a good training program. The curriculum had been examined and approved by a joint company-union committee. The module had been used many times before with ample opportunity for improving it. The teacher had substantial experience with the particular PLC and with auto plants. The class was scheduled for 80 hours (two weeks) at a well-equipped community college.

The class contained 12 journeymen electricians with varying degrees of experience with PLCs. The instructor estimates that two of the twelve attended for less than 20 hours, and six others for less than 60 hours. Some used the class time to read newspapers, one worked on his private business and one played computer games. One thoroughly mastered the PLC, and one novice became reasonably proficient in simple programming.

It would be correct to hold those electricians who did not master the material responsible for their own failure. On the surface, they seem to fit the stereotype of lazy workers taking advantage of time off the factory floor. But the issues go deeper than that.

The company had refused a request to assign the electricians to jobs that involved PLCs beforehand, to stimulate interest and allow them to use the skills. The curriculum was generic, not based on plant examples or programs. Thus for most of the electricians there was no connection between training and use. Most believed it unlikely that they would be assigned to work on PLCs in the near future. Up to that point the company carefully restricted which electricians got to do such work and they saw no reasonable chance that they would get a PLC assignment even if they asked. In some ways, not learning was a defense. One cited a previous experience of being sent to class and then not being able to work on the corresponding equipment for more than a year. By that time he had forgotten almost everything and looked foolish as his supervisor kept pointing out that he had been trained, hadn't he? The lack of any reasonable connection with what they actually expected to do at work meant that, for most, the appropriate attitude was the same as for a hobby, namely, you spend as much time and attention as is enjoyable, then stop.

It is noteworthy that the one electrician who did develop expertise brought to class programs from machines he was assigned to in the plant, to work on and discuss with the instructor. Besides not being part of the curriculum, this behavior violated company rules.

Second, there was little connection between the training plan and the workers' framework. The pedagogy was totally wrong for adult education. It treated the worker as an empty vessel to be filled with the appropriate layers of knowledge. No respect was paid to the learner's experience as the best starting point; the instruction focused instead on modules derived from a Taylorist "task analysis." (For discussion of a better approach to training see Saganski, 1995.)

Why don't the workers object to the inadequate training? They feel powerless and see no connection to their work lives.

Why doesn't the union object? The union representative who stopped by each day to pick up the timesheet said nothing about the members' lack of participation. The workers are not complaining and prefer the training time to their regular work assignment. Getting people paid time off can be useful politically.

Why doesn't the company object? The company needs to conduct training to fulfill contractual obligations. Consistent with its interest in horizontal rather than vertical bundling of skills, the company is not interested in most workers getting advanced training. Indeed, the failure of the training might even be to the company's advantage: the inadequacy of the workforce even after such "training" is one of its chief arguments for moving skilled tasks out of the bargaining unit.

Why don't the instructors object? Because the training work is well paid, and if class time is shortened the instructors get free time. Almost anything is acceptable as long as the company and the union are both happy.

### **Soft Skills and Bureaucratic Structures**

Unfortunately, all too much of current training follows the pattern described above. On the whole, companies pursuing lean production are not particularly interested in helping union members develop advanced technical skills. What they do want is a more flexible workforce, but management flexibility is decreased when worker skill translates into power and resistance to management. Management is most interested in training that can grease the process of work reorganization. And therefore much of the large sums of money supposedly devoted to training goes to the soft skills of work reorganization-problem-solving, interpersonal communication, "thinking outside the box"--and

management's view of the demands of global competition. Another major portion is used to purchase the cooperation of unions by providing union-appointed jobs as program administrators and facilitators.

Consider the joint Chrysler-UAW training programs. The programs are funded by the company based on various calculations. A total of \$0.15 is contributed for each employee hour worked. In addition, certain penalties also go to the training funds. For example, if overtime exceeds more than five percent of straight time over a twelve-month period, the company will contribute an additional \$1.25 to \$5.00 per overtime hour. (UAW-Chrysler 1996, pp. 382-383) Even with no overtime, at current levels of employment, this generates approximately \$15 million just for the training apparatus. In addition, these programs manage to capture considerable portions of public money allocated for training. The funds are directed by a joint union-company committee but are managed by the company. Unlike union funds, the records of which must be available for inspection by union members, the holdings and expenditures of the training funds are kept as confidential business information not readily available to union members.

The Chrysler-UAW joint funds (like their counterparts at Ford and GM) have indeed built large buildings and hired a large staff. But the direction of training is most apparent in the contractual list of duties and responsibilities (UAW-Chrysler 1996, pp. 143-145):

- Identify Skill Development and Training needs for active employees in the areas of basic education, job related, and interpersonal skills.
- Design promotional materials and activities to encourage the expansion of Joint Union-Management efforts in our society.
- Sponsor appropriate activities to provide a forum for national experts from labor, academia, business and government to convene and deliberate upon the future of Human Resource Development.
- Authorize studies, demonstration projects and research activities on topics of mutual interest and importance.
- Monitor and evaluate National and Local Joint Training Committee Activities
- Investigate other career and training counseling alternatives.

### **Beginning at the base**

The "win-win" vision of lean production advocates--that management will promote higher skills for union workers because the lean system requires such skills--does not work. Quite the opposite: The only way workers can acquire the skills they need is for their union to fight for them against the imperatives of lean production.

If management-driven changes flowing from lean production undermine unions, so do unions trying to stand pat. Clinging to old definitions of skill and old practices that once protected skilled jobs disarms us. Technology is changing. Unions need to be flexible. There is no future in internal union battles over the distribution of skills within the current bargaining unit. The task is to quickly settle these issues and move to a unified challenge for new areas of work. It means training programs which



simultaneously address the questions of power and skill in the work place not top-down glossy wrapped packages. There are important cases where unions have taken some important steps in this area. (See for example, Parker and Slaughter, 1995, pp. 271-286) We need to be building on our successes and developing training methods and programs that reflect a worker/union agenda not the company agenda. And once again we have to relink the questions of skilled work and good jobs to the social vision and power of the union movement.

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*Mike Parker writes regularly for Labor Notes and is co-author with Jane Slaughter of Working Smart: A Union Guide to Participation Programs and Reengineering. He has had the opportunity to view skilled work in manufacturing from a number of different vantage points, including electrician, union activist, researcher, training designer and instructor, controls programmer and engineer.*

## **Announcements & Shorts**

### **1. Subject: The Virtual Activist Online**

From: Audrie Krause

FOR IMMEDIATE RELEASE

March 23, 1998

#### **NETACTION LAUNCHES THE VIRTUAL ACTIVIST WEB SITE FOR CYBER-ACTIVISTS**

"The Virtual Activist," NetAction's comprehensive training course on cyber-activism, is now on the web and available globally to activists who want to use technology effectively for grassroots organizing, outreach, and advocacy.

The complete course can be found at: <http://www.netaction.org/training>.

In contrast to the trend toward high-end graphics and complex technology that has characterized the commercial evolution of the Internet, NetAction's training course promotes a more text-oriented approach.

"The more complex the technology, the more limited the access," said NetAction Executive Director Audrie Krause. "If you want to get information to people, keep it simple."

The unique online training course was developed cooperatively by Krause; Judi Clark, founder of WomensWork; and Michael Stein, Internet Coordinator for Children Now. The training course is based on the curriculum developed for a half-day workshop on cyber-activism, which Stein and Krause co-taught last year in San Francisco, CA.

"We had numerous inquiries about the class from activists outside the Bay Area," said Krause. "Some specifically asked that we put the training course on the web site."

The training course is a rich mix of information about technology tools and examples of how activists have been using the tools. The examples, drawn from a wide range of activist sites, are included as links.

"Internet technology is changing rapidly and activists are constantly experimenting with the technology," said Clark. "We hope to update the site regularly to keep up with these changes."

Activists who visit the site are encouraged to provide feedback to NetAction, added Krause. The training course provides helpful hints for using email and the web, as well as examples of how the Internet can be used by activist organizations to build membership and raise money. There is also a chapter that addresses netiquette and the important technology policy issues that could impact access to the Internet by activists and non-profit organizations. A Virtual Activist Reader is included with links to a wide range of relevant web resources.

NetAction is a project of The Tides Center, a 501 (c)(3) non-profit organization. NetAction works to educate the public, policy makers, and the media about technology-based social and political issues,

and to promote the use of technology for grassroots organizing, outreach, and advocacy. NetAction's web site is at: <<http://www.netaction.org>>

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## **2. Subject: MS Threat to E-Commerce**

From: Audrie Krause

FOR IMMEDIATE RELEASE

April 13, 1998

The Microsoft Threat to Electronic Commerce: DoJ Won the Intuit Battle, But Microsoft Could Win the War

SAN FRANCISCO, CA--An in-depth report by NetAction reveals how important antitrust enforcement is to assuring vigorous competition in the emerging online financial services marketplace. The report, released today, describes how the Justice Department's 1995 opposition to the proposed Microsoft-Intuit merger opened the door to industry competition and ultimately resulted in the emergence of an open standard for electronic banking protocols.

But continued vigilance by the Justice Department is necessary, NetAction's report warns, because Microsoft continues to use its financial and technological power to establish a monopoly in online financial transactions.

"If the company is successful, it could ultimately gain control of the economic lifeblood of Internet commerce," said Project Director Nathan Newman, who wrote the report.

"People who criticize the Justice Department for investigating Microsoft need to understand that the government's 1995 intervention is the reason we have open competition today in online financial transactions," Newman added.

The report, "The Microsoft-Intuit Merger: The Intervention that Worked and the Dangers Today from Microsoft's Monopoly Practices in the Online Financial Marketplace" also examines Microsoft's more recent attempts to monopolize Internet banking. The complete report is available on NetAction's web site, at: <<http://www.netaction.org/msoft/finance/>>.

The NetAction white paper explains how the government's intervention made it possible for new competitors to enter the online financial marketplace, and at least gain a foothold in some of the markets that Microsoft was attempting to monopolize. Although Microsoft had sought to control the standards of online commerce through its merger with Intuit, the Justice Department's opposition killed the proposed merger and forced the company to compromise with competitors in building core open standards into the online financial economy.

Unfortunately, Microsoft's increasing dominance of corporate computing and Internet technology has led to a renewed monopoly threat in the world of online financial transactions.

"Microsoft is inserting its Internet servers into most online financial transactions," said Newman. "With its growing control of the Internet browser market, Microsoft is not only in a position to direct customers to its Internet sites, it can direct consumers to the financial services from which it gets a commission."

The most serious threat is that Microsoft is building a partnership with First Data Corporation in an effort to replace the role of banks in processing online bills that were previously mailed to customers by credit card companies, utilities or other merchants.

"All of this calls for increased government scrutiny of Microsoft," said NetAction Executive Director Audrie Krause.

"The danger is that rapid, unregulated changes in the financial world can have dire economic results," warns Newman. "Just look at the recent crisis in East Asia's banking system, or at the Savings and Loan crisis a few years ago which cost American taxpayers hundreds of billions of dollars." NetAction's report argues that government intervention now, oriented toward promoting open competition and economic equity, will negate the need for much broader, more expensive intervention, in the coming years.

Last May, NetAction launched the Consumer Choice Campaign to educate cyberspace consumers about the threat of a Microsoft monopoly of the Internet, and to mobilize Internet users to pressure federal officials for more vigorous enforcement of antitrust laws. Additional information about the campaign is on the NetAction web site at: <http://www.netaction.org>.

Reporters may contact Nathan Newman [nathan@netaction.org](mailto:nathan@netaction.org) for an email copy of NetAction's list of Microsoft investments, along with the white paper's Introduction and Table of Contents.

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### **3. Subject: Labor and Technology**

Date: 24 Dec 1997 08:42:03  
From: [aucad@dclink.com](mailto:aucad@dclink.com)  
To: Recipients of conference [labr.party@conf.igc.apc.org](mailto:labr.party@conf.igc.apc.org)

Dear list,

I last night finished reading the essay by Jon King on biotechnology that spotlights the legal maneuvers by big business to take ownership of biotechnology. It is a part of the compilation of

technology essays by Marxist and radical scientists, engineers and commentators on technology and the labor movement that was advertized on this list recently.

Jon is leading the Labor Party's (LP) technology commission.

The essay highlights some of the possibilities for vastly increased production of food through biotechnological advances--gene splicing for example, and the ongoing attempts by big money to control those advances through a radical alteration of the patent laws. This is an area of law that we should be paying a lot of attention to because at both the national and the international levels the original intents of the law are being bastardized for the sake of future profit, and, as always, we are going to be the ones upon whom the crime is perpetrated.

King's essay does a good job of outlining the important issue from a working class perspective, without succumbing to the fashionable postmodernist nee-jerk reaction against any and all use of biotechnology for the benefit of humankind. He urges caution where it is warranted, as in public safety issues, without resorting to Frankenstein-like fantasies or the typical religious, anti-human-progress arguments of many in the "postmodernist" left.

Some other essays in the book tend to err in a way that is typical of many Marxists over the last century and a half. They underestimate the ability of Capitalism to remake itself at crucial stages, often just in time to save itself, while overestimating the time it is likely to take for many of Marx's predictions to unfold, a problem Marx himself was prone toward.

While the labor theory of value is fraught with problems, it is certainly the best, most workable value theory we have, at least to my knowledge, yet the confusion between semi-automation and true-automation (a feat that is still most likely many years off), leads many of the authors to make dire predictions for the coming period as far as the world market's ability to put labor to work.

My own predictions for the coming period call for a new long-wave boom (based on the cumulative work of both Marxist and Capitalist economists on what have been called Kondrantieff Long-waves.) This long-wave upswing in world economic growth will not be without its problems and certainly, just as with similar periods, it will not be able magically make the normal seven- to 10-year business cycle disappear, but it will leave the slow-no-and-negative growth of the past three decades behind.

The last time we enter a long-wave upswing in this country, in the mid- to late 1940s, it was well into the 1950s before most Marxist economists realized what was happening, certainly a poor record. I have taken a look at the writing, both scholarly and in the popular Marxist press, and found that the same kind of mistakes were being made then, with economic gloom and doom predictions at the same time when the economy worldwide was on the uphill side of a long-wave boom.

What can be said about the coming period is that it will be characterized by incredible displacement of workers and misuse of workers' talents if we do not create an effective worldwide campaign for a shorter work week with no reduction in pay. That means creating an effective, mass, working-class, electoral political party and ending the disastrous, decades-old labor/liberal/left coalition in favor of a new coalition of the majority that does not include liberal forces. (In fact, attracting the majority, who do not vote at this time and do not participate in politics is contingent on separating ourselves from the liberals who have made it impossible to attract most working class people into active support of the left and labor.)

Technology--particularly information technology in the next decade--will cause the displacement of millions of workers in the world economy. That is inevitable. However, predictions of a massive new class of unemployed, as in Kurt Vonnegut's "Player Piano," is not in the cards as long as the technologies coming online are of the semi-automated variety. They are tools that add to the productivity of workers, such that, for instance, much clerical office work is being eliminated. (My daughter for instance, works as a records clerk for an insurance company. As that company eliminates paper records in favor of computerized records keeping systems, she is being trained for the computerized jobs that will be available in the next year as her paper bound job is eliminated. That process is taking place all over the world today.)

A truly automated system would allow the Capitalists to keep records without an army of computer literate, minimum-wage workers. That will have to wait for the truly automated computer system of the future. Twenty years ago, it was commonly predicted that such systems would be available in ten years! That prediction was way off!

True artificial intelligence computing has been far more evasive than was at first anticipated. The experts in the field, at this point, do not even have a clue as to which of several directions of research will finally yield real artificial intelligence. Many in the field of consciousness research even predict that the human brain is so complex that a machine might never be able to duplicate its computing power (See Roger Penrose, *The Emperor's New Mind* and *Shadows of the Mind*, for example.)

I do not hold with Penrose's pessimism and somewhat dualistic, almost supernatural theory of consciousness that is based on the idea of quantum-level organization of the consciousness; however, despite the enormous stride forward in brain research and understanding of how intelligence works, scientists have yet to come up with a convincing theory of consciousness. The most popular theory of brain function, meanwhile, suffers from the problem that it really does not adequately explain the level of complexity of the brain. The "Connectionist" theory is based on the idea that each brain cell is roughly equivalent to a transistor in a computer, functioning as a switch that can represent data by its chemo-electric state (See Paul Churchland, *Neurophilosophy*, 1992). The problem is that when one counts up all the neurons in the average brain, they fall magnitudes short of the number that would be necessary to provide the kind of computing power we know the brain actually has.

So to create a machine that can do what the \$5.20 per hour worker can do for the capitalist is not just a ways off, it is in fact not known for certain if can be done at all. My materialist and dialectical philosophy leads me to believe that it can be done, but I have no proof to point to.

Until we either learn the way nature evolved intelligence or figure out a new form of intelligence, we are not going to be building any machines that are intelligent. And until we create machines that are intelligent, we are not going to see a moribund form of Capitalism that creates a new, permanent "structurally unemployed class."

Unemployment will rise and fall and there will be no permanent unemployed. That is not in the cards. In fact, people who should have the chance to be "permanently unemployed" for the purpose of raising children are being kicked out into the streets by the liberal/conservative welfare reform. They will work for minimum wage, or less, and without the advent of a strong, mass, electoral labor party, they will have little recourse.

In fact, the same conditions exist today in regard to the fundamental drive toward a permanent army of the unemployed as existed in Marx's day. That is not new, it is as old as capitalism. The idea, promoted by Nelson Peery, that this "new structurally unemployed class" is the basis for a new revolutionary movement is pure nonsense! At this juncture, we must shoot for a grander, loftier

vision of the working class, a vision of the 70 percent or so of people in the United States who work for a living--for one or another individual or corporate capitalist--but are not a part of capitalist management as constituting the modern working class.

The Marxist idea of class has never excluded the so-called unproductive workforce, those in service, and other non-manufacturing, or not value-creating positions. The working class has always been what it is in reality, all non-management humans who work for someone other than themselves. In fact, that can even include many types of so-called self-employed when those people are actually locked into subservient contracts or franchise deals that make them defacto workers (sans benefits). The idea that we should be abandoning the vast working class (70 percent of the population) for the pipedream of organizing an illusionary class that has no precedent in Marxist thought or in reality is counterproductive to our real needs.

Not only is this idea based on the faulty idea that automation is already pervasive, when in fact it does not yet exist, but it is also based on the idea that the working class is no longer worth trying to organize!

But to the contrary, our class (even among those in the "aristocracy of labor") is in a better position and predisposition to be organized right now than at any other time since the 1940s! I contend that we, the working class left and labor force, are at least partly to blame for missing the opportunities other working classes in other countries were able to make gains from in the period from the late 1940s to the late 1960s, mainly because we failed to see that that was a time of long-wave boom and because we allowed the hopes of a cross-class coalition with the liberals to cloud our judgement. Valuable opportunities were missed on both counts.

The idea that today we face some kind of Capitalist economic meltdown based on the inability of capitalism to put people to work because of automation is premature, by at least decades! It also makes us sound like nuts because the working class is smart enough to see what is really going on and to see that this theory does not offer them any positive way to organize in their interests. A massive, worldwide labor campaign to shorten the workweek with no reduction in pay, combined with a campaign for real full employment, social security, free higher education and a drastic rise in the global wage scale is the answer.

In solidarity,  
Chris Driscoll

#### **4. Subject: Re: Team Concept**

Date: 09 Jul 1998 08:58:22  
From: aucad@dclink.com  
To: Recipients of conference: labr.party@conf.igc.apc.org

Dear list,  
Team concept is essentially an issue between unions and bosses/owners.

It is an issue that should be superceded by political changes, if the LP ever reaches the other 15/16ths of the union movement that is not yet with us.

When we overturn the bad parts of Taft-Hartley and other anti-union legislation and enact legislation protecting the right to strike, and the right to organize, issues like team concept will be much easier to educate around.

If the LP took an official stand on team concept now, it would only be used to keep unions out of the party. That doesn't make much sense. It is not a question of principle, since our responsibilities are to take positions on political issues, not on contract issues. We may abhor the underlying political ideas involved in team concept (I certainly do!), but that does not mean we should take a position on the issue as a party. This is just one more area where John, Richard, Earl, Sean O'T. and others are confusing the mission of a union with that of a political party.

We do not have the luxury of letting our hearts rule our minds on this one. We must stay principled, and keep to our own side of the line that separates the issues that unions must debate and decide for themselves, and those that the unions must work on together through a union-based, union-led political party.

We can, however, use the Labor Party to teach the ideas behind class solidarity. One of the ideas behind class solidarity is that you side with your own class when it is under attack. We are under attack today, and team concept is being used as a blunt instrument against some of us. While we can't tell the unions what to do with their contract negotiations, or take stands on issues like team concept, we can point out through our educational efforts that such concepts as team concept undermine class solidarity.

We can point out that the bosses and their government have been aiming their class warfare against us for decades without stopping, and that in warfare a common tactic is to make a temporary peace with one side of an alliance while stepping up the fire against another side. That is really a part of the bosses' aim with team concept.

Rather than to allow them to keep us from building a labor party by taking a meaningless and stupid position against team concept or any other minor irritants that the bosses throw at us, we need to start attacking issues on a much higher level.

For instance, we need to change the laws that stop workers (even government workers) from striking in solidarity with others. Right now, we need to be doing what our brothers and sisters in Puerto Rico are doing!

In solidarity,  
Chris Driscoll

Earl Silbar comments(\*\*\*) : \*\*\*Those who understand/believe this should openly make our case against the 'team' practice and concept, beginning now. Waiting until the LP is bigger will only mean that more official unions will be there to defend their collaboration and attack our views and us. Why wait till the opponents are stronger to begin the open contest? Why would the people who want to push the Team Concept be stronger after the Labor Party is more organized? If you are trying to discourage endorsement by unions that already engage in "co-participation," then that's just counter-intuitive from a perspective of attempting to organize mass union support. From my understanding of the situation that has led to the Team Concept, it is the weakness of the unions that helps to bring about this sort of collaboration. This is a rather complicated issue as far as its effect on workers "self conception" and so forth, but the Labor Party as such would seem to help workers to identify with each other and with being members of the "working class" in opposition to the Demoblicans and their bourgeois politics. What's more, if our program to lessen the risk of organizing is actually carried



through, undoubtedly more workers will organize. A revived "safety net" will replace the floor that Rooseveltian programs presumably put under workers such that "scabbing" will not be as attractive as it is at this time because of sheer desperation. As far as "participation" goes, and this is not an area that the Labor Party will be involved in other than supporting strikers' and picketers' political rights, etc, American workers can only demand that management step aside if they are in a position like (my favorite because it's the only real instance that I'm familiar with) Eastern Airlines where the workforce was ungovernable and management had to hand over prerogatives in order for the company to survive. The workers as managers improved the operations in real efficiency and saved Eastern money overall. There was worker solidarity and pride in the plant and they had union leadership that believed in worker control. But, the Labor Party would not be demanding such arrangements, we can only work for a program which might make arrangements like that more likely. Admittedly, the Labor Party walks a fine line between being reformist and being anti-Capitalist per se. Unfortunately, I must say that we are not now anti-Capitalist as such. When we gain strength, I think that this will become more of an issue.\*\*\*

Dennis Dixon comments: But that would ignore the testimony of workers from these [Staley, CAT, etc - JDD] struggles that such cooperation severely undermined their own self concept, gave management the information needed to defeat and replace them, etc. We certainly should, as union activists, warn people of the dangers of management "picking our brains." This has been the classic means by which to deskill the workforce, consolidating manpower, hiring scabs, and developing machines to replace workers. It would be difficult for the Labor Party to pass laws saying that the employer can't ask you how you do your job. It's the unions' job to warn against these co-optation techniques. I have told many people to no avail that unions should have orientation sessions for members in which issues like this, along with a basic Labor History lecture, and basic Labor economics should be taught. This could be done over a weekend or in several sessions. I know I was barely even aware I was in the various unions for which I paid dues. The Labor Party could participate in educationals like this, I suppose, as could the various unions, Jobs with Justice, and others. I think that it should be part of a Labor Education program so that more than one union might be able to send their new members. I doubt there are many unions that get enough new members at any one time to fill such a class. As it stands now, you already openly oppose these collaborationist concepts through WPAEN (Workers Progressive Action and Educational Network), and that's legitimate. You can invite people to come to your meetings and many of us will come. But, the Labor Party is not going to put this specifically in the platform. You are welcome to try, but I don't think it will stand up on merit--even though I agree with your assessment of the Team Concept otherwise.  
Dennis Dixon (Chicago)

## **5. Subject: 1998 NETWORKS FOR PEOPLE**

Date: Tue, 20 Oct 1998 11:28:56 -0400  
From: Kevin Taglang <kevint@BENTON.ORG>

SOCIETY & INFORMATION INFRASTRUCTURE, THE NEXT GENERATION  
NTIA's forum to discuss the connections of people, information technology, and services across a broad spectrum of American life will be held December 8 - 9. Save the date to participate in this important conference.

[http://www.ntia.doc.gov/otiahome/tiiap/conference/Title\\_Page.html](http://www.ntia.doc.gov/otiahome/tiiap/conference/Title_Page.html)

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